MTAG

MTAG GROUP BERHAD

Registration No.: 201801000029 (1262041-V)

SCALING FOR GROWTH

2020

ANNUAL REPORT

OUR VISION

We strive to be a company that customers can fully depend on for quality products and services.

OUR MISSION

To provide a comprehensive range of products and services while meeting customers' specifications.

OUR CORE VALUES

MAKE – **M**ake It Happen

THINK – **T**hink Ahead of the Curve

ACCOMPLISHED – **A**ccomplished in the Industry

GROWTH – **G**rowth and Expansion

COVER RATIONALE

This marks the maiden annual report for MTAG Group Berhad. The cover depicts the Group's resolute in navigating challenging times with a focus on continuous growth, quality excellence and innovative solutions to achieve greater heights.

CONTENTS

ABOUT MTAG

MTAG Group is a group of companies that encompasses MTAG Group Berhad, Toyo Sho Industrial Products Sdn. Bhd., Intag Industrial Supplies Sdn. Bhd., Intag Steel Hardware Sdn. Bhd. and MTAG Land Sdn. Bhd.

CORPORATE PROFILE

MTAG Group Berhad ("MTAG" or the "Company") is an investment holding company, and through its subsidiaries ("MTAG Group" or "the Group"), is one of the leading labels and stickers printing and materials converting specialists in the country. In addition, we are the authorised distributor of industrial tape and adhesive products for two world-renowned brands – 3M and Henkel.

Established since 1995, MTAG Group currently serves a diversified clientele of approximately 600 customers including multinational corporations from various industries such as Electrical & Electronics ("E&E"), automotive, precision tooling, mechanical & engineering and construction. Operating from MTAG Group's headquarters in Johor Bahru, we have advanced manufacturing capabilities with a lean and skilled workforce of about 180 employees.

Our Competitive Strengths

- Ability to provide flexible, innovative and customised solutions to meet customers' specifications;
- Capability to convert a wide variety of materials such as, among others, adhesive tapes and papers, mesh materials, metal, polyethylene plastics, foams and cardboards;
- Competency in providing high-quality printing of labels and stickers in terms of colour sharpness and uniformity within a short lead time;
- Solid track record of 25 years with an established client base;
- Authorised distributor of industrial tapes and adhesives for reputable brands;
- Sound leadership led by experienced and dedicated Board and management team; and
- Strong emphasis on customer satisfaction based on the quality of our services and products.

MTAG Group reached yet another significant milestone in its corporate journey following its successful listing on the ACE Market of Bursa Malaysia Securities Berhad on 25 September 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

LEE TING KIAT
Independent Non-Executive Chairman

CHAW KAM SHIANG
Managing Director

LAU CHER LIANG
Executive Director

JASON TAN KIM SONG
Independent Non-Executive Director

DYANA SOFYA BINTI MOHD DAUD
Independent Non-Executive Director

AUDIT COMMITTEE

Jason Tan Kim Song *(Chairman)*
Lee Ting Kiat
Dyana Sofya Binti Mohd Daud

NOMINATING COMMITTEE

Dyana Sofya Binti Mohd Daud *(Chairman)*
Lee Ting Kiat
Jason Tan Kim Song

REMUNERATION COMMITTEE

Lee Ting Kiat *(Chairman)*
Jason Tan Kim Song
Dyana Sofya Binti Mohd Daud

RISK MANAGEMENT COMMITTEE

Jason Tan Kim Song *(Chairman)*
Lee Ting Kiat
Dyana Sofya Binti Mohd Daud
Chaw Kam Shiang

COMPANY SECRETARIES

Yong May Li (LS 0000295)
Ismawati binti Othman (LS 0008505)

REGISTERED OFFICE

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Tel no : 07 – 335 4988
Fax no : 07 – 332 8096

HEAD OFFICE

PLO 226, Jalan Kencana Mas
Kawasan Perindustrian Tebrau III
81100 Johor Bahru
Tel no : 07 – 351 3333
Fax no : 07 – 353 5555
Website : www.mtaggroup.com
E-mail : ir@mtaggroup.com

PRINCIPAL BANKERS

RHB Bank Berhad
Public Bank Berhad
CIMB Bank Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Tel no : 03 – 2783 9299
Fax no : 03 – 2783 9222

AUDITORS

Grant Thornton Malaysia PLT
Suite 28.01, 28th Floor
Menara Zurich
No.15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Tel no : 07 – 332 8335
Fax no : 07 – 332 2268

STOCK EXCHANGE LISTING

ACE Market, Bursa Malaysia Securities Berhad
Stock Name : MTAG
Stock Code : 0213
Listed on 25 September 2019

AWARDS AND ACCREDITATIONS

2020
Outstanding Improvement Award by Henkel

2018
3M Strategic Channel Partner Industrial & Filtration Products

2017
3M Strategic Channel Partner Industrial & Filtration Products
Henkel Best Sales Performance Award
3M Channel Achiever

2016
Best Supplier Award by Panasonic

2013
Designated Fabrication Certification by INOAC

2010
Regional Henkel distributor
Accredited with ISO 14001:2015 EMS Certification

2007
Outstanding Sales Achievement Award by Henkel
100% Achievement in Quality and Delivery by HONDA

2006
100% Achievement in Quality and Delivery by HONDA
Accredited with ISO 9001:2015 QMS Certification

2005
100% Achievement in Quality and Delivery by HONDA

2004
Official 3M Distributor
Accredited with Underwriters Laboratories Inc. (“UL”)

2003
Best Supplier Quality Performance Award by HITACHI

2002
Best Supplier Quality Performance Award by HITACHI
Best Supplier Award in Quality and Delivery by HONDA

2001
Best Supplier Award in Quality and Delivery by HONDA

2001
Best Supplier Quality Improvement Award by HITACHI
Official 3M Converter

2000
Appreciation Recognition by NITTO DENKO

MTAG
MTAG GROUP BERHAD

KEY MILESTONES

1995
Founded Toyo Sho Industrial Products to provide printing of labels and stickers and converting of tapes to manufacturing industries.

1996
Started supplying printed labels and stickers to **Hitachi.**

2001
Set up Intag Industrial Supplies to distribute industrial tapes, adhesives and other products.

Appointed as **3M** converter.

2004
Selected by Underwriters Laboratories Inc. to print its registered marks.

Appointed as **3M** distributor.

2005
Established Intag Steel Hardware to provide metal converting services.

2010
Begun to distribute **Henkel** products.

Obtained ISO 14001:2004 EMS certification.

2011
Relocated to current premise in Tebrau, JB to facilitate growth and business expansion.

2012
Invested in ultrasonic technology to enhance converting capabilities.

2019
Achieved record high revenue of RM190.0 mil.

Listed on the ACE Market of Bursa Malaysia.

CORPORATE STRUCTURE

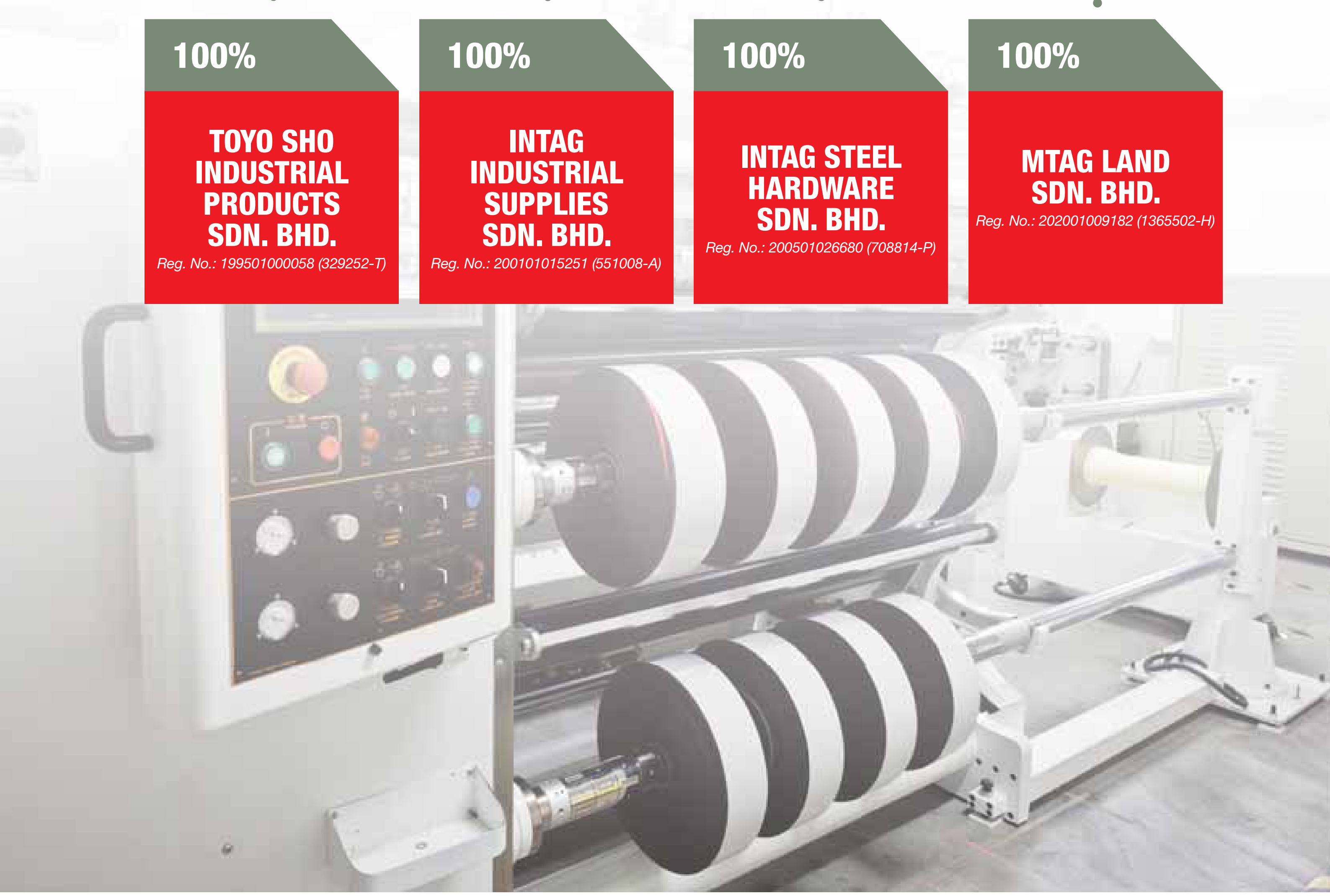
MTAG Group Berhad was incorporated in Malaysia under the Companies Act, 2016 on 2 January 2018 as a private limited company under the name MTAG Group Sdn. Bhd. and was subsequently converted to a public limited company on 23 October 2018, assuming the name MTAG Group Berhad. The Group was formed following the completion of acquisitions of the entire equity interest in Toyo Sho Industrial Products, Intag Industrial Supplies and Intag Steel Hardware on 28 June 2019. Thereafter, the Group established a new wholly-owned subsidiary, MTAG Land Sdn. Bhd. on 22 March 2020.

MTAG

MTAG GROUP BERHAD

Registration No.: 201801000029 (1262041-V)

100%	100%	100%	100%
TOYO SHO INDUSTRIAL PRODUCTS SDN. BHD.	**INTAG INDUSTRIAL SUPPLIES SDN. BHD.**	**INTAG STEEL HARDWARE SDN. BHD.**	**MTAG LAND SDN. BHD.**
Reg. No.: 199501000058 (329252-T)	*Reg. No.: 200101015251 (551008-A)*	*Reg. No.: 200501026680 (708814-P)*	*Reg. No.: 202001009182 (1365502-H)*



FINANCIAL HIGHLIGHTS

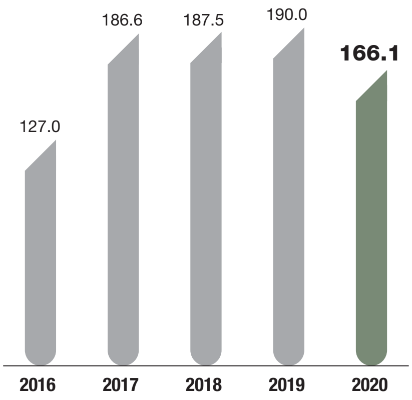
Financial Year Ended 30 June (RM million)	2016[1]	2017[1]	2018[1]	2019	2020
Financial Results					
Revenue	127.0	186.6	187.5	190.0	**166.1**
Profit Before Tax	21.1	30.0	58.3	43.8	**40.3**
Net Profit	15.9	22.6	47.5	33.0	**30.2**
Financial Position					
Shareholders' Fund	38.1	57.7	76.3	99.8	**179.7**
Total Assets	88.2	127.6	113.8	137.8	**201.6**
Net Current Assets	23.5	42.4	61.2	85.1	**158.2**
Total Borrowings	24.1	25.0	17.1	11.7	**-**
Cash and Cash Equivalents	3.0	8.0	22.3	31.4	**109.7**
Financial Ratio					
Basic Earnings per Share[2] (sen)	2.3	3.3	7.0	4.8	**4.4**
Net Profit Margin (%)	12.5%	12.1%	25.3%	17.3%	**18.2%**
Net Gearing Ratio (times)	0.55	0.29	Net cash	Net cash	**Net cash**

Note:

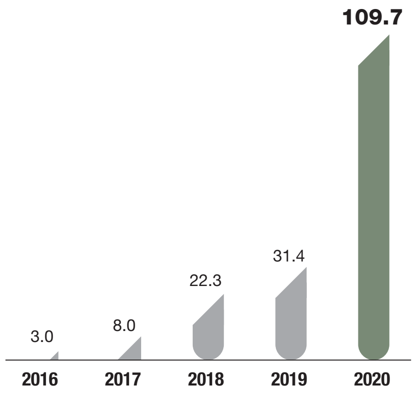
(1) We completed the acquisitions of the entire equity interest of Toyo Sho Industrial Products, Intag Industrial Supplies and Intag Steel Hardware on 28 June 2019. Toyo Sho Industrial Products, Intag Industrial Supplies and Intag Steel Hardware are assumed to be under common control with our Group since their incorporation and prior to completion of the Acquisitions. As such, the historical financial information of our Group for FYE 2016 to 2018 are presented based on the combined audited financial statements of MTAG Group.

(2) Based on enlarged share capital of 681,617,400 shares in issue as at 30 June 2020.

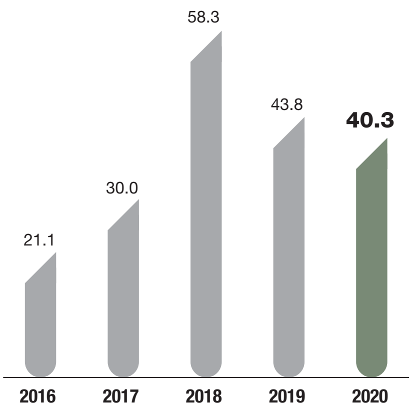
REVENUE
(RM'million)



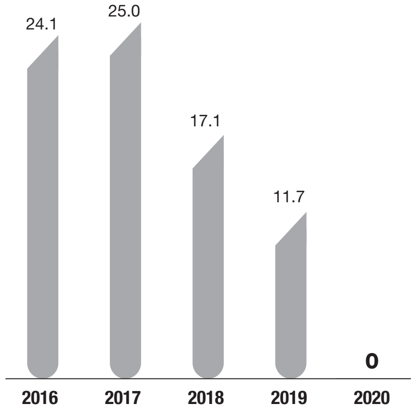
CASH AND CASH EQUIVALENTS
(RM'million)



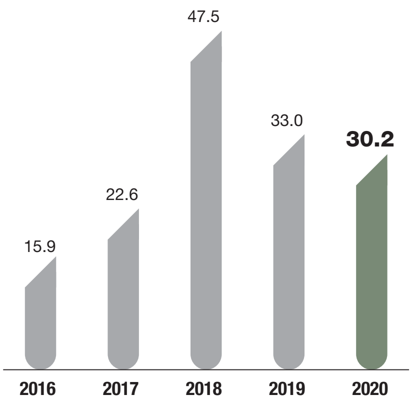
PROFIT BEFORE TAX
(RM'million)



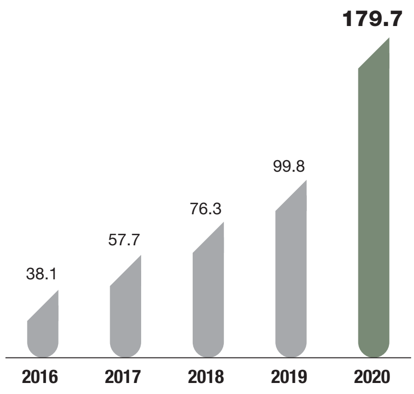
TOTAL BORROWINGS
(RM'million)



NET PROFIT
(RM'million)



SHAREHOLDERS' FUND
(RM'million)



DIRECTORS' PROFILE

LEE TING KIAT
Independent Non-Executive Chairman
Age 52, Male, Malaysian

Mr. Lee Ting Kiat was appointed to the Board on 19 October 2018 as MTAG Group Berhad's ("MTAG Group" or "the Group") Independent Non-Executive Chairman. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, Risk Management Committee and Nominating Committee.

Mr. Lee graduated with a Bachelor of Laws from University of Malaya, Malaysia, in 1991 and was admitted as an advocate and solicitor of the High Court of Malaya in 1992. He has been a General Committee Member of the Malaysian International Chamber of Commerce and Industry ("MICCI") since 2018 and an Executive Committee Member for the MICCI (Southern Region) since 2017.

Upon his graduation, Mr. Lee started his pupillage in 1991 and subsequently commenced his legal practice in 1992. He has continued to practice law ever since, having served as a partner at Messrs Andrew Wong & Co and Messrs Zaid Ibrahim & Co respectively over the course of his professional career. In 2005, he co-founded Messrs Lee & Tengku Azrina where he presently serves as the managing partner and practising lawyer specialising in corporate, commercial, finance, and property matters.

Mr. Lee is currently the Senior Independent Non-Executive Director of Pestech International Berhad and an Independent Non-Executive Director of SIG Gases Berhad, which are both listed on Bursa Malaysia Securities Berhad.

Mr. Lee does not have any family relationship with any Director or Major Shareholder of MTAG Group Berhad, and does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

CHAW KAM SHIANG
Managing Director
Age 59, Male, Malaysian

Mr. Chaw Kam Shiang was appointed to the Board on 2 January 2018 as the Group's Managing Director. He is also the Group's first Director and a member of the Risk Management Committee.

Equipped with more than 25 years of experience in the label printing and converting industry, he currently spearheads the Group's business direction, overall strategies and policies as the Managing Director.

Mr. Chaw graduated from Kochi University, Japan with a Bachelor of Economics in 1991. Since then, he had worked at various local manufacturing companies, amassing knowledge and experience in the areas of strategy, sales and procurement.

In 1995, with his entrepreneurial spirit and sharp business acumen, Mr. Chaw established Toyo Sho Industrial Products Sdn. Bhd. ("Toyo Sho") to specialise in providing printing of labels and stickers and converting of double-sided tapes, polyethylene plastics, foams and cardboard to electrical and electronic ("E&E") manufacturers. In 2001, he seized the opportunity to establish Intag Industrial Supplies Sdn. Bhd. ("Intag Industrial") with Lau Cher Liang after seeing increased demand from Toyo Sho's existing E&E customers for other products such as cleanroom products, disposable products, wipers and gloves. During this time, Mr. Chaw provided business directions and strategies, as well as financial support for the introduction of various converting services of Intag Industrial. In 2005, he set up Intag Steel Hardware Sdn. Bhd. ("Intag Steel") to further expand the Group's converting capabilities to include metal products.

Under Mr. Chaw's leadership, MTAG Group has grown in size and stature, increasing the Group's range of services, securing world-renowned consumer electronic brands as key customers as well as clinching distributorship with multinational corporations ("MNCs") in adhesives. Today, he continues to actively steer the Group in its long-term growth and towards commercial success. His leadership and entrepreneurial skills have greatly contributed to the advancement of the Group since its inception.

Mr. Chaw is the spouse of Ms. Ang Yam Fung, a substantial shareholder and the Chief Human Resource Officer ("CHRO") of MTAG Group Berhad. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

LAU CHER LIANG
Executive Director
Age 44, Male, Malaysian

Mr. Lau Cher Liang was appointed to the Board on 2 January 2018 as the Group's Executive Director. He is also the Group's first Director and the Business Unit Head of Intag Industrial Supplies Sdn. Bhd. ("Intag Industrial"), a wholly-owned subsidiary of the Group, where he is responsible for formulating and implementing its business strategies, business development and daily management of operations.

Mr. Lau holds the Chartered Institute of Marketing's Advanced Certificate in Marketing. He brings with him a wealth of experience in the areas of business development as well as sales and marketing, having served at various companies where he was responsible for marketing activities and client relationship management.

In 2001, Mr. Lau established Intag Industrial with Chaw Kam Shiang to capitalise on the opportunity to fulfil the demand for, among others, cleanroom and disposable products, and wipers and gloves for E&E customers. Since then, he has played a pivotal role in the business development activities of the Group and has been instrumental in managing the Group's strategic initiatives to accelerate growth. Mr. Lau has deep industry understanding and proven management experience across commercial and marketing roles and boasts a strong track record of delivering tangible business results with a firm emphasis on quality and customer satisfaction. Under his stewardship, the Group secured distributorship from leading global brands such as 3M and Henkel, enabling MTAG to further solidify its market position in the industry. Furthermore, he also led the Group in expanding its capabilities to convert mesh using ultrasonic technology. Equipped with strong business acumen and more than 20 years of experience in business development as well as sales and marketing, he has played a key role in the Group's advancement and expansion to where it is today.

Mr. Lau does not have any family relationship with any Director or Major Shareholder of MTAG Group Berhad, and does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

JASON TAN KIM SONG
Independent Non-Executive Director
Age 42, Male, Malaysian

Mr. Jason Tan was appointed to the Board on 19 October 2018 as the Group's Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee. He is also a member of the Remuneration Committee and Nominating Committee.

Mr. Tan has more than 15 years of experience in the fields of accounting and auditing as well as business and financial advisory. He had worked in commercial and accounting firms in Singapore and Malaysia between 2001 and early 2009. He has since been managing his own business and financial consulting firm. Presently, he is the Director of the Creative group of companies and is in charge of overseeing its daily operations. The Creative group of companies is involved in the provision of corporate secretarial and management, accountancy, audit and assurance, company tax, and personal tax planning services in Malaysia and Singapore.

Mr. Tan is a registered company secretary for several private companies.

Mr. Tan holds a Bachelor of Commerce and Administration in Commercial Law from Victoria University of Wellington, New Zealand. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of Malaysian Institute of Accountants, Malaysia Institute of Taxation, Institute of Singapore Chartered Accountants and Singapore Institute of Directors.

Mr. Tan does not have any family relationship with any Director or Major Shareholder of MTAG Group Berhad, and does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

DIRECTORS' PROFILE

DYANA SOFYA BINTI MOHD DAUD
Independent Non-Executive Director
Age 33, Female, Malaysian

Ms. Dyana Sofya Binti Mohd Daud was appointed to the Board on 19 October 2018 as the Group's Independent Non-Executive Director. She is the Chairman of the Nominating Committee and a member of the Audit Committee, Risk Management Committee and Remuneration Committee.

Ms. Dyana graduated with a Bachelor of Laws with Honours from Universiti Teknologi MARA, Malaysia in 2010. She was admitted as an advocate and solicitor of the High Court of Malaya in the following year. She subsequently obtained a Master of Arts in International Studies and Diplomacy from the School of Oriental and African Studies University of London, UK, in 2016.

Ms. Dyana is the Non-Independent Non-Executive Director of Impiana Hotels Berhad, a listed company on Bursa Malaysia Securities Berhad.

Ms. Dyana does not have any family relationship with any Director or Major Shareholder of MTAG Group Berhad, and does not have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years.

KEY SENIOR MANAGEMENT'S PROFILE

LIEW FEI SHANE
Age 49, Female, Malaysian
Chief Financial Officer

Ms. Liew Fei Shane joined MTAG Group Berhad ("MTAG Group" or "the Group") as its Chief Financial Officer since February 2018, and is responsible for managing the Group's finance and accounting functions.

Ms. Liew started her career with KPMG Malaysia in 1991, assuming various roles in areas such as audit, secretarial and tax. Since leaving KPMG Malaysia in January 1998, she has served at several private and public listed entities in numerous capacities. She has more than 25 years of experience in finance, accounting, cost management and auditing.

Ms. Liew obtained her professional accounting qualification in 1997 under an Articleship Programme jointly offered by KPMG Malaysia and the Professional Advancement Achievement Centre Sdn. Bhd. Malaysia. She is a Chartered Accountant of Malaysian Institute of Accountants, a Certified Financial Planner of the Financial Planning Association of Malaysia and an ASEAN Chartered Professional Accountant. She is also a member of the Malaysian Institute of Certified Public Accountants.

Ms. Liew does not have any family relationship with any Director or Major Shareholder of MTAG Group Berhad and does not have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years.

CHOO JACK KIE
Age 48, Male, Malaysian
Business Unit Head of Toyo Sho

Mr. Choo Jack Kie is the Business Unit Head of Toyo Sho Industrial Products Sdn. Bhd. ("Toyo Sho"), a wholly-owned subsidiary of the Group, where he oversees its daily production operations. He joined Toyo Sho in 1995 and currently holds directorship in Toyo Sho.

Mr. Choo has over 25 years of experience in the label printing and converting industry, having served for a number of companies, including overseas exposures in Taiwan and Japan. His area of expertise relates to the operating and technical aspects of a wide range of printing and converting machines.

Mr. Choo does not have any family relationship with any Director or Major Shareholder of MTAG Group Berhad and does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

ANG YAM FUNG
Age 50, Female, Malaysian
Chief Human Resource Officer

Ms. Ang Yam Fung has been the Group's Chief Human Resource Officer since 2018. She is responsible for managing the Group's human resource functions. She holds directorship in Toyo Sho.

Ms. Ang brings with her more than 25 years of experience in production planning, procurement and administration. She began her career as a planner for Sharp-Roxy Electronics Corporation (M) Sdn. Bhd. in 1990. She worked closely with the production team to manage production planning as well as coordinate the required raw materials and production schedules. In 1994, she joined Aiwa Electronics (M) Sdn. Bhd., a company involved in the manufacturing of audio and video products as a procurement officer, where she was in charge of liaising with suppliers to procure materials for the company's operations.

Ms. Ang obtained her Diploma in Computer Science offered by the National Computing Centre Education (UK) from Systematic Computer Centre Sdn. Bhd. Kuala Lumpur in 1990. She subsequently completed the Manufacturing Management Assistant Programme from The SANNO Institute of Management Japan in 1993.

Ms. Ang is the spouse of Mr. Chaw Kam Shiang, Managing Director of MTAG Group Berhad. She does not have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of MTAG Group Berhad ("MTAG" or the "Group"), it is an honour to present to you MTAG's inaugural Annual Report for the financial year ended 30 June 2020 ("FY2020").

A NEW CHAPTER

MTAG was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 September 2019, marking a significant milestone for the Group. I am pleased to share that based on MTAG's listing market capitalisation of RM361.3 million, we were the second-largest listing out of 11 on the ACE Market of Bursa Malaysia in 2019, a fact that we are proud of. Being a listed entity opened up a new chapter for MTAG as it enhanced our status and reputation and at the same time setting the stage for our next phase of growth. I would also like to express our sincere appreciation to our stakeholders, including you as our esteemed shareholders, for your continued support which enabled MTAG to be listed successfully.

ECONOMIC LANDSCAPE

The uncertainties in the global economy remain high due to several underlying frailties and geopolitical tensions such as the on-going trade tension between the United States ("US") and China, as well as the Coronavirus disease 2019 ("Covid-19"). Various strict movement control measures were implemented around the globe to slow down the Covid-19 infection rate and flatten the curve. These measures were critical in bringing the situation under control. However, this has had an adverse impact on the global economy as the operations of many businesses around the world were disrupted. This has further burdened the existing business operating landscape, making it even more challenging.

On the local front, the Malaysian Government imposed the Movement Control Order ("MCO") on 18 March 2020, a preventive and necessary measure in response to the Covid-19 pandemic. The temporary closure of non-essential businesses following the MCO had resulted in the local economy to contract in the first two quarters of 2020. Gross domestic product ("GDP") growth for the first quarter of the year dropped sharply to a mere 0.7% before further contracting 17.1% in the second quarter of 2020.

Business operations in Malaysia have since gradually resumed from 4 May 2020 under the Conditional MCO phase, with the current Recovery MCO phase slated to last at least until 31 December 2020.

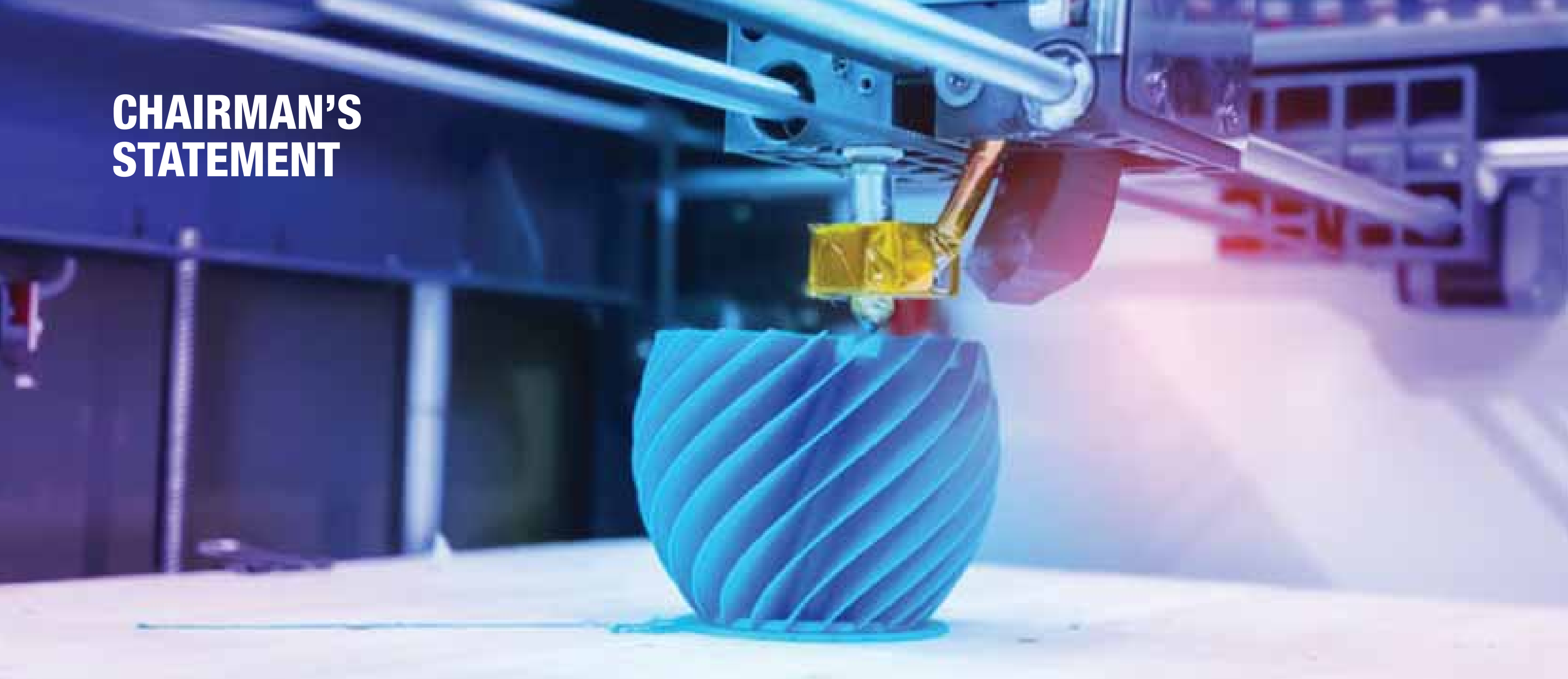
BUSINESS & FINANCIAL HIGHLIGHTS

FY2020 was a challenging year primarily due to the impact arising from the Covid-19 pandemic. We experienced operational and supply chain disruptions during the MCO period. The Group adhered to the MCO and halted our operations from 18 March 2020. We resumed operations with less than 50% of our workforce after the Ministry of International Trade and Industry ("MITI") granted approvals to our subsidiaries on 8 April, 21 April and 27 April 2020 respectively. Subsequently, MTAG has been operating with 100% of our workforce since mid-May 2020 following MITI's decision to allow certain economic sectors to operate at full capacity. The Group strictly complies with the standard operating procedures that are imposed at all times during our operations.

In FY2020, we remained resilient and posted a revenue of RM166.1 million as compared to RM190.0 million a year ago. Despite the taxing environment, we are pleased to deliver a satisfactory set of results in FY2020.

Our converting business remained our main revenue driver, having contributed 83.1% or RM138.0 million to total revenue in FY2020, with the balance coming from our distribution business.

Meanwhile, we registered a profit after tax and non-controlling interest ("PATNCI" or "net profit") of RM30.2 million versus RM33.0 million in FY2019 The decline of 8.3% or RM2.8 million year-on-year ("YoY") was mainly a result of the Covid-19 pandemic and the resulting MCO measures.



CHAIRMAN'S STATEMENT

PROSPECTS FOR FY2021

In the latest development, Bank Negara Malaysia ("BNM") has in August 2020 projected our GDP to contract between -3.5% and -5.5% in 2020, before rebounding 5.5% to 8.0% in 2021. Similarly, the Asian Development Bank ("ADB") is forecasting our GDP to grow 6.5% in 2021 in its September 2020 update. The optimism for 2021 is underpinned by the anticipated recovery in external and domestic demand, which is further reinforced by a more favourable operating environment.

Against this backdrop, we remain cautiously positive on our outlook notwithstanding the demanding operating conditions and global uncertainties. The Group's growth plans remain intact and we are confident on the execution of the plans as we are equipped with the proceeds raised from our initial public offering exercise along with our highly capable and experienced team at MTAG. At the same time, the Group is also looking to grow via mergers and acquisitions ("M&A"). We are consistently exploring business opportunities which are synergistic to our business and that would create more value to our shareholders. With that and our solid fundamentals, we believe that we will be able to capture a bigger market share, further establishing ourselves in the local converting and label printing industry.

We are certainly optimistic about MTAG's future. The Group will continue to leverage our strengths and maximise value for our shareholders as we forge ahead.

APPRECIATION

On behalf of the Board, we would like to express our sincere gratitude to the management and staff at MTAG for their continuous commitment, hard work and contribution to the Group.

We would also like to thank all our stakeholders, including but not limited to our valued shareholders, customers, business partners, bankers, and suppliers for their unwavering support towards MTAG.

On a more sombre note, we wish to express our deepest condolences to the family of Mr. Goh Jui Heng on his passing in December 2019. He was MTAG's Executive Director and the business unit head of one of our subsidiaries. He played a vital role in our journey in becoming a listed company on Bursa Malaysia. His invaluable contributions and legacy will always be remembered by everyone at MTAG.

Lastly, I would like to extend my heartfelt appreciation to my fellow Board members for the dedication, valuable advice and service. I am confident that the stewardship of our Board will take MTAG to the next level.

Lee Ting Kiat
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

FY2020 was both an exciting yet challenging year for us at MTAG Group Berhad ("MTAG" of "the Group"). The high point was when we reached the momentous milestone in our corporate history following the successful listing of the Group on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 September 2019. Adding to that was the fact that MTAG's listing was the second-largest Initial Public Offering ("IPO") on the ACE Market of Bursa Malaysia in 2019 based on market capitalisation at IPO price.

Being a listed company not only enhances MTAG's status and reputation, but also sets the stage for the Group's next phase of growth. With the proceeds of RM72.3 million raised from our IPO exercise, we have the ammunition to execute our expansion strategies that we have in place.

On the flip side, FY2020 was also a demanding year for the Group as our operations and performance were inevitably affected by the Coronavirus disease 2019 ("Covid-19") pandemic and the resultant Movement Control Order ("MCO"). Nevertheless, we see this as short-term headwinds and we are confident to weather through any challenges ahead backed by our robust balance sheet and experience.

After all, since our inception in 1995, we have gone through several business cycles, overcoming numerous hurdles and challenges before emerging stronger each time to reach where we are presently. This time, it will not be different as we shall forge ahead and continue to work hard to overcome the challenges along the way.

BUSINESS & OPERATIONAL REVIEW

As a printing and materials converting specialist, we print labels and stickers as well as convert a variety of materials such as adhesive tapes, papers, mesh, plastics, foams and metal into predefined shapes and sizes. MTAG is also an authorized distributor for leading global brands such as 3M and Henkel, distributing industrial tapes and adhesive products. We currently serve more than 600 customers from various industries including electrical & electronics ("E&E"), automotive, precision tooling, construction, and mechanical & engineering.

As mentioned earlier, we have successfully raised RM72.3 million from our IPO exercise to fuel our expansion plans. The existing facilities are presently fully utilised and hence, there is a need to expand our capacity to further grow our business. In this regard, RM33.0 million or 45.7% of our IPO proceeds has been allocated for the acquisition of an approximately 10-acre land for the construction of our new manufacturing plant. The construction shall be carried out in two phases. The first phase will comprise a built-up area of about 200,000 square feet ("sf"). By comparison, the existing facilities have a built-up area of 83,500 sf. Meanwhile, plans and funding for the second phase shall be determined at a later stage depending on the supply and demand situation.

Additionally, RM13.0 million or 18.0% of IPO proceeds has been earmarked for capital expenditure involving the purchase of 11 new machineries. Upon commissioning all new machineries, our annual production capacity of labels and stickers will close to double the current capacity. Apart from capacity, the Group's capabilities and production efficiency will be further enhanced with this capital investment as well. As of 30 June 2020, we have spent RM2.8 million on new machineries which have been commissioned at our existing facilities.

Other utilisation of the proceeds from the IPO include repayment of bank borrowings, working capital, and defraying listing expenses amounting to RM10.0 million, RM12.5 million and RM3.8 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Utilisation of Proceeds from IPO

Details	Proposed Utilisation (RM million)	Actual Utilisation (RM million) as of 30 June 2020	Estimated Timeframe For Utilisation From Listing Date
Land acquisition and construction of manufacturing plant	33.0	0.3	Within 36 months
Capital expenditure	13.0	2.8	Within 36 months
Repayment of bank borrowings	10.0	10.0	Within 12 months
Working capital	12.5	0.3	Within 18 months
Estimated listing expenses	3.8	3.8	Within 1 month
Total	**72.3**	**17.2**	

Operationally, we encountered small hiccups as we halted our production briefly in adherence to the MCO from 18 March 2020 as imposed by the Malaysian Government. Nonetheless, the Ministry of International Trade and Industry ("MITI") had subsequently granted approvals to our subsidiaries on 8 April, 21 April and 27 April 2020 respectively, to resume operations with less than 50% of the workforce. From mid-May 2020 onwards, we were allowed to operate at full capacity with 100% of the workforce while complying with the stipulated Standard Operating Procedures ("SOPs").

During the MCO, there were some minor disruptions to the supply chain as well. However, we are happy to share that following the resumption of most business activities from May 2020 onwards, the supply chain has since fully recovered and accordingly, we have been able to swiftly ramp up our production back to normal, along with gradual normalisation in customers' orders.

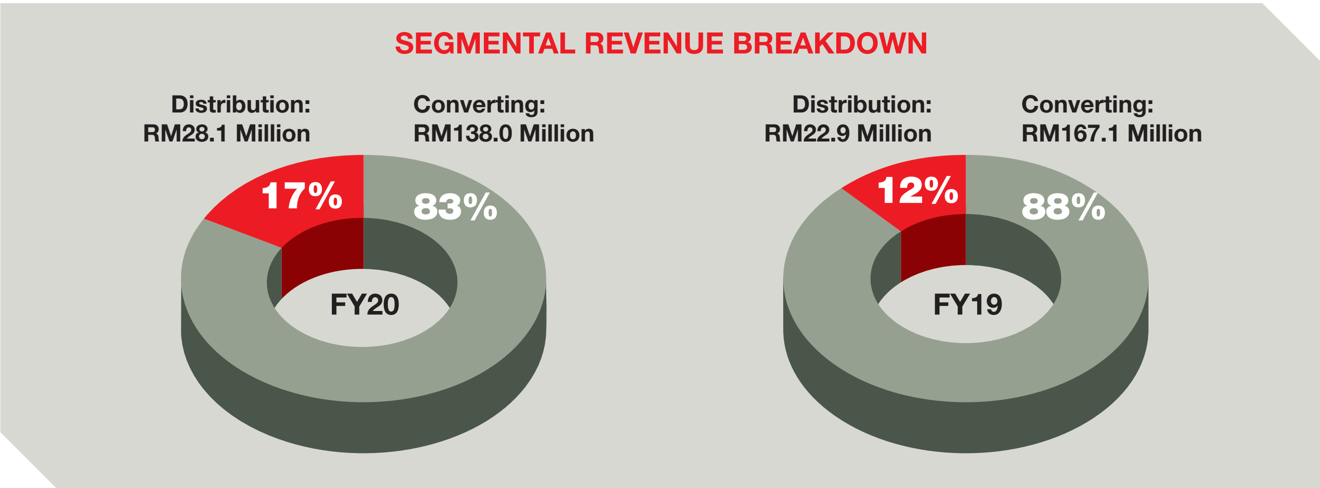
FINANCIAL REVIEW

Revenue

Despite the highly challenging operating environment brought about by the unprecedented Covid-19 pandemic, we managed to record a noteworthy revenue of RM166.1 million in FY2020, which was only a decline of RM23.9 million or 12.6% year-on-year ("YoY") from RM190.0 million a year ago. This was primarily due to the interruptions faced in our operations and supply chain during the MCO.

Revenue Breakdown by Business Segments

In terms of revenue breakdown by business segments, our converting division remained our anchor revenue contributor, accounting for 83.1% or RM138.0 million of total revenue for the financial year under review. Meanwhile, MTAG's distribution business contributed the remaining 16.9% or RM28.1 million to the Group. Our converting segment experienced a decline largely owing to the operational and supply chain disruptions mentioned above.



Revenue Breakdown by Geographical Markets

The Group's sales were mainly generated from the Southern region in Malaysia, which contributed RM158.8 million or 95.6% to FY2020 total turnover while overseas sales accounted for RM7.3 million or 4.4%.

Domestic sales stood at RM158.8 million in FY2020, which was lower than the RM183.0 million registered a year ago. Once again, this was due to the disruptions stemming from the Covid-19 pandemic and MCO. On the other hand, overseas sales remained relatively stable in FY2020 at RM7.3 million as compared to RM7.1 million in FY2019.

Profit After Tax and Non-Controlling Interest ("PATNCI" or "net profit")

The Group registered a net profit of RM30.2 million in FY2020 as compared to RM33.0 million in FY2019. The decrease was in-line with the decline in revenue as a result of the MCO. It is important to note that this included a one-off listing expense of RM1.9 million. In the absence of the one-off item, adjusted net profit would have been RM32.1 million.

On a brighter note, the Group's interest income surged to RM2.8 million in the financial year under review versus RM0.2 million a year ago. The jump in interest income was generated from our internal surplus funds as well as the IPO proceeds. Meanwhile, finance cost was reduced to RM0.1 million in FY2020 as compared to RM0.3 million in FY2019. This was chiefly attributed to the borrowings that were fully settled in the financial year under review. On balance, these contributed positively to the Group's net profit for FY2020.

FY2020
Net Profit
RM30.2 million

Total cash, bank balances and fixed deposits @ 30 June 2020
RM109.7 million

Net Operating Cash Flow in FY2020
RM43.2 million

Capital Structure & Capital Resources

MTAG's total assets amounted to RM201.6 million as at 30 June 2020, which was an increase of RM63.8 million from RM137.8 million a year ago. The increase was chiefly due to higher cash and cash equivalents stemming from our IPO exercise. At the close of the financial year, total cash, bank balances and fixed deposits stood at RM109.7 million.

On the other hand, the Group's total liabilities stood at RM21.9 million as at 30 June 2020, representing a reduction of RM16.2 million from RM38.1 million a year ago following the repayment of all our borrowings.

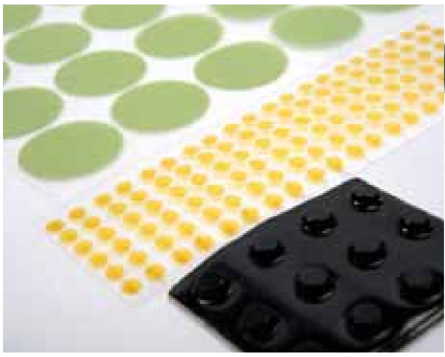
Net Gearing & Cash Per Share

With no bank borrowings, the Group is currently in a net cash position, with net cash per share of 16.1 sen.

Net Operating Cash Flow ("NOCF")

We generated a positive NOCF of RM43.2 million in FY2020. MTAG has consistently generated positive NOCF in the last five financial years.

MANAGEMENT DISCUSSION AND ANALYSIS



ANTICIPATED OR KNOWN RISKS

Dependence on Our Major Customers

Our major customers have been contributing substantially to our revenue in the past few financial years. The Group does not have long-term contracts with our major customers. Therefore, we may be materially and adversely affected if we were to lose one or more of our major customers without securing new customers to replace the loss of business, or if we were to encounter difficulties in collecting payments from these customers.

In mitigation, we have a proven track record on the timely delivery of products and possess deep technical know-how as a printing and materials converting specialist. These factors, coupled with our strong emphasis on customer satisfaction, provide us with strong competitive advantages and increase the stickiness with our customers. At the same time, we are constantly on the lookout for new customers. As for collections, our major customers are mainly listed companies and multinationals, and as such, are in good financial standings. Notwithstanding this, our collection team does close monitoring to ensure the Group's receivables ageing remains healthy.

Fluctuation in Foreign Currency Exchange Rates

We are exposed to foreign currency risk on purchases that are denominated in foreign currencies. Our purchases are transacted in United States Dollar ("USD"), Singapore Dollar ("SGD"), Swiss Franc ("CHF") and Euro. Therefore, any unfavourable fluctuations in foreign exchange rates may have an adverse impact on our financial performance. As part of our risk mitigation efforts, we diligently monitor the volatility of foreign exchange rates and shall consider entering into foreign currency hedging contracts if/when necessary.

Supply Chain Disruptions

Our business is exposed to risk of interruptions to our supply chain, which could disrupt our operations and negatively impact our financial performance. We manage this risk by keeping constant contact with our suppliers to closely monitor the possibility of disruptions. We have also established good long-term relationships with some of our key suppliers. Apart from that, we maintain healthy levels of raw materials and inventory as part of our risk management plan.


Operational Disruptions

We are dependent on our manufacturing plant to operate smoothly and efficiently. Any disruptions or unplanned shutdowns of our production facilities may have an adverse impact on our operations. To this end, the Group has taken up insurance policies to provide coverage against the risk of fire, burglary and personal accidents for our workers.

However, external business risks such as natural disasters, pandemics, riots and general strikes are beyond our control, which may materially and negatively affect our operations.

MOVING FORWARD

Looking ahead, we expect the business operating conditions to remain challenging amid the uncertainties stemming from the Covid-19 pandemic and the on-going US-China trade tensions. Nevertheless, we remain optimistic on our prospects given the growth plans we have in place, backed by the positive long-term outlook of the label printing and converting industry.

According to an independent market research by Protégé Associates, the Malaysia label printing and converting industry was estimated to be RM5.92 billion in 2019 and is projected to grow at a compounded annual growth rate ("CAGR") of 8.2% to RM8.11 billion by 2023. Based on 2019's projections, our market share effectively stood at 3.2% and therefore, there is ample room for us to grow in the local market.

With this in mind, we are pleased to update that the Group's expansion plans are progressing well and our focus remains on the proper execution of the plans to sustain our business growth. We will continue to purchase more machinery to increase our annual production capacity for printing of labels and stickers as well as to enhance our capabilities. This would allow us to capture the demand growth of the local label and printing industry. The plan is for us to progressively add new machines over the next few years. This is so that we can gradually ramp up the utilisation rate without incurring sudden substantial jumps in depreciation and overhead costs without sufficient corresponding increase in revenue.

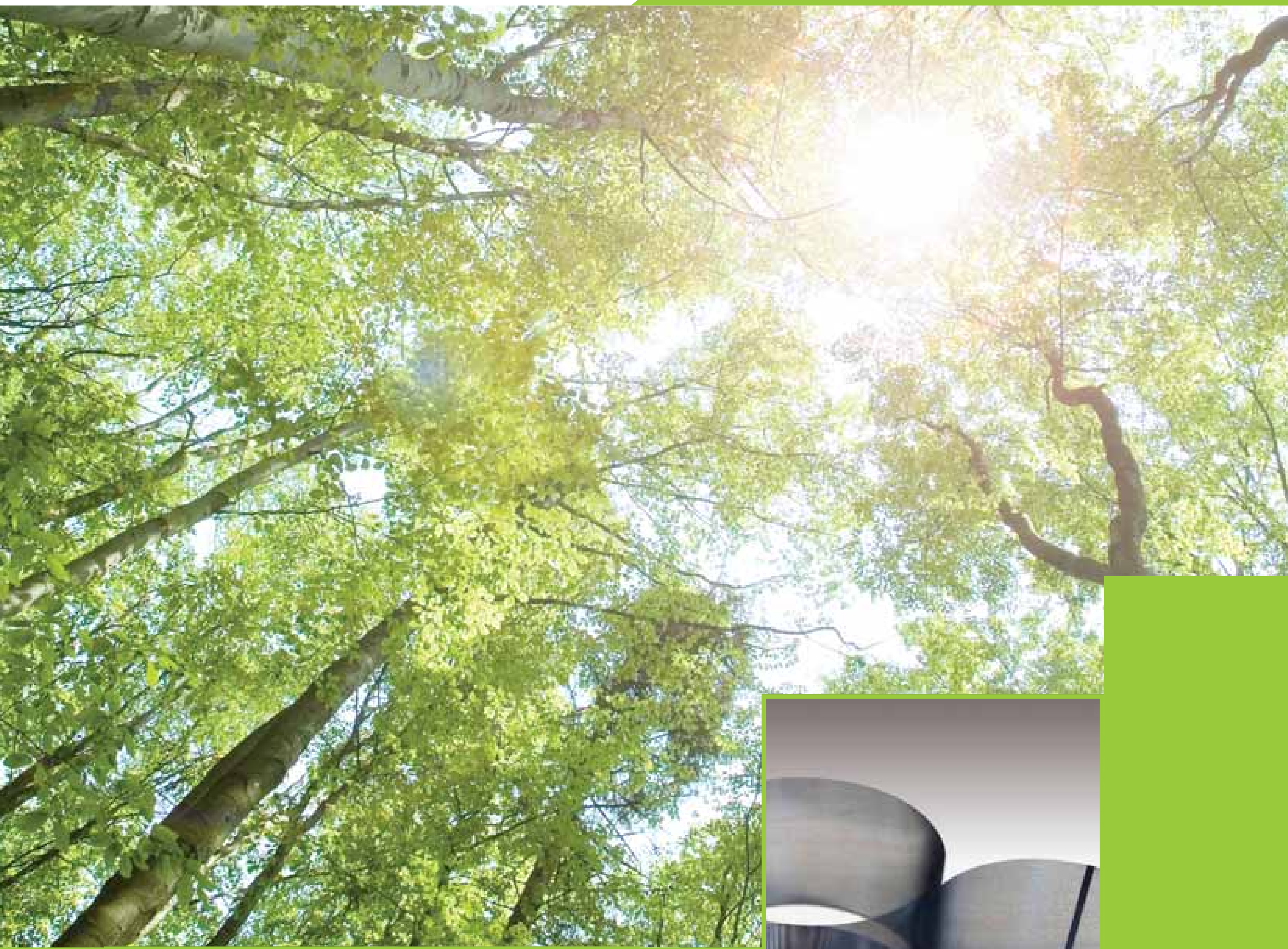
All in all, we are confident we have the experience and capabilities to navigate through the challenges ahead to bring MTAG towards greater heights.

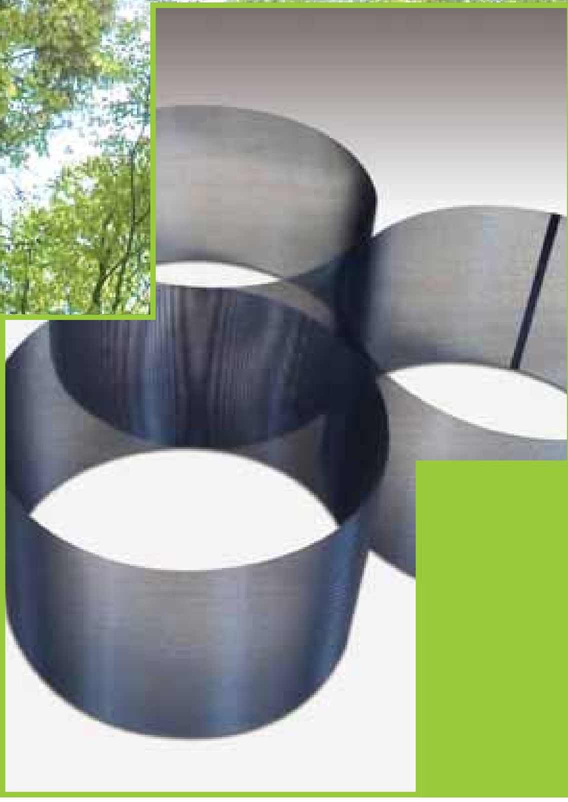
DIVIDENDS

In FY2020, the Board of Directors has declared and paid a total dividend of 3.0 sen per ordinary share amounting to RM20.4 million. This represented a 67.5% dividend payout of FY2020 net profit, which was above our dividend policy of distributing 20% of net profit.

Chaw Kam Shiang
Group Managing Director

SUSTAINABILITY STATEMENT





MTAG Group Berhad ("MTAG" or "the Group") is an investment holding company encompassing wholly-owned subsidiaries of Toyo Sho Industrial Products Sdn. Bhd. ("Toyo Sho"), Intag Industrial Supplies Sdn. Bhd. ("Intag Industrial"), Intag Steel Hardware Sdn. Bhd. ("Intag Steel") and MTAG Land Sdn. Bhd. ("MTAG Land").

As an integrated manufacturer, MTAG offers high quality labels and stickers printing and customised converting services that include slitting, cutting, welding, die-cutting, profile cutting and cut to size to convert various materials namely adhesive tapes and papers, mesh materials, metal, polyethylene plastics, foams and cardboards into pre-defined shapes and sizes, to fit customer's specific needs and requirements. MTAG also distributes industrial tapes and adhesive products under world-renowned brands – 3M and Henkel.

At MTAG, sustainability is a key priority and underscores all our business activities. We incorporate the principles of sustainability when developing our business strategies and coordinating day-to-day operations.

MTAG's Sustainability Statement FY2020 ("the Statement") outlines the Group's efforts to manage our economic, environmental and social ("EES") risks and opportunities, to ensure sustainable growth of the Group while creating value for our stakeholders and the community at large. This marks our first year of annual reporting on topics that we have deemed material to our stakeholders and to our business. The Statement should be read alongside our FY2020 Annual Report, which provides more comprehensive disclosure on our financial and operational performance.

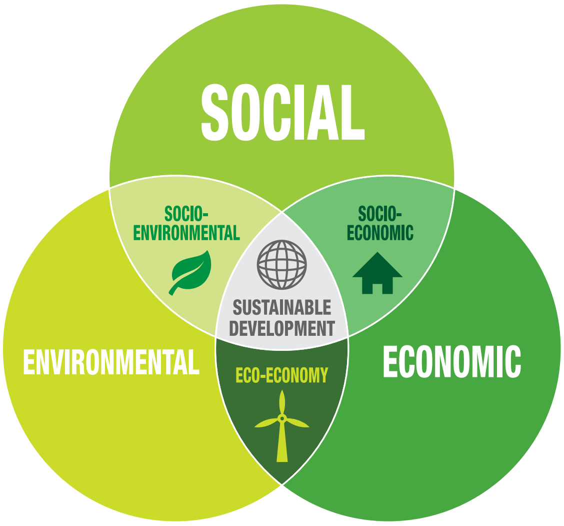


Diagram 1: MTAG is committed to managing its economic, environmental and social (EES) risks and opportunities

Reporting Scope and Period

The scope of this Statement focuses on MTAG's sustainability performance and initiatives covering the Group's manufacturing operations and head office in Tebrau, Johor. The reporting period corresponds with MTAG's financial year from 1 July 2019 to 30 June 2020, unless otherwise stated. As we move forward, we intend to improve the integrity and accuracy of our sustainability statement. We are progressively working to refine our monitoring and reporting to provide our stakeholders with better insights into our sustainability management.

Reporting Framework

This Statement was prepared in accordance to the ACE Market Listing Requirements ("Listing Requirements") and in reference to Bursa Malaysia Securities Berhad ("Bursa Securities")'s Sustainability Reporting Guide and Toolkits (2nd Edition) ("Sustainability Reporting Guide"). We have employed the themes and indicators recommended by Bursa Securities' Sustainability Reporting Guide to expound and disclose on MTAG's sustainability efforts within the pillars mentioned above.

MTAG's Sustainability Policy

Through the framework, we seek to communicate how we measure the impact and effectiveness of our economic, environmental, and social performance. We assess our performance using selected indicators or material sustainability matters relevant to MTAG. These efforts then allowed us to develop a policy that clearly defines MTAG's commitment to sustainability.

OUR COMMITMENT TO SUSTAINABILITY

"At MTAG, we strive to promote health and well-being, sustainable economic growth and practice responsible consumption and production. Through our efforts, we aim to deliver long-term value to our stakeholders including shareholders, employees, customers and suppliers for the benefit of our organization as well as the local and national communities we operate in."

Sustainability Governance

A strong sustainability governance framework is essential to further solidify the confidence of our stakeholders.

The Board of Directors ("Board") of MTAG shoulders the primary responsibility as the driver of the Group's sustainability initiatives. They have the responsibility of defining and setting the Group's sustainability goals and strategy, while ensuring accountability and oversight in the identification and management of sustainability matters.

The direction set by the Board is communicated to MTAG's Senior Management ("SM") team, which is headed by the Managing Director and assisted by the Chief Financial Officer, Chief Human Resource Officer and the Group Financial Controller. The SM team is accountable for overseeing and implementing the Group's sustainability approach and initiatives into key business processes and long-term strategic plans.

The SM team is supported by the Sustainability Working Group, comprising Business Unit Heads and Managers from various departments such as Planning, Marketing, Supply Chain, Production, Quality and Human Resources of MTAG's subsidiaries, who are responsible for ensuring proper execution and monitoring of sustainability-related initiatives Group-wide.

Board of Directors

Responsible for setting sustainability goals and strategy

Senior Management (SM)

Managing Director, Chief Financial Officer, Chief Human Resource Officer & Group Financial Controller

Responsible for overseeing the implementation of sustainability-related initiatives

Sustainability Working Group (SWG)

Executive Director/Business Unit Head Planning/Marketing Manager/ Supply Chain/Production/Quality/Human Resource Managers of Toyo Sho Industrial Products/Intag Industrial Supplies/Intag Steel Hardware

Responsible for executing, monitoring and reporting of sustainability-related initiatives

Diagram 2: MTAG's Sustainability Governance Structure

Materiality Assessment

We aim to review our materiality topics annually against the evolving business landscape and internal as well as external influences to ensure relevancy to our business. Guided by Bursa Securities' Sustainability Reporting Guide, MTAG introduced a structured approach to our materiality assessment process, in discourse with internal stakeholders.

In identifying our most notable matters, we conducted discussions with internal key stakeholders to identify and understand their perspectives on material matters to MTAG. Due consideration was given to our operating environment as well as emerging risks and opportunities associated with our industry.

The outcome of the assessment is displayed in the Materiality Matrix in Diagram 3, identifying MTAG's material sustainability matters deemed relevant for FY2020.

MTAG'S Materiality Matrix

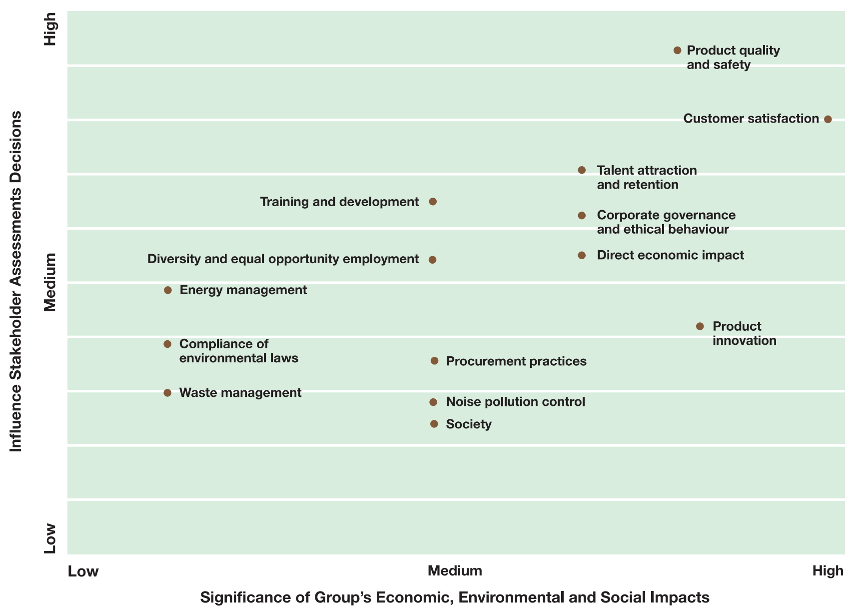


Diagram 3: MTAG's Materiality Matrix

Stakeholder Engagement

We believe in establishing strong partnerships across our stakeholders in driving our strategic measures. As such, we provide open channels to interact and engage with our external and internal stakeholders on matters that represent primary concerns to them. Table 1 below outlines our major stakeholders, how we connect with them and their areas of interests.

Major stakeholders	Communication channels	Key concerns
Shareholders/Investors	• Annual General Meeting • Bursa Malaysia announcements • Meetings and briefings • Corporate website • Media releases	• Business continuity • Economic performance • Shareholders' return • Corporate governance
Customers	• Regular engagements • Products and services briefings • Customer satisfaction surveys • Media announcements	• Customer satisfaction • Product quality and safety • Quality assurance
Suppliers	• Regular interactions • Procurement agreements • Business reviews • Meetings	• Supply chain management • Ethical and transparent procurement policies
Employees	• Daily interactions • Annual performance reviews • Trainings and development sessions • Office events	• Fair HR policies and practices • Health and safety • Workplace satisfaction • Professional growth
Industry Peers	• Conferences • Corporate website	• Fair and ethical practices
Government / Regulatory agencies	• Periodic site visits and meetings • Consultation on regulatory matters	• Compliance to regulations
Media	• Regular interactions • Q & A sessions • Feature interviews	• Continuous and meaningful communication • Avoidance of bad publicity

ECONOMIC IMPACT

Direct Economic Impact

MTAG's economic performance is a key driver in the Group's pursuit of sustainability. Our business success goes beyond revenue and profit as we strive to generate a wide array of economic benefits that trickle down to the larger society, creating value for our stakeholders, including our shareholders as well as the local community, among others.

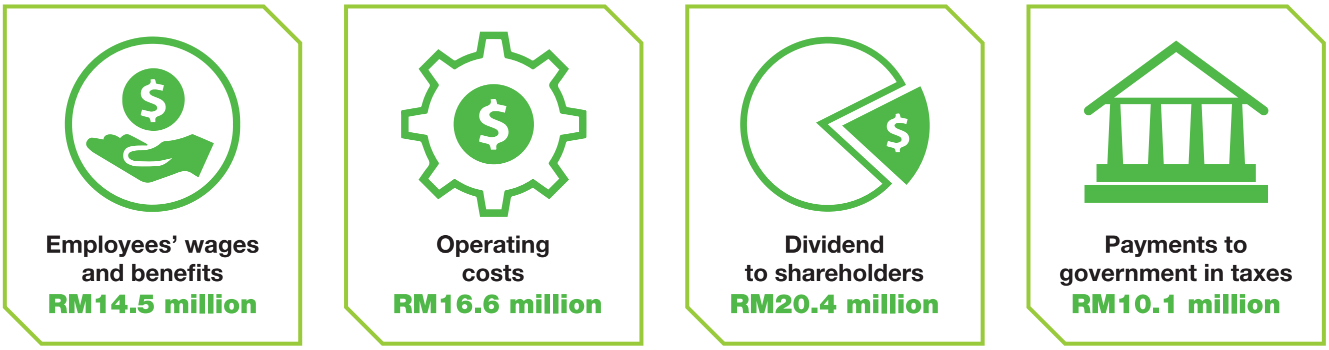


Diagram 4: MTAG's Economic Contribution for FY2020

<u>Ensuring Financial and Operational Stability amid Covid-19 Pandemic</u>

While the Novel Coronavirus ("Covid-19") situation continues to evolve, impacting businesses across all sectors, MTAG's fundamentals and long-term vision remain intact. To ensure financial and operational stability amid this pandemic, we have established and taken clear proactive measures in line with the Government's guidelines and recommended best practices. The key initiatives which enabled us to continue our business activities in the face of potentially disruptive challenges are set out below:

- Established a Covid-19 Safety and Emergency Response Committee, responsible for the Group's compliance with the national and local Standard Operating Procedures ("SOP"), with the objective of protecting employees' health and safety while ensuring business continuity.
- Ensured business continuity during the government-enforced Movement Control Order ("MCO") by securing approval from the Ministry of International Trade and Industry ("MITI") to recommence business activities at an approved operating capacity.
- Reviewed and monitored our financial performance to ensure the right measures are in place to keep us on track to achieve our goals.
- Monitored and continuously monitoring the situation closely while maintaining diligent contact with our suppliers and customers to keep abreast of the latest developments.
- Prioritised and allocated financial resources prudently to strengthen our financial position to navigate through headwinds.
- Monitored the health status of our workforce and maintained an up-to-date contact list of employees.
- Introduced remote work or Work-From-Home ("WFH") arrangements to minimise infection risk.
- Undertaken staff planning and rotation of skilled workers.
- Ensured sufficient supply of personal protecting equipment ("PPE") at our workplace.

As a result of our aforementioned initiatives, the Group's operations experienced only minimal disruptions with no job losses nor salary adjustments due to Covid-19, despite the challenging economic climate.

Product Quality and Safety

MTAG places high emphasis on the quality of its services and products, in pursuit of becoming the leading labels and stickers printing and materials converting specialist. We serve a diversified clientele and work hard to offer our customers flexible, innovative and customised solutions in a timely manner.

To this end, we have developed a Quality Policy reflecting on MTAG's attitude to strive for quality excellence along our entire value chain. Our Quality Policy, outlined below, seeks a continual process of quality improvement towards utmost customer satisfaction.

QUALITY POLICY

- ✓ To achieve utmost customer satisfaction through excellence in products' quality and timely delivery.
- ✓ To address and fulfil customers' needs, requirements and concerns.
- ✓ To comply with the requirements of ISO 9001:2015 standards and other regulatory requirements.
- ✓ To educate and train all employees to enhance technical knowledge and efficiency.

The objectives and targets shall be established at the Management Review and maintained by the Quality Management Representative.

Keeping that in mind, we operate using rigid Quality Control ("QC") procedures. Our QC personnel are responsible for managing and supervising the QC system and supervising the quality of products throughout the procurement and operating processes, including visual and machine inspections of incoming and finished goods.

The Group's commitment to quality is evidenced by our subsidiary, Toyo Sho, being accredited with the Quality Management System ("QMS"), namely ISO 9001:2000 on 31 August 2006. This accreditation was received from Alberk QA International Technical Control and Certification Ltd., for the manufacturing of printed labels, die-cut double-sized tapes and polyester tapes. This accreditation was subsequently updated to ISO 9001:2008 on 24 July 2015 and ISO 9001:2015 on 13 July 2018.

Quality consistency has helped the Group establish a strong reputation as a trustworthy and reliable partner in printing and converting services. Meanwhile, for the distribution segment, we source our products from 3M and Henkel, which are reputable brands of industrial tapes and adhesives. For each batch of purchase, we carry out sample checks to ensure quality.

Our operating processes are governed by a series of quality control procedures built into our processes as part of MTAG's Quality Management System, ensuring our finished products meet the highest standard of quality.

IN-COMING QC

- The Group adopts and maintains strict procedures in the selection of suppliers based on criteria such as track record and market reputation, stability of supply and reasonableness of price, to ensure the quality of the incoming goods and finished products procured. A visual inspection of goods and finished products delivered to the manufacturing plant is also conducted.

IN-PROCESS QC

- In order to minimise defective and rejected products, the Group conducts pilot production to ensure that defects are identified and corrected before mass production. For printing of labels and stickers and customised converting services, the defects that are generally identified include inconsistent colour output, incorrect positioning of roll sticks and die-cutter units. On the other hand, defects that generally occur in the converting of metal products are non-conformity of dimensional tolerances.
- QC personnel also conduct continuous inspections throughout the production processes to maintain process consistency.

OUTGOING QC

- Outgoing QC is carried out to ensure the finished products are compliant with sales orders. A final inspection is conducted before the finished products are delivered to customers.

Diagram 5: MTAG's Quality Control Procedures

Product Innovation

Innovation is a key driver at MTAG as we continuously establish our distinct competitive advantages to stay ahead in this niche market. Our competitive edge lies in our ability to provide customised converting services catering to clients' specific requirements.

Equipped with our printing capabilities, we convert a variety of materials such as adhesive tapes and papers, mesh materials, metal, polyethylene plastics, foams and cardboards, into predefined shapes and sizes. Our wide-ranging, tailor-made machinery enables us to offer diverse and flexible solutions from simple to complex converting services, which include, among others, slitting, cutting, welding and die-cutting to fit customer needs and requirements.

As we serve a broad range of clientele across diverse industries ranging from electrical and electronics, automotive, precision tooling, mechanical and engineering to construction, various converting methods are applied in our processes to cater to the specified criteria, such as ultrasonic technology for mesh; rewind slitting for adhesive tapes, papers and plastics; die-cutting for foams and cardboards, as well as bandsaw cutting, plasma cutting and oxy-gas cutting for metals, to name a few. We also propose to our customers, modifications on the selection of materials and converting processes for their current and future developments.

At the same time, we offer high-quality printing of labels and stickers in terms of colour sharpness and uniformity with various finishing options that include laminating, varnish coating, adhesive-kill printing and double-sided printing, in various shapes and sizes on different paper types, within a short lead time of 1 to 2 working days.

Customer Satisfaction

At MTAG, we maintain high standards on the quality of our offerings and services to achieve customer satisfaction and commercial success. We focus on providing a holistic experience for our customers by continuously soliciting feedback aimed at defining improvement measures.

As part of our ongoing efforts to enhance customer satisfaction, we maintain diligent regular contact with customers to keep abreast with the latest developments and solutions, providing prompt responses to customers, while pricing our products at competitive rates.

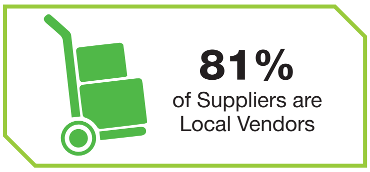
During the year, we continued to engage with our customers through the use of Customer Satisfaction Survey forms to assess the level of satisfaction as well as the quality of our products and services. This serves as an excellent tool to learn and manage customers' expectations as it allows us to collect and respond swiftly to their feedback.

In FY2020, we received a total of 7 customers' feedback which are mostly concerns relating to product quality. Our team responded swiftly in adherence to the stipulated response process, which included setting up meetings with the affected customers to learn of their concerns, in addition to reviewing the product specifications. All matters were scrutinised to identify the root cause with subsequent actions taken to resolve the issues. Following this, we had followed up with the customers and obtained feedback through the Customer Satisfaction Survey forms. The results from the survey demonstrated that our customers were largely satisfied with our products and services during the course of the year.

We continuously seek to learn from our customers' reviews and address those matters to uphold our level of service and quality.

Procurement Practices

We target to maintain a sustainable supply chain, as we recognise that our major suppliers are strategic partners with whom we intend to establish long-lasting good working relationships with. For this reason, we adopt and adhere to strict procedures in supplier selection, based on their track record, market reputation, stability of quality, supply and pricing. Most of the vendors in our supplier base have undergone stringent assessment to qualify as a supplier in the value chain as determined and approved by our customers. We are committed to enhance the supply chain management to ensure smooth operations for the Group.



We acknowledge our ability to contribute to the local economy by purchasing locally and engaging with local suppliers. It also contributes to shortened lead time with enhanced cost savings and improved efficiency in logistics fulfilment for the Group. Keeping this in mind, we endeavour to engage with or purchase from local suppliers, as and when feasible. In FY2020, we continued to contribute to the development of the local economy as local vendors represented 81% of our total supplier base.

Corporate Governance and Ethical Behaviour

MTAG is committed to sound corporate governance practices as we firmly uphold the principles of ethical business principles in all dealings with our stakeholders. Moreover, effective corporate practices are vital to retaining smooth and transparent operations within the Group. Through a formalized framework as indicated by the following policies, our values are enforced to maintain best practices in corporate governance.

Policy	Description
Code of Conduct & Ethics	MTAG's Code of Conduct and Ethics provides clear guidance to Directors and employees on the standards of behaviour, value, principles and practices on conducting business and general workplace behaviour, comprising issues on, among others, conflicts of interest, confidentiality, protection of assets and money laundering. It reflects the Group's determination to reinforce high ethical standards in order to sustain a work environment that fosters integrity, care, respect and professionalism. The Code of Conduct & Ethics is available and accessible on MTAG's corporate website at www.mtaggroup.com to ensure compliance with the laws, rules and regulations.
Whistleblowing Policy	MTAG's Whistleblowing Policy is implemented to provide a platform and encourage employees or external parties to raise genuine concerns of suspected misconduct, should there be any, without fear of victimisation, harassment, discrimination or intimidation. This is expected to strengthen the accountability and transparency of the Group's conducts. Reports received are to be sent directly to their reporting manager or MTAG's Audit Committee Chairman. Appropriate disciplinary action will be taken against the individual if the claim of malpractice or misconduct is substantiated. We are responsible to protect the confidentiality of all matters raised by the whistleblower by treating them in a confidential and sensitive manner.
Anti-Corruption & Anti-Bribery Policy	MTAG's Anti-Corruption & Anti-Bribery Policy outlines the Group's responsibilities in observing and upholding MTAG's position on bribery and corruption, as well as sets out the guidance and procedures for employees on how to recognise and deal with bribery and corruption matters. We remain resolute in our commitment to conducting a business free from acts of bribery and corruption. All employees are required to adhere to all anti-bribery and anti-corruption legislations.

Table 2: MTAG's Policies

Investor Relations

We view Investor Relations as a corporate responsibility to shareholders that integrates corporate governance, compliance and communication. In this regard, we are committed to provide and disclose accurate information in a transparent and timely manner to all our shareholders. In FY2020, we continued to improve on the delivery of the Group's Quarterly Financial Results.

Release of MTAG's Quarterly Financial Results

Quarterly Results	Date of Issue/Release	Bursa Securities Deadline for the Issue/Release
2020		
1st Quarter	19 November 2019	30 November 2019
2nd Quarter	21 February 2020	29 February 2020
3rd Quarter	19 June 2020	30 June 2020*
4th Quarter	25 August 2020	31 August 2020

Table 3: Release of MTAG's Quarterly Financial Results

* *Following the extension of the Movement Control Order ("MCO") by the Malaysian Government due to the Covid-19 outbreak, Bursa Securities had granted extension of time to Listed Issuers on the Main, ACE and LEAP markets with interim and annual reports due by 30 April 2020 and 31 May 2020 until 30 June 2020, respectively, for the submission of Annual and Quarterly Reports.*

ENVIRONMENTAL IMPACT

Environmental Compliance

At MTAG, we recognise the importance of preserving the environment while striving for growth. At all levels of our business operations, we seek to reduce our carbon footprint through efficient use of resources.

Our priority is to ensure our operations comply with the applicable environmental laws and regulations through the establishment of an Environmental Policy. The Policy outlines MTAG's aspiration to implement, promote and maintain an Environmental Management System ("EMS") to mitigate the environmental impacts of our operations.

- To prevent environmental pollution and continually improve environmental performance.
- To observe and seek compliance with environmental laws and related requirements.
- To launch measurable environmental objectives and targets.
- To ensure that the environmental policy is communicated to all personnel.
- To harmonise environmental awareness through daily activities.

We are pleased to state that MTAG's processes are certified to an internationally recognised standard, specifically ISO 14001:2015, which is a testament to the Group's undertaking in protecting the environment.

In FY2020, there were no environmental incidences in breach of any environmental legislations.

ZERO
Cases of Environmental Non-Compliance

Energy Management

We are aware that the nature of our processes requires the consumption of a high amount of energy. High energy consumption contributes to a larger carbon footprint as well as an increased cost of production. With that in mind, we remain conscious of how we operate with the aim of minimising the Group's environmental impact.

Energy utilisation within our operations is in the form of electricity powered by the national grid. We monitor our energy consumption using an installed Energy Measuring Meter to track the Group's energy levels. In FY2020, the total electricity consumed by MTAG was 1.1 million kilowatt-hours ("kWh").

Across the Group, we have implemented ongoing energy-saving initiatives. In this regard, we follow and adhere to a yearly target for electricity consumption, as part of our measures to conserve energy. Additionally, our machineries undergo scheduled maintenance to sustain efficiency and prevent or reduce downtime. At the Group's premises, we create awareness through communication and displaying energy-saving signages.

Moving forward, we endeavour to improve our green initiatives to further improve our environmental performance.

Waste Management

At MTAG, we promote the reduction of waste across the Group by employing proper waste disposal practices. The Group's waste management system is governed by our Environmental Policy as well as an established SOP to optimise our waste management initiatives. Across the Group, we observe strict internal controls to prevent mishandling of waste materials and ensure compliance to the Environmental Quality Act ("EQA") 1974 and other relevant laws and regulations.

We generate waste or by-products in the form of both scheduled and non-scheduled waste stemming from our business operations. For the Group's non-scheduled waste materials, which include items such as paper carton, kraft paper and plastic, we have obtained approval from the Malaysia Custom Industries Department ("Custom") for recycling activities by approved waste collectors, while other items such as adhesive papers and tapes are disposed at a designated area, after having obtained approval from Custom, where the wastes are then collected by selected and approved waste collectors to be sent to authorised landfills. Meanwhile, the Group generates scheduled waste materials in the form of contaminated containers, rags, papers and gloves. These waste items are handled appropriately in terms of generation, storage, transportation and treatment, in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 of the EQA 1974. These waste materials are separated from the non-scheduled waste prior to collection by a licensed waste contractor authorised by the Department of Environment ("DOE"). All works carried out are monitored by a Certified Environmental Professional in Scheduled Waste Management ("CePSWaM") registered under the DOE.

To date, MTAG has complied with all regulations and procedures prescribed in the law in relation to waste management.

Noise Pollution Control

We recognise that the Group's activities produce noise as an inevitable side effect. In this regard, we monitor and implement control measures to reduce the impact on our surroundings and employees. Some of our internal control efforts include conducting periodic assessments on operating sites, employing noise-reducing specification in our machines, equipping our workers with hearing protection and conducting hearing tests for machine operators, to name a few.

The Group also undergoes periodic assessments on the Group's noise levels by an Environmental Consultant approved by the Department of Occupational Safety & Health ("DOSH") every two years. The latest monitoring was performed in March 2019 and April 2019, where 2 of MTAG's sites underwent the assessment and achieved 100% compliance.

100%
Compliance to Noise Regulatory Limits

SOCIAL IMPACT

MTAG's social sustainability efforts are focused on attracting the right talents, developing an engaging workforce, safeguarding the health and safety of our people while creating value for the local communities where we operate.

Talent Attraction and Retention

We believe that our employees are the Group's greatest asset. Our success relies on our ability to attract, train and retain the right talents for the right positions. As such, we are dedicated to attracting well-suited candidates on the basis of merit, work experience, industry exposure and achievements. We utilise various means to attract talents, including establishing a "Career" section on MTAG's corporate website and referring to employees' referrals.

We seek to provide a productive work environment and opportunities for our employees to reach their full potential at MTAG. As part of our human capital management strategy to retain talent, we offer competitive remuneration packages with bonuses two times a year, based on work performance. Apart from that, employees also enjoy on-the-job benefits such as annual leaves, maternity leaves, group personal accident coverage for all employees including foreign workers, and phone allowance for selected employees, among others.

Training and Development

We promote a culture of continuous learning as our people's professional development is critical to the Group's competitiveness and sustainability. We truly value the development of our workforce as this not only contributes to personal growth but also the Group's growth and resilience. To this end, we strive to provide our employees with the necessary training and development they require to build on.

In FY2020, we continued to invest in our talents through various training programmes focusing on expanding and strengthening employees' technical capabilities and competencies, as well as soft skills. The training and workshops we offer to employees are to ensure that our employees perform at the highest level of excellence. Apart from this, we also encourage our employees to expand their capacities by taking on new roles and responsibilities.

During the year, through the Group's sponsorship under the Employee Education and Development Program, one of our employees have expanded his skillsets and obtained accreditation from the DOE as a Competent Person and a Certified Environmental Professional in Scheduled Waste Management ("CePSWaM") during the year. This is part of our concerted efforts and investment in the upskilling of our workforce.

Diversity and Equal Opportunity Employment

At MTAG, we view diversity as a key competitive edge. We remain steadfast on providing equal opportunities across the Group with zero tolerance for discrimination based on race, gender, marital status, ethnic or social origin, sexual orientation, age, religion or political views, among others. In FY2020, MTAG's total workforce stood at 183 employees, with the composition displayed in Diagram 6.

We believe that gender inclusivity will elevate us to new heights through idea generation, taking into account varied perspectives. In FY2020, 40% of our total employees comprise of female employees. We target to increase this number moving forward as we work towards developing policies which accommodate the needs of female employees. Meanwhile, we have a solid succession pipeline with 56% of our employees below the age of 35 years old, as we seek to infuse younger talent into the Group.

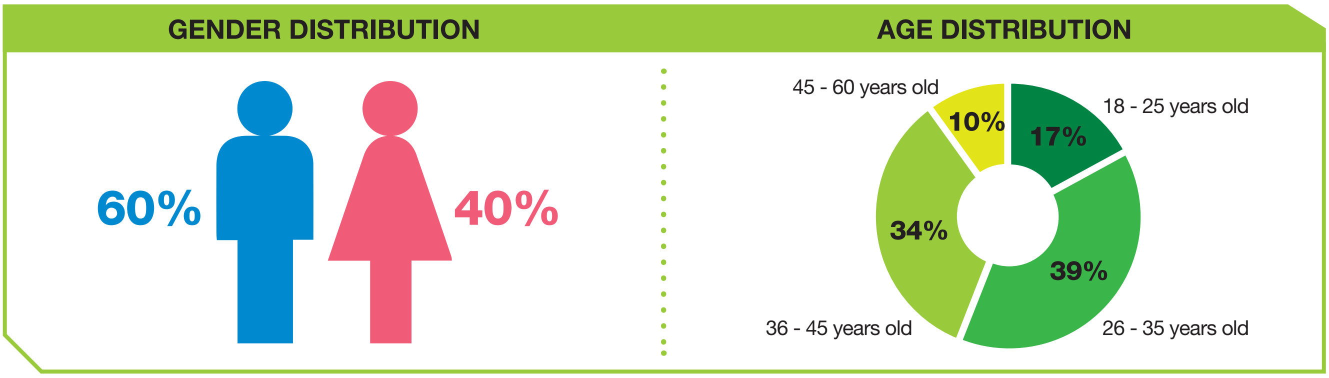


Diagram 6: MTAG's Workforce Composition in FY2020

Occupational Safety and Health

A material consideration for our business revolves on protecting the safety and health of our employees. We endeavour to provide a safe and conducive working environment that is free from injuries and ill health hazards, leading to enhanced productivity and morale.

This has led us to establish the Occupational Safety and Health ("OSH") Policy enforced Group-wide. It acts as a guideline for our employees and ensures the Group's compliance with the Occupational Safety and Health Act 1994 and other relevant health and safety laws. Our commitment is outlined in our OSH Policy:-

- Providing a healthy and safe environment for our employees and visitors.
- Ensuring personnel are properly trained and equipped with the appropriate safety gear and emergency equipment.
- Ensuring the work environment is free from hazards and pollution, and waste management is properly implemented.
- Complying with relevant environmental, health and safety laws for controlling hazardous chemical substances in products and materials.
- Reviewing and revising the policy as and when necessary at regular intervals.

We have a dedicated in-house OSH Committee comprising 12 employees from various departments across the Group. They are responsible for overseeing all safety-related matters and implementing the OSH Policy effectively in adherence to local regulations. We also have an Emergency Response Team ("ERT"), consisting of 4 section teams in the areas of Chemical, Fire Fighting, Fire Wardens and First Aid Rescue, which are equipped to respond in an emergency. They are trained to handle chemical spillages, ensuring the availability of first aid equipment and provide other ERT-related assistances.

During the year, we strengthened our safety initiatives with the establishment of an Emergency Response Plan, covering procedures in the case of an employee accident, fire or chemical spillage incidents. At the same time, efforts to enhance safety measures include the provision of safety briefings to workers and visitors, ensuring proper PPE are distributed to workers and providing onsite fire drill training, to name a few.

We also emphasize continuous learning across the Group to promote a safety culture and practices. Some of the safety-related programmes and training conducted are depicted below:

- Fire Evacuation Drill
- First Aid training
- Chemical Handling training
- Safety & 5S System training
- Scheduled Waste Competent Person course
- Forklift Driver training

As a result of our ongoing safety-related initiatives, we are proud to report zero Loss Time Injuries and fatalities at the workplace in FY2020.

ZERO
Loss Time Injuries
in FY2020

SAFETY MEASURES IN RESPONSE TO COVID-19

In view of the Covid-19 pandemic, MTAG has been implementing several preventive measures across our operations in an effort to curtail the potential spread of the virus and protect the well-being of our employees, visitors and community. Among the measures we have implemented include:

- ✓ Communicating to employees on a regular basis on Covid-19 awareness, SOPs and preventive measures through briefings and internal announcements.
- ✓ Establishing a Covid-19 Safety & Emergency Response Committee to ensure compliance with national directives.
- ✓ Daily and weekly reporting of Covid-19 Prevention Program in the workplace, with the appointed coordinator reporting and ensuring compliance with the SOP set by MITI and the Department of Occupational Safety and Health.
- ✓ Distribution and wearing of face masks.
- ✓ Conducting temperature checks on a daily basis on employees and visitors before entering the Group's premises. Any persons with a body temperature of more than 37.5 degrees Celsius are not allowed to enter into MTAG's compound.
- ✓ Sanitising all production, office and common areas of the workplace.
- ✓ Practising 1-metre social distancing at the workplace.
- ✓ Providing hand sanitisers at production, office and common areas to be accessible for all.
- ✓ Preparing a designated area for quarantine, if needed.
- ✓ Implementing travel restrictions and health declaration measures for employees, subject to medical screening and quarantine.

SOCIETY

We believe that as responsible corporate citizens, we should fulfil our obligations towards the well-being of the society. Together, we can achieve sustained growth by creating shared value for our stakeholders, including the local community.

In FY2020, we continued to reach out by participating and contributing through various Corporate Social Responsibility ("CSR") initiatives focused on community outreach.

CHARITY DAY TRIP TO GREENLAND KIDS THEME PARK

MTAG organised a Charity Day Trip to Greenland Kids (G-Kids) Theme Park for approximately 100 children from several charitable organizations:

- Pertubuhan Kebajikan Puspanesam, Johor
- Pertubuhan Kebajikan Cheng En Johor Bahru, Johor
- Pertubuhan Kebajikan Vision KulaiJaya, Johor
- Persatuan Kebajikan Mesra Megah Ria Johor Bahru, Johor

This initiative allowed us to give back and bring joy to well-deserving communities by rewarding the children with fun activities at the theme park.

ANNUAL DINNER

As a caring employer, we strive to foster close relationships and teamwork among employees. In July 2019, we organised an Annual Dinner and took the opportunity to acknowledge the dedication and contribution of our employees to MTAG's success.

FOOD CONTRIBUTION TO ORPHANAGE

As a way of showing care and concern to the surrounding communities, MTAG had donated essential food items and other basic necessities to the Amitabha Malaysia Orphanage on 16 January 2020.

SPREADING FESTIVE CHEER

In conjunction with the Chinese New Year festivities, MTAG took the opportunity to celebrate with the children at the Amitabha Malaysia Orphanage on 17 January 2020 and organised Chinese Calligraphy activities. We also participated in decorating the centre with festive decoration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of MTAG Group Berhad ("MTAG" or "the Group") is fully committed to ensuring that the highest standards of corporate governance are applied across the Group with the aim of safeguarding the interests of shareholder while enhancing the long-term value of the Group.

The Board is pleased to present the Corporate Governance Overview Statement ("Statement"), which provides shareholders with an overview of the corporate governance ("CG") practices of the Group for the financial year ended 30 June 2020 ("FY2020") that is in line with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), where possible.

This Statement is prepared in accordance with Rule 15.25 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is to be read together with the FY2020 CG Report of the Group ("CG Report") which is available on the Group's website at www.mtaggroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board has the primary responsibility for the active oversight of the overall performance and strategic direction of the Group, retaining full and effective control of the Group. The Board is aware of its responsibilities to the Group in charting future corporate direction, providing thought leadership and upholding good governance and ethical practice in order to safeguard shareholder value.

As a steward of the Group, the Board's responsibilities include overseeing the proper conduct of business, risk management and internal control, succession planning, management performance, stakeholders' communication and corporate reporting, among others.

Board Charter

The Board is guided by the Board Charter which was adopted on 24 October 2018, outlining the duties and responsibilities, as well as matters reserved for the Board. To ensure effectiveness and relevance to the Board's strategic intent as well as relevant standards of corporate governance, the Board Charter was updated on 28 May 2020. The Board Charter serves as primary guidance, detailing the roles and responsibilities of the Board in accordance with the principles of good corporate governance set out by regulatory authorities.

As defined in the Board Charter, the Board is accountable to the shareholders for the management and performance of the Group, including the following matters:

- Provides leadership and oversees overall conduct of the Group's businesses;
- Reviews and adopts strategic initiatives, and to ensure these initiatives and the risk, performance and sustainability are effectively integrated and appropriately balanced;
- Reviews and adopts corporate governance best practices in the areas of risk management, legal and compliance management and internal control systems;
- Ensures the effectiveness of Board committees;
- Reviews and approves Annual Business Plans, Financial Statements and Annual Reports;
- Monitors relationship between the Board and the management, shareholders and stakeholders;
- Develops and implements an effective Investor Relations programme or Shareholders' Communication policy;
- Appoints the Board committees and delegate powers, as well as reviews the composition, performance and effectiveness of the committees with its reports and recommendations; and
- Ensures the strategy and anti-corruption and anti-bribery policy are aligned.

Aside from the core responsibilities listed above, significant matters requiring deliberation and approval from the Board is defined in the Board Charter as "Matters Reserved for the Board" for consideration and approval during Board meetings.

The full Board Charter is available on the Group's website at www.mtaggroup.com.

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

I. Board Responsibilities (cont'd)

Code of Conduct and Ethics

The Board is aware that its leadership and stewardship are vital in creating an ethical corporate culture. The Board has formalised and adopted the Code of Conduct & Ethics that serves as a primary guidance on ethical and behavioural conduct of the Group.

The Code of Conduct & Ethics outlines the policies and procedures which includes, amongst others, the following:-

- Conflict of interest;
- Confidential and proprietary information;
- Anti-bribery and anti-corruption;
- Accepting/providing gifts, entertainment and other benefits;
- Money laundering; and
- Occupational safety and health.

The Board will review the Code of Conduct & Ethics Policy from time to time to ensure it remains relevant and appropriate. The Code of Conduct & Ethics is available on the Group's website at www.mtaggroup.com.

Whistleblowing Policy

The Board has adopted a Whistleblowing Policy, in line with the Group's commitment to uphold values and highest standards of work ethics for all Directors, managers and employees. It provides an avenue for employees and members of the public to disclose any improper conduct committed or about to be committed in accordance with the procedures provided under the policy.

The Whistleblowing Policy sets out the protection to the whistleblower, the confidentiality and safeguarding in dealing with such disclosure or report, the communication channel and the procedural flow of making the disclosure or report.

The Board shall review the Whistleblowing Policy on an annual basis to ensure its effectiveness in meeting the best practice standards and needs of the Group. The Whistleblowing Policy is available on the Group's website at www.mtaggroup.com.

Anti-Corruption and Anti-Bribery Policy

In compliance with the requirement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009, an Anti-Corruption and Anti-Bribery Policy was adopted on 28 May 2020 to set out the Group's guidelines and procedures for all Directors and employees to protect against bribery and corrupt acts in order to safeguard the integrity of the Group.

The Board shall review the Anti-Corruption and Anti-Bribery Policy from time to time to ensure it remains relevant and appropriate. The Anti-Corruption and Anti-Bribery Policy is available on the Group's website at www.mtaggroup.com.

Board Committees

In order to ensure effective discharge of responsibilities, the Board has delegated certain responsibilities to four (4) Board Committees, namely, the Audit Committee, the Nominating Committee, the Remuneration Committee and the Risk Management Committee. Each of these committees operates within the respective Terms of Reference ("TOR") approved by the Board.

The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and sufficient in governing the functions and responsibilities of the Committee concerned. Notwithstanding the above, all Board Committees do not have executive powers but only the power to make recommendations to the Board. The ultimate responsibility for the final decision lies with the entire Board.

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

I. Board Responsibilities (cont'd)

Board Committees (cont'd)

The following Board Committees with the respective functions have been set up to assist the Board in discharging its responsibilities:

Board Committee	Principal Functions
Audit Committee	• Provides oversight on the Group's financial reporting • Reviews and approves quarterly and annual financial statements • Appoints and monitors the standard and quality of the internal and external auditor's service.
Nominating Committee	• Nominates new Directors • Evaluates effectiveness of the Board and Board Committees • Ensures appropriate framework and succession planning for the Board
Remuneration Committee	• Establishes policy and framework for remuneration of Directors and certain key senior management personnel • Ensures the Group's remuneration and incentive policies are appropriately established • Assesses, reviews and recommends to the Board the remuneration and benefits package of the Directors
Risk Management Committee	• Reviews the effectiveness of risk management • Sets up risk appetite of the Group • Reviews the risk management framework, processes and reports

Separation of Roles of Chairman and Group Managing Director

The Board practises a division of responsibilities between the Chairman and the Managing Director ("MD"). The roles of the Chairman and the MD are separated and clearly defined to ensure that there is a balance in power and authority in the Board. The Board is led by an Independent Non-Executive Chairman, who is accountable for the stewardship and smooth functioning of the Board and its effectiveness on all aspects of its role.

Meanwhile, the MD is responsible for the overall operations and managing the daily conduct of business, supervision and management of the Group in line with the Board's direction and instructions, and effective implementation of the Group's strategies as well as policies set by the Board.

Company Secretaries

The Board is assisted by two (2) qualified and competent Company Secretaries who possess valid Practising Certificates issued by the Companies Commission of Malaysia ("CCM") and are also members of professional bodies, the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and the Institute of Approved Company Secretaries ("IACS").

The Company Secretaries act as an advisory role to the Board, particularly with regards to the Group's Constitution, Board policies and procedures as well as compliance with regulatory requirements, codes, guidance and legislation. The Company Secretaries also serve as the main point of contact for stakeholders and matters relating to corporate governance.

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

I. Board Responsibilities (cont'd)

Board Meetings and Access to Information

The Board members have direct and unrestricted access to all the relevant Group's information and to the senior key management team to assist in the discharge of the Board's duties and responsibilities.

The Board meets at least four (4) times a year or at least once (1) every three (3) months to facilitate the discharge of its responsibilities. At least seven (7) days before a Board meeting, every Director is given an agenda and a comprehensive set of Board papers, together with relevant proposal papers, if any. This enables the Directors to have sufficient time to peruse the papers and seek further clarification before each meeting.

Apart from the Board members, senior key management personnel, as well as other external professionals, may be invited to attend the meetings to furnish the Board with views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

The proceedings and resolutions of all Board meetings will be minuted by the Secretary of the Board. After obtaining approval from the Board, the minutes of the meeting shall be circulated to all Board members in a timely manner.

II. Board Composition

As at 30 June 2020, the Board comprised five (5) members, with two (2) Executive Directors ("EDs") and three (3) Independent Non-Executive Directors ("INEDs"), as set out below:

No.	Board of Directors	Directorship
1.	Lee Ting Kiat	Independent Non-Executive Chairman
2.	Chaw Kam Shiang	Managing Director
3.	Lau Cher Liang	Executive Director
4.	Jason Tan Kim Song	Independent Non-Executive Director
5.	Dyana Sofya Binti Mohd Daud	Independent Non-Executive Director

The profile of each Director is presented under Directors' Profile on pages 8 to 10 of the FY2020 Annual Report.

The INEDs make up more than half of the membership of the Board, in compliance with Rule 15.02 of the Listing Requirements, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever higher, are Independent Directors. The INEDs do not participate in the daily operations and management of the Group and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment. They are pivotal in bringing impartiality and scrutiny to the Board's deliberation and decision-making process, providing effective check and balance in the functioning of the Board to safeguard the interests of all stakeholders.

The Board recognises the importance of maintaining a moderate tenure of service for its Independent Directors. Currently, all members of the Board have served for less than three (3) years on the Board.

The Board is responsible for the appointment and re-election of Director to the Board. In accordance with the Group's Constitution, all the Directors shall retire from office once at least every three (3) years at each Annual General Meeting ("AGM"), but shall be eligible for re-election.

The current Board composition reflects a balanced mix of qualified and experienced professionals from the field of legal and accounting, among others. The Directors have diverse backgrounds equipped with industry-specific knowledge and experience. The broad spectrum of skills and experience provide the strength needed to lead the Group forward to meet its goals. The Board is of the opinion that the Directors, with their various backgrounds and specializations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities. As such, the Group is led and guided by a skilled and capable Board.

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

II. Board Composition (cont'd)

There were five (5) Board meetings held during the financial year ended 30 June 2020, with details of Directors' attendance set out below:

No.	Board of Directors	Attendance
1.	Lee Ting Kiat	5/5
2.	Chaw Kam Shiang	5/5
3.	Lau Cher Liang	5/5
4.	Jason Tan Kim Song	5/5
5.	Dyana Sofya Binti Mohd Daud	5/5

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Group. This is reflected in the attendance record of the Directors at Board meetings.

The Board is mindful of the importance for its members to undergo continuous training to ensure they are equipped to carry out their duties effectively and the need to keep abreast of changes in the regulatory and business environments, as well as new developments within the industry in which the Group operates.

During the financial year ended 30 June 2020, the external training programmes and seminars attended by the Directors are as follows:

Director	Training / Conference / Forum / Seminar / Webinar / Workshop	Date
Lee Ting Kiat	ICDM International Directors Summit 2019	14 October – 15 October 2019
	KPMG Tax and Business Summit 2019	7 November 2019
	Audit Oversight Board Conversation with Audit Committee	8 November 2019
	Webinar on Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Act 2009	1 June 2020
	Webinar on What Are The Legal Implications Of The MCO's Do's & Don'ts	10 June 2020
Chaw Kam Shiang	Mandatory Accreditation Programme	23 July – 24 July 2019
Lau Cher Liang	Mandatory Accreditation Programme	23 July – 24 July 2019
Jason Tan Kim Song	Mandatory Accreditation Programme	23 July – 24 July 2019
	National Tax Conference 2020	5 August – 6 August 2019
	Listed Entity Director Essentials	9 October 2019
	Audit Committee Essentials	16 October 2019
	Board Risk Committee Essentials	16 October 2019
	Remuneration Committee Essentials	17 October 2019
	Nominating Committee Essentials	17 October 2019
	Audit Oversight Board Conversation with Audit Committee	8 November 2019
	2020 Budget Seminar	20 November 2019
Dyana Sofya Binti Mohd Daud	IIC - SIDC Governance Convention 2019: Rising Beyond Principles and Policies	18 November - 19 November 2019

The Board, through the Nominating Committee ("NC"), undertakes to assess the effectiveness and performances of the Board, including reviewing the required mix of skills and experience of the Board, on an annual basis.

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

II. Board Composition (cont'd)

The NC currently comprises three (3) members, all of whom are INEDs:

No.	Board of Directors	Designation	Directorship
1.	Dyana Sofya Binti Mohd Daud	Chairperson	Independent Non-Executive Director
2.	Lee Ting Kiat	Member	Independent Non-Executive Chairman
3.	Jason Tan Kim Song	Member	Independent Non-Executive Director

During the year under review, one (1) meeting was held and attended by all members. The TOR of the NC is available on the Group's website at www.mtaggroup.com.

The Board has stipulated specific TOR for the NC, covering, inter-alia, overseeing the selection and assessment of Directors to ensure Board composition meets the needs of the Group. The assessment is based on various criteria including the individual Director's contribution to the Group's performance, roles and responsibilities, participation and attendance at meetings and independence, among others.

While the Board considers that its composition and size remain balanced and able to reinforce effective oversight and independent review function, the Board, through the NC, continues to identify suitable and qualified individuals in meeting the Company's future needs, taking into consideration of diverse perspectives and insights. The Board will utilise a variety of approaches and sources available to identify suitable candidates, which may include sourcing from existing Board members, the management or major shareholders, as well as independent sources.

In recommending suitable candidates for directorships and Board Committees to the Board, the NC assesses the suitability of a candidate based on criteria which include, among others, experience, competency, time commitment, diversity, professionalism and potential contribution to the Group.

At the moment, the Board does not have a formal policy on gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the Board member. Despite not having a written policy on gender diversity, the Board is supportive of diversity in gender, ethnicity and age, as it enlarges the pool of talents, skills and ideas within the Board. Of the five (5) Directors on the Board, one (1) is a woman.

III. Remuneration

The Board believes in a remuneration package that fairly supports the Directors' responsibilities and fiduciary duties in steering and growing the Group to achieve its long-term goals and to enhance its shareholder value.

The Board's objective, in this respect, is to offer competitive remuneration packages in order to attract, develop and retain directors of such calibre to provide the necessary skills and experience to commensurate with the responsibilities of an effective Board.

To this end, the Board delegates to the Remuneration Committee ("RC") the responsibility to set the principles, parameters and framework relating to the Group's remuneration matters. Each Director is to be fairly remunerated for their contribution, taking into account corporate and individual performance.

The RC currently comprises three (3) members, all of whom are INEDs:

No.	Board of Directors	Designation	Directorship
1.	Lee Ting Kiat	Chairperson	Independent Non-Executive Chairman
2.	Jason Tan Kim Song	Member	Independent Non-Executive Director
3.	Dyana Sofya Binti Mohd Daud	Member	Independent Non-Executive Director

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

III. Remuneration (cont'd)

During the year under review, two (2) meetings were held and attended by all members. The TOR of the RC is available on the Group's website at www.mtaggroup.com.

The remuneration package of the Executive Directors ("ED") includes fixed salaries and bonus, among others. The ED do not play a part in deciding the remuneration package and shall refrain from discussions relating to their remuneration. The RC will recommend the remuneration package to the Board for the Board's review.

The Board as a whole, with the assistance of the RC, determines the fees and allowances for Independent Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his or her own remuneration. The Directors' annual fees reflect their diverse experience, skillsets and roles and responsibilities of the Director concerned.

The details of the Directors' Remuneration for the financial year ended 30 June 2020 are set out below:

The Group

	Fees RM'000	Salary RM'000	Bonus RM'000	Allowance RM'000	Other emoluments RM'000	Gratuity RM '000	Total RM'000
Executive Directors							
Chaw Kam Shiang	-	900	1,595	-	310	-	**2,805**
Lau Cher Liang	-	780	2,016	-	337	-	**3,133**
Goh Jui Heng	-	108	-	-	29	152	**289**
Non-Executive Directors							
Lee Ting Kiat	60	-	-	8	-	-	**68**
Jason Tan Kim Song	48	-	-	8	-	-	**56**
Dyana Sofya Binti Mohd Daud	48	-	-	8	-	-	**56**

The Company

	Fees RM'000	Salary RM'000	Bonus RM'000	Allowance RM'000	Other emoluments RM'000	Gratuity RM '000	Total RM'000
Executive Directors							
Chaw Kam Shiang	-	900	1,595	-	310	-	**2,805**
Lau Cher Liang	-	780	2,016	-	337	-	**3,133**
Goh Jui Heng	-	108	-	-	29	152	**289**
Non-Executive Directors							
Lee Ting Kiat	60	-	-	8	-	-	**68**
Jason Tan Kim Song	48	-	-	8	-	-	**56**
Dyana Sofya Binti Mohd Daud	48	-	-	8	-	-	**56**

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

III. Remuneration (cont'd)

The remuneration of the top 2 Key Senior Management of the Group during the financial year ended 30 June 2020 are as follows:

Key Senior Management	Salary RM '000	Bonus RM '000	Other emoluments RM '000	Total RM '000
Liew Fei Shane	141	36	22	199
Ang Yam Fung	170	60	46	276

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board has established an Audit Committee ("AC"), which is responsible reviewing the audit, recurring audit-related and non-audit services provided by the external auditor.

The AC currently comprises three (3) members, all of whom are INEDs:

No.	Board of Directors	Designation	Directorship
1.	Jason Tan Kim Song	Chairperson	Independent Non-Executive Director
2.	Lee Ting Kiat	Member	Independent Non-Executive Chairman
3.	Dyana Sofya Binti Mohd Daud	Member	Independent Non-Executive Director

During the year under review, three (3) meetings were held and attended by all members. The TOR of the AC is available on the Group's website at www.mtaggroup.com.

To ensure the overall effectiveness and independence of the AC, the positions of the Chairman of the Board and Chairman of the AC are held by different Board members.

Collectively, the AC members possess a wide range of necessary skills to discharge their duties and responsibilities. All members of the AC are financially literate and have carried out their duties in accordance with the TOR of the AC.

The AC members are expected to update their knowledge and enhance their skillsets continuously by attending training programmes from time to time, to keep themselves abreast of latest developments in accounting and auditing standards, practices and rules.

None of the AC members was former partners of the Group's existing auditing firm within the previous two (2) years. This is outlined in the TOR of the AC.

Under the TOR for AC, the AC is accountable for the evaluation of the capabilities and independence of the external auditor and its conduct of the annual statutory audit of financial statements, as well as the engagement of the external auditor for other related services.

The External Auditors report to the AC in respect of their audit on each year's statutory financial statements on matters that require the attention of the AC. At least once a year, the AC will have a separate session with the External Auditors without the presence of the Executive Directors and management.

Further information on the AC are detailed in the Audit Committee Report on pages 44 to 48 of the FY2020 Annual Report.

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

II. Risk Management and Internal Control Framework

The Board through its AC and Risk Management Committee ("RMC") have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board, the AC and RMC on a periodic basis.

The RMC currently comprises four (4) members, of whom three (3) are INEDs:

No.	Board of Directors	Designation	Directorship
1.	Jason Tan Kim Song	Chairperson	Independent Non-Executive Director
2.	Lee Ting Kiat	Member	Independent Non-Executive Chairman
3.	Chaw Kam Shiang	Member	Managing Director
4.	Dyana Sofya Binti Mohd Daud	Member	Independent Non-Executive Director

To maintain total independence in the management of internal control environment and remain in compliance with the Listing Requirements, the Group has outsourced its Internal Audit function to a professional consulting firm, which assists the AC in the discharge of its duties.

The Internal Auditors report directly to the AC and are given full access to documents relating to the Company and the Group's governance, financial statements and operational assessments. The Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function, and do not have any direct operational responsibility or authority over any of the activities audited.

The Statement on Risk Management and Internal Control is set out on pages 49 to 52 of the FY2020 Annual Report, providing an overview of the state of risk management and internal controls within the Group.

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

I. Communication with Stakeholders

The Board recognises the importance of effective dialogue with its stakeholders and is committed to utilise various channels to provide transparent and regular communication with shareholders and other stakeholders on various matters regarding the business, operations and financial performance of the Group.

In line with best practices, the Board strives to disclose relevant information to stakeholders while being mindful of legal and regulatory frameworks governing the release of material and price-sensitive information. The Board abides by the Corporate Disclosure Guide as issued by Bursa Securities, which is calibrated in line with the disclosure requirements stipulated in the ACE Market Listing Requirements of Bursa Securities.

The Group maintains various methods of communication with its stakeholders through the following channels:

Bursa Malaysia Securities Berhad

The Group strives to provide all material information publicly through Bursa Securities' website on a timely basis.

Corporate website

The Group's corporate website, www.mtaggroup.com, has a dedicated Investor Relations section that provides updates on the Group and is easily accessible by stakeholders.

The Annual General Meeting ("AGM") also serves as a platform and principal forum for dialogue with shareholders, where they will be given the opportunity to clarify on any matters on the proposed resolutions. Status of all resolutions tabled at the AGM shall be made public and announced to Bursa Securities at the end of the meeting day.

The key matters discussed will be summarised and published on the corporate website at www.mtaggroup.com.

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

II. Conduct of General Meetings

The AGM is the principal forum for dialogue and interaction with shareholders. Shareholders are able to participate, engage with the Board and Key Senior Management effectively and make informed voting decisions at general meetings.

The Group shall circulate the Notice of AGM at least twenty-eight (28) days before the AGM to enable shareholders to make adequate preparations before attending and participating in person. In addition, the Notice of AGM will be advertised in the newspapers. The Board encourages shareholders to attend the forthcoming AGM and undertakes to answer questions raised by shareholders.

The date of the Group's Annual General Meeting has been fixed in advance to enable the Directors to make necessary arrangements in order to attend the AGM. Barring unforeseen circumstances, all Directors will be present to attend and participate in at the forthcoming AGM and prepared to engage with shareholders and provide insights into the Group and its businesses.

The Group's general meetings will be held at a location in the city area that is accessible via public transport by shareholders. As such, there is no concern over voting in absentia and/or remote shareholders' participation at AGM. In the event that shareholders are unable to physically attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his or her stead. The outcome of the meeting will be announced to Bursa Securities as soon as practicable upon being reviewed by the Board, and will also be accessible on the Group's corporate website.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group shall continue to refine and seek to build upon the enhanced corporate governance practices and procedures in the best interest of our stakeholders. The Group has in all material aspects satisfactorily complied with the principles and practices set out in the MCCG, except for the departures set out in the CG Report.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 22 September 2020.

ADDITIONAL COMPLIANCE INFORMATION

1. **STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

   The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

   The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the financial year ended 30 June 2020 ("FY2020"), the Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

2. **UTILISATION OF PROCEEDS RAISED FROM THE LISTING EXERCISE**

   The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Listing") on 25 September 2019. In conjunction with the Listing, the Company undertook a public issue of 136,323,500 new ordinary shares at an issue price of RM0.53 per share, raising gross proceeds of RM72.3 million ("IPO Proceeds"). The status of the utilisation of the gross proceeds for the financial year ended 30 June 2020 is as follows:

Details of utilisation	Proposed utilisation RM '000	Actual utilisation RM '000	Estimated timeframe for utilisation upon listing
Land acquisition and construction of manufacturing plant	33,000	264	36 months
Capital expenditure	13,000	2,810	36 months
Repayment of bank borrowings	10,000	10,000	12 months
Working capital	12,451	300	18 months
Listing expenses	3,800	3,800	1 month
Total	**72,251**	**17,174**	

   The utilisation of the proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 19 August 2019.

3. **AUDIT AND NON-AUDIT FEES**

   The amount of audit fees and non-audit fees payable to the external auditors by the Group and the Company for the financial year ended 30 June 2020 are as follows:

	The Company RM	The Group RM
Audit fees	20,000	104,000
Non-audit fees	20,000	43,500
Total	**40,000**	**147,500**

4. **MATERIAL CONTRACTS OR LOANS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS**

   Save as disclosed in the prospectus of the Company dated 19 August 2019 and in Note 26 of the audited financial statements for the year ended 30 June 2020, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of the directors, chief executive or major shareholders, either still subsisting at the end of the financial year ended 30 June 2020 or entered into since the end of the previous period.

5. **RECURRENT RELATED PARTY TRANSACTIONS**

   There were no recurrent related party transactions entered by the Company and its subsidiaries during the financial year ended 30 June 2020.

6. **EMPLOYEES SHARE SCHEME**

   The Company did not issue any Employees Share Scheme during the financial year ended 30 June 2020.

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The Audit Committee ("AC") comprises the following Directors during the financial year ended 30 June 2020 and as at the date of this report. The attendance details of each member at the Audit Committee meetings held during the year are as follows:-

Composition of Committee	Designation	Directorship
Jason Tan Kim Song	Chairman	Independent Non-Executive Director
Lee Ting Kiat	Member	Independent Non-Executive Chairman
Dyana Sofya Binti Mohd Daud	Member	Independent Non-Executive Director

During the financial year, a total of three (3) meetings were held on the following date in view of the Company's listing on Bursa Malaysia Securities Berhad on 25 September 2019.

Meeting No.	Date	Time
1/2019	19 November 2019	9.40 a.m.
1/2020	21 February 2020	9.35 a.m.
2/2020	19 June 2020	9.40 a.m.

The details of attendance for each member at the Audit Committee meetings for the financial year ended 30 June 2020 are as follows:-

Composition of Committee	No. of Meeting Held	Attendance
Jason Tan Kim Song	3	3
Lee Ting Kiat	3	3
Dyana Sofya Binti Mohd Daud	3	3

The meetings were appropriately structured through the use of agenda and board papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notice.

The AC was established on 24 October 2018 and its Terms of Reference are set out below:-

TERMS OF REFERENCE

I. PURPOSE

The AC was established by the Board to assist the Board in discharging its roles and responsibilities as set out below in its Terms of Reference, which is a requirement under the MCCG and Paragraphs 15.11 and 15.12 of the ACE Market Listing Requirement ("AMLR").

The Terms of Reference will not only help the AC members to focus on their roles and responsibilities but the disclosure of such will also enable shareholders to be apprised of the roles and responsibilities of the Committee.

II. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Audit Committee shall be:

(i) To consider the appointment of the External Auditors and any questions of resignation or dismissal. To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and the assistance given by the Company's officers to the auditors and ensure coordination where more than one audit firm is involved;

(ii) To assess the performance, suitability, objectivity and independence of External Auditors and to recommend to the Board for their re-appointments;

TERMS OF REFERENCE (CONT'D)

II. ROLES AND RESPONSIBILITIES (CONT'D)

The roles and responsibilities of the AC shall be: (cont'd)

(iii) To observe a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as a member of AC.

(iv) To discuss the Audit Plan and problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss in the absence of management;

(v) To review the External Auditors' management letter and management responses;

(vi) To review the quarterly results and financial statements before submission to the Board, focusing particularly on:

- any changes in accounting policies and practice;
- major judgmental areas;
- significant adjustments resulting from the audit;
- any significant transactions which are outside the ordinary and usual course of the Group's business;
- the going concern assumptions;
- compliance with the accounting standards;
- compliance with stock exchange and legal requirements;
- assessment of the quality and effectiveness of the internal control system and the efficiency of the Company operations;
- the quality and effectiveness of the entire accounting, management information and internal control systems; and
- the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.

(vii) To assist the Board to review the Statement of Risk Management and Internal Control;

(viii) To review any related party transactions entered into by the Company and its subsidiaries (collectively, "MTAG Group") and any conflict of interest situations that may arise within MTAG Group;

(ix) To do the following, in relation to the internal audit and risk management's functions:

- establish an internal audit function which is independent of the activities it audits and to ensure its internal audit function reports directly to the AC.
- review the adequacy of the scope, competency and resources of the internal audit functions and with the necessary authority to carry out the work.
- review the internal audit programmes and results of the internal audit processes, and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;
- review any appraisal or assessment of the performance of members of the internal audit functions;
  ensure that the internal audit and risk management functions are reported directly to the AC;
- discuss any matters and reservations arising from the internal audits, that the internal auditor may wish to discuss with or without prior knowledge of the Management.

(x) To consider any related party transaction that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(xi) To establish an internal audit function which is independent of the activities it audits and to ensure its internal audit function reports directly to the AC;

(xii) To review and consider major findings of internal audit investigations and management's responses, areas requiring improvements for internal control procedures and workflow processes deficiencies and including follow-up actions and ensure that appropriate actions are taken on the recommendations of the internal audit functions;

(xiii) To review on the scope and results of internal audit addressing internal controls over operations, financial, compliance and information technology processes relating to the Group based on the approved Internal Audit Plan;

TERMS OF REFERENCE (CONT'D)

II. ROLES AND RESPONSIBILITIES (CONT'D)

The roles and responsibilities of the Audit Committee shall be: (cont'd)

(xiv) To discuss and review the overall adequacy and effectiveness of the system of internal controls and to ensure the adequacy of resources, competencies and coverage of auditable entities with significant high risks.

(xv) To ensure the Management has adequate procedures and appropriate resources needed for effective operations as required under the Malaysian Anti-Corruption Commission Act ("MACC Act") 2009 and to maintain up to date or with relevant changes to be made as and when needed for the procedures.

(xvi) To discuss any matters and reservations arising from the internal audits, that the internal auditor may wish to discuss with or without prior knowledge of Management.

(xvii) To review and receive Reporting of Internal Auditor as to Enterprise Risk Management matters of MTAG Group.

III. MEMBERS AND CHAIRMAN

1. The AC shall consist of at least three (3) members, all of whom shall be appointed by the Board amongst its Directors. The AC shall comprise exclusively Non-Executive Directors, with a majority being Independent Directors.

2. a) The AC shall have at least one (1) member of the Malaysian Institute of Accountants ("MIA"); or

   b) If the member of the AC is not a member of the MIA, he must have at least three (3) years' working experience and:

      i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

      ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

      iii) fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

3. A former key audit engagement partner of the external auditors of the Company must first observe a cooling-off period of at least two (2) years before he/she being appointed as a member of the AC (as defined in Note 5 to Practice 8.2 of the MCCG).

4. The Chairman of the AC shall be appointed by the Board and shall be an independent non-executive director and shall not be the Chairman of the Board. In the absence of the Chairman and/or a deputy appointed by the Board in any meeting, the remaining members present shall elect one (1) of themselves to chair the meeting.

5. All members of the AC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the AC ceases to be a Director of the Company, his membership in the AC will cease forthwith.

6. No Alternate Director of the Board shall be appointed as a member of the AC.

7. The terms of office and performance of the AC and each of its members shall be reviewed by the Nominating and Remuneration Committee annually.

8. All members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

TERMS OF REFERENCE (CONT'D)

IV. MEETINGS

1. The AC shall meet regularly and hold at least four (4) meetings in a year. In addition, the Chairman of the AC may call for additional meetings at any time at his/her discretion.

2. To form a quorum in respect of a meeting, the majority of the AC members present must be Independent Non-Executive Directors.

3. The Chairman of the AC shall chair the Committee's meetings. If he is not present at any meeting within fifteen (15) minutes of the time appointed for holding the same, the members of the AC present shall choose one among them who shall be an Independent Non-Executive Director to be the chairman of the meeting.

4. Other Directors and employees may attend any particular meetings upon the invitation of the AC. The AC shall convene meetings with the External Auditors ("EA") or the Internal Auditors ("IA") or both, without the attendance of Executive Board members or employees, whenever deemed necessary and such meetings shall be held at least once a year.

5. The minutes of the AC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. A resolution in writing, signed by all members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

V. REPORTING

The AC, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

VI. SECRETARY

The Company Secretary shall act as Secretary of the AC and shall be responsible, with the concurrence of the Chairman of the Committee, for drawing up and circulating the agenda and the notices of meetings together with the supporting explanatory documentation to members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

The minutes of the AC, when approved and signed by the Chairman of the Committee, should be circulated to the Board.

VII. REVIEW

The Terms of Reference of the Audit Committee shall be reviewed as and when necessary, at least once every year and to be recommended to the Board for approval.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year ended 30 June 2020, the Audit Committee held a total of three (3) meetings. The principal activities undertaken by the Audit Committee are summarised as follows: -

a) Financial Reporting

Reviewed and approved the quarterly unaudited financial results for the 1st, 2nd and 3rd quarters of 2020 at its meetings held on 19 November 2019, 21 February 2020 and 19 June 2020 respectively together with the Management before recommending them for the Board's consideration and approval and for their announcements to the public through Bursa Link.

b) External Auditor

Reviewed and approved the External Auditors' Reports, Timetable for Audit and Audit Fees in relation to the financial year ended 30 June 2020 and had recommended to the Board for approval.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE (CONT"D)

During the financial year ended 30 June 2020, the Audit Committee held a total of three (3) meetings. The principal activities undertaken by the Audit Committee were summarised as follows: - (cont'd)

c) Internal Auditor

i) Discussed and considered the appointment of the outsourced Internal Auditors and its recommendation to the Board for approval;

ii) Reviewed and approved the Internal Audit Report in relation to the Audit scope as below and had recommended to the Board for approval:-

1. Procurement and Inventory Management presented by the Internal Auditors in February 2020 in respect of the subsidiary companies, Toyo Sho Industrial Products Sdn. Bhd., Intag Industrial Supplies Sdn. Bhd. and Intag Steel Hardware Sdn. Bhd.;
2. Sales and Contract presented by the Internal Auditors in August 2020 in respect of the subsidiary companies, Toyo Sho Industrial Products Sdn. Bhd., Intag Industrial Supplies Sdn. Bhd. and Intag Steel Hardware Sdn. Bhd.;
3. Business Contingency Management with regard to Covid-19 management presented by the Internal Auditors in August 2020 in respect of the subsidiary companies, Toyo Sho Industrial Products Sdn. Bhd., Intag Industrial Supplies Sdn. Bhd. and Intag Steel Hardware Sdn. Bhd.
4. Internal Audit follow up review on procurement and inventory management in June 2020.

d) Engagement of Independent Professional Consultant

Reviewed and approved the engagement of Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") to review the Anti-Corruption and Anti-Bribery Management System and Enterprise Risk Management System and had recommended to the Board for approval.

e) Reviewed and approved the following presentation by Sterling and had recommended to the Board for approval: -

1. Anti-Corruption and Anti-Bribery Management System
2. Enterprise Risk Management System

f) Related Party Transaction

Reviewed and discussed if there was any Related Party Transaction of MTAG Group and had recommended to the Board for approval.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES AND FUNCTIONS

The Company has outsourced its Internal Audit functions, Risk Management review and Anti-Corruption and Anti-Bribery Management System review to Sterling Business Alignment Consulting Sdn. Bhd. (Registration No. 200401015607 (654110-P)) which was tasked with the aim of providing assurance and assisting the Audit Committee and the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Company. The internal auditors also act as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating procedures in pursuit of best practices.

The risk management and internal audit activities carried out for the financial year ended 30 June 2020 included the following:

- Prepared the Annual Internal Audit Plan for review by the AC;
- Prepared and presented internal audit report with the concerned areas, comments, recommendations and responses of management to the AC for review;
- Updated internal audit follow-up status report for the attention, consideration and improvement of the management and AC;
- Reviewed and presented the Anti-Corruption and Anti-Bribery Management System Reporting to the AC for review;
- Reviewed and presented the Enterprise Risk Management System Reporting to the Risk Management Committee and AC for review;

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2020 was RM35,000.

This Report was reviewed and approved by AC and Board on 25 August 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Rule 15.26(b) of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Board of Directors ("the Board") of MTAG GROUP BERHAD ("MTAG" or "the Company") is pleased to report on its Statement of Risk Management and Internal Control, which provides an overview of the nature and state of risk management and internal controls of the Company and its group of companies ("the Group") for the financial year ended 30 June 2020. This statement is guided by the latest Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of the Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance 2017 ("MCCG").

Board Responsibility

The Board recognises that it is ultimately responsible for MTAG's maintenance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholder's interest and the Group assets are safeguarded. In addition, the Board has also received assurance from the Managing Director ("MD"), Executive Director ("ED") and Senior Management that the Group's risk management and internal control not only covers the financial aspects of the Group, but operational and compliance aspects of the Group system are operating adequately and effectively.

Due to inherent limitations in any risk management and internal control system, such a system is designed to manage the risk that may impede the achievement of the Group's business objectives rather than eliminating these risks. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against fraud, material misstatement, losses or errors.

The Board through its Audit Committee ("AC") and Risk Management Committee ("RMC") have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board, the AC and RMC on a periodic basis.

The effectiveness of internal controls was reviewed by the AC in relation to the audits conducted by internal auditors ("IA") during the financial year. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated during the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

Risk Management

The Board has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Company in accordance to the Guidance for Directors of Public Listed Companies on Statement of Risk Management and Internal Control. Risk management is an integral part of the business operations and this process goes through a review process by the Board. Discussions have been conducted during the year involving different levels of management to identify and address risks faced by the Group. These risks were summarised and included in the Group's risk registry. 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 by the Management. This is to ensure that all high risks are adequately addressed at various levels within the Group.

The roles and responsibilities of the RMC in relation to risk management are as follows:

1. To ensure that adequate and appropriate resources needed for the effective operation of the Anti-Corruption and Anti-Bribery Management System are allocated with the dedicated person in charge have the necessary status and authority to fulfil their responsibilities;

2. To review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;

3. To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the business risks;

4. To set reporting guidelines for management to report to the committee on the effectiveness of the management of business risks;

5. To review the risk profile of the Group including all subsidiaries and to evaluate the measures taken to mitigate the business risks;

6. To review the adequacy of management response to issues identified in risk registers, ensuring that the risks are managed within the Group's risk appetite; and

Risk Management (cont'd)

The roles and responsibilities of the RMC in relation to risk management are as follows: (cont'd)

7. To identify corporate liability risks including bribery risks, corruption risks and compliance risks with the MACC Act;

8. To monitor the risk control measures of corporate liabilities risks identified;

9. To review the operational effectiveness and efficiency in protecting MTAG Group Berhad and its Subsidiaries from bribery risks and encourage legal and regulatory compliance;

10. To ensure that adequate and appropriate resources needed for the effective operation of the anti-corruption and anti-bribery management system are allocated with the dedicated person in charge who should have the necessary status and authority to fulfil their responsibilities.

The Board recognises that risk management is an integral part of the Group's culture and is embedded into day-to-day management of operations, processes and structures. Thus, it should be extensively applied in all decision-making and strategic planning. The Management team is responsible for managing risks related to their functions or departments. The RMC relies on the Senior Management team to support in terms of:

1. Managing the inherent risk of business processes under his/her control;

2. Identifying risks, evaluating and executing risk control measures;

3. Reporting significant risks to the RMC and the Board at scheduled meetings in a proactive, responsible and accountable manner; and

4. Providing oversight on the establishment, implementation and review of the effectiveness of the risk management framework and internal control systems to the RMC and the Board.

The Board has adopted a Risk Management Handbook which entails the following chapters during the financial year: -

1) Risk Management – Objectives and Type of Risks;

2) Principles and Reporting Structure;

3) Roles and Responsibilities;

4) Risk Management Framework; and

5) Risk Measurement Criteria

The Board regards risk management as an integral part of the Group's business operations and has oversight over the critical areas. The RMC, supported by the IA, provides an independent assessment of the effectiveness of the Group's Risk Management framework and reports to the Board. This helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The risk categories of which the Group considered include business risks, financial risks, compliance risks, operational risks and reputation risks.

Internal Audit

The Board is fully aware of the importance of the internal audit function. The Group has engaged an independent professional consulting firm namely Sterling Business Alignment Consulting Sdn. Bhd. ("IA Firm") to provide independent assurance to the Board and AC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The IA firm acts as Internal Auditors and report directly to the AC during the AC quarterly meetings. The IA firm is free from any relationships or conflicts of interest, which could impair its objectivity and independence of the internal audit function. The IA firm does not have any direct operational responsibility or authority over any of the activities audited. The AC is of the opinion that the internal audit functions are effective and able to function independently.

Internal Audit (cont'd)

Scheduled internal audits are carried out based on the annual audit plan approved by the AC. The internal auditors align their current internal audit practices with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by IA are based on the internal control elements, scope and coverage. On a quarterly basis, the IA Firm presents the AC with the internal audit reports. During the year under review, internal audit reviews were carried out by the internal audit team to address the related internal control improvements required. Concerned areas identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

The internal audit function assists the Board and Senior Management team in providing an independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The assessment of the adequacy and effectiveness of internal controls established in mitigating risks is carried out through interviews and discussion with the Management team, a reviewing of relevant established policies and procedures and authority limits, and observing and testing of the internal controls on a sample basis. The internal audit reviews have resulted in an improvement action plan to be taken by the Group to address the concerned areas noted. Identified enhancement opportunities are then reported to be taken by the Group to address the concerned areas noted. Identified enhancement opportunities are reported to the AC, who in turn reports these matters to the Board. Any highlighted concerned areas are followed up closely to determine the extent of the recommendations that need to be improved and implemented by the Senior Management.

For the financial year ended 30 June 2020, two (2) internal audit reviews and one (1) follow up internal audit review had been carried out and reported by Internal Auditors:

Audit Period	Reporting Month	Name of Entity Audited	Audit Areas
October – December 2019	February 2020	Intag Industrial Supplies Sdn. Bhd. Intag Steel Hardware Sdn. Bhd.	• Internal Audit Review of Procurement • Internal Audit Review of Inventory Management
January – March 2020	June 2020	Intag Industrial Supplies Sdn. Bhd. Intag Steel Hardware Sdn. Bhd. MTAG Group Berhad and its subsidiaries	• Follow up actions on previously reported internal audit findings
April – June 2020	August 2020	Toyo Sho Industrial Products Sdn. Bhd. Intag Industrial Supplies Sdn. Bhd. Intag Steel Hardware Sdn. Bhd.	• Internal Audit Review of Sales and Contract • Internal Audit Review of Business Contingency Management with respect to COVID-19 management
		MTAG Group Berhad and its subsidiaries	• Enterprise Risk Management Review

All reports from the internal audit reviews carried out were submitted and presented to the AC with the feedback and agreed corrective actions to be undertaken by Management. Subsequently, the progress of these corrective actions was monitored and verified by the IA firm on a regular basis and submitted to the AC. The IA firm is committed to equip the internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities.

Internal Control

The Board acknowledges that a sound system of internal control reduces, but cannot eliminate the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees, management overriding controls, and the occurrence of unforeseeable circumstances.

The Management receives and reviews regular reports on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board's attention are highlighted for review, deliberation and decision making on a timely basis. The Board will approve the appropriate responses or amendments to the Group's policies.

The internal control matters are reviewed and the Board is updated on significant control gaps, if any, for the Board's attention and action. Issues relating to business operations are also highlighted to the Board's attention during Board meetings and any significant fluctuation or exception noted will be acted in a timely manner.

Internal Control (cont'd)

Other key elements of the Group's internal control systems are as follows:

- An organisational structure in the Group with formally defined reporting, lines of responsibility and delegation of authority;
- Clearly defined terms of reference, authorities and responsibilities of the various Board Committees which include the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee;
- Well-defined organizational structure with clear lines of authority, accountability and responsibilities of the Management team;
- Clearly defined and formalized internal policies and procedures are in place to support the Group in achieving its business objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;
- Quarterly review of financial results by the Board and the AC;
- Active participation and involvement by the MD and ED in the day-to-day running of the major businesses and regular discussions with the Senior Management of smaller business units on operational issues;
- Review of internal audit reports and findings by the AC; and
- Quarterly review of Group management accounts by MD, ED and Management.

The Group will continue to foster a risk-awareness culture in all decision making and manage all risks in a proactive and effective manner. This is to enable the Group to respond effectively to the changing business and competitive environment.

Assurance

The Board regularly receives and reviews the report on the effectiveness of the risk management and internal control, and is of the view that it is adequate to safeguard the shareholders' interest and the Group's assets. The role of the Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced and to operate a suitable system of internal controls to manage these risks.

The Board has obtained assurances from the MD, ED and Senior Management that the Group's system of Risk Management and Internal Control is operating adequately and effectively for the financial year under review and up to date as of this Statement.

Review of the Statement by External Auditors

Pursuant to Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, this Statement has been reviewed by the external auditors for inclusion in the Annual Report for the financial year ended 30 June 2020. The review was conducted in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the risk management and internal control processes implemented by the Group.

Conclusion

For the financial year under review, based on our samples there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring separate disclosure in the Annual Report. The Board is of the view that the Group's system of internal control and risk management is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

This Statement on Risk Management and Internal Control was approved by the Board on 22 September 2020.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of MTAG Group Berhad have the pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities.

The principal activities of the subsidiary companies are disclosed in Note 6 to the Financial Statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	30,188,963	21,608,244
Attributable to:-		
Owners of the Company	30,188,963	21,608,244

RESERVES AND PROVISIONS

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

DIVIDENDS

The amount of dividends paid and declared since the end of the last financial year were as follows:-

	RM
First interim single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2020 and paid on 18 December 2019	6,816,174
Second interim single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 30 June 2020 and paid on 22 June 2020	13,632,348
	20,448,522

The Directors did not proposed, declared or paid any final dividend in respect of the financial year ended 30 June 2020.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Lee Ting Kiat (Independent Non-Executive Chairman)
Chaw Kam Shiang* (Managing Director)
Lau Cher Liang* (Executive Director)
Jason Tan Kim Song (Independent Non-Executive Director)
Dyana Sofya Binti Mohd Daud (Independent Non-Executive Director)
Goh Jui Heng* (Executive Director) (Deceased on 4 December 2019)

** Directors of the Company and its subsidiary companies.*

The Directors of the subsidiary companies who held office during the financial year and up to the date of this report, not including those Directors listed above are as follows:-

Ang Yam Fung
Choo Jack Kie

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares of the Company are as follows:-

	Number of ordinary shares				
	As at 1 July 2019	**Bought**	**Sold**	**Offer for sales**	**As at 30 June 2020**
Direct interest					
Lee Ting Kiat	-	1,000,000	-	-	1,000,000
Chaw Kam Shiang	344,151,969	1,200,001	(1,200,000)	-	344,151,970
Lau Cher Liang	147,912,294	-	-	(34,080,750)	113,831,544
Jason Tan Kim Song	-	500,000	-	-	500,000
Indirect interest					
Chaw Kam Shiang*	47,474,060	600,000	(34,680,750)	-	13,393,310
Lau Cher Liang*	-	115,100	(115,100)	-	-

** Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Companies Act, 2016.*

Except as disclosed above, none of the Directors of the Company, who were Directors at the end of the financial year, held any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 26 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed in Notes 23 and 25 to the Financial Statements.

The Company maintains Directors' and Officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Company. During the financial year, the Directors and Officers of the Group are covered for a total amount of indemnity coverage of RM5,000,000 and insurance premium paid for the Directors and Officers of the Group is RM20,150.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the following shares were issued:-

Date of issue	Purpose of issue	Type of share	Number of shares	Price per share	Terms of issue
20 September 2019	Initial Public Offering	Ordinary	136,323,500	RM 0.53	Cash

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

There were no issuance of debentures during the financial year.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records had 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:-

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

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

(c) 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 to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 31 to the Financial Statements.

AUDITORS' REMUNERATION

The total amount of fees paid to or receivable by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 30 June 2020 amounted to RM20,000 and RM84,000 respectively.

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

AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

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

CHAW KAM SHIANG
Director

LAU CHER LIANG
Director

Johor Bahru
22 September 2020

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 63 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

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

CHAW KAM SHIANG

LAU CHER LIANG

Johor Bahru
22 September 2020

STATUTORY DECLARATION

I, Liew Fei Shane, being the Officer primarily responsible for the financial management of MTAG Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 129 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Johor Bahru in the State of Johor this day of 22 September 2020.

LIEW FEI SHANE
(MIA No. 14073)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MTAG GROUP BERHAD (INCORPORATED IN MALAYSIA)
COMPANY NO: 201801000029 (1262041 V)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MTAG Group Berhad ("the Company"), which comprise the statements of financial position as at 30 June 2020, 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 63 to 129.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Company 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 ("ISAs"). 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 the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Allowance for impairment of trade receivables

The risk
Refer to Notes 8 and 28 (c) to the Financial Statements. We focused on this area because the Group has trade receivables that are past due but not impaired. The key associate risk was the recoverability of billed trade receivables as management judgement is required in estimating the expected credit losses. The Group applies a simplified approach in calculating provision for expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at the reporting date. The Group considers amongst others, its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Our response
We have obtained an understanding of the Group's policy on impairment of trade receivables and evaluated management's judgement in calculating the expected credit losses for impairment of trade receivables. This includes reviewing the ageing of receivables and testing the integrity of ageing by calculating the due date for a sample of invoices. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts and tested the operating effectiveness of the relevant control procedures that management has in place.

The basis of management's judgement over the recoverability of billed trade receivables are disclosed in Notes 3.10.1.5 and 28 (c) to the Financial Statements.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Inventory valuation

The risk
Refer to Note 7 to the Financial Statements. The Group's inventories are subject to a risk that the inventories become slow-moving or obsolete and rendering it not saleable or can only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation involved in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to risks of inventory prices not valid and inventory not stated at the lower of cost or market.

Our response
We have obtained an understanding on the Group's accounting policy in making the accounting estimates for inventories write-down which is in line with its business environment. We have also attended the year-end physical inventories count to validate counts performed by the Group. Besides that, we also tested a sample of inventories to ensure that they were held at the lower of cost and net realisable value. We have also evaluated management judgement and Group's accounting policy with regards to the application of provision to the inventories.

We have determined that there is no key audit matter to communicate in our report in relation to our audit of the financial statements of the Company.

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 Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirement 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.

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 communicated 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 identified during our audit.

Report on the Audit of the Financial Statements (cont'd)

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

We also provided 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 Directors, we determined 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 described 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.

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.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

MOHAMAD HEIZRIN BIN SUKIMAN
(NO: 03046/05/2021 J)
CHARTERED ACCOUNTANT

Johor Bahru
22 September 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	24,251,471	23,179,860	-	-
Investment in subsidiary companies	6	-	-	89,451,148	76,341,146
Total non-current assets		**24,251,471**	**23,179,860**	**89,451,148**	**76,341,146**
Current assets					
Inventories	7	25,801,829	24,901,748	-	-
Trade receivables	8	39,143,067	54,147,306	-	-
Other receivables	9	2,581,352	3,501,539	1,792,542	2
Amount due from subsidiary companies	6	-	-	2,788,902	-
Tax recoverable		88,776	737,949	-	-
Fixed deposits with licensed banks	10	77,436,368	3,065,458	52,160,127	-
Cash and bank balances	11	32,288,720	28,290,444	1,698,981	2,028
Total current assets		**177,340,112**	**114,644,444**	**58,440,552**	**2,030**
Total assets		**201,591,583**	**137,824,304**	**147,891,700**	**76,343,176**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	146,565,776	76,341,148	146,565,776	76,341,148
Merger deficit	13	(73,775,201)	(73,775,201)	-	-
Revaluation reserve	14	5,786,310	5,904,708	-	-
Unappropriated profit / (Accumulated losses)	15	101,158,587	91,299,748	969,485	(190,237)
Total equity		**179,735,472**	**99,770,403**	**147,535,261**	**76,150,911**
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	16	2,658,210	2,353,000	-	-
Finance lease liabilities	17	-	437,925	-	-
Lease liabilities	18	52,830	-	-	-
Borrowings	19	-	5,668,733	-	-
Total non-current liabilities		**2,711,040**	**8,459,658**	**-**	**-**
Current liabilities					
Trade payables	20	11,826,589	20,379,679	-	-
Other payables	21	4,924,512	2,906,355	249,311	142,265
Amount due to a subsidiary company	6	-	-	2	50,000
Finance lease liabilities	17	-	266,893	-	-
Lease liabilities	18	57,844	-	-	-
Borrowings	19	-	5,300,876	-	-
Tax payable		2,336,126	740,440	107,126	-
Total current liabilities		**19,145,071**	**29,594,243**	**356,439**	**192,265**
Total liabilities		**21,856,111**	**38,053,901**	**356,439**	**192,265**
Total equity and liabilities		**201,591,583**	**137,824,304**	**147,891,700**	**76,343,176**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	22	166,128,593	190,020,918	23,237,571	-
Cost of sales		(113,170,804)	(133,272,171)	-	-
Gross profit		**52,957,789**	**56,748,747**	**23,237,571**	-
Other income		1,210,547	2,146,312	-	-
Finance income		2,773,124	220,789	1,820,277	-
Selling and distribution expenses		(2,252,734)	(2,345,399)	-	-
Administrative expenses		(14,309,907)	(12,721,623)	(3,004,978)	(188,737)
Finance costs		(77,789)	(274,399)	-	-
Profit/(Loss) before tax	23	**40,301,030**	**43,774,427**	**22,052,870**	**(188,737)**
Tax expense	24	(10,112,067)	(10,823,916)	(444,626)	-
Profit/(Loss) for the financial year		**30,188,963**	**32,950,511**	**21,608,244**	**(188,737)**
Other comprehensive income, net of tax :-					
Items that will not be reclassified subsequently to profit or loss					
Realisation of revaluation reserve upon depreciation of revalued assets		118,398	119,230	-	-
Transfer of revaluation reserve to unappropriated profit		(118,398)	(119,230)	-	-
		-	-	-	-
Total comprehensive income/(loss) for the financial year		**30,188,963**	**32,950,511**	**21,608,244**	**(188,737)**
Profit/(Loss) attributable to:-					
Owners of the Company		30,188,963	32,950,511	21,608,244	(188,737)
Profit/(Loss) for the financial year		**30,188,963**	**32,950,511**	**21,608,244**	**(188,737)**
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		30,188,963	32,950,511	21,608,244	(188,737)
Total comprehensive income/(loss) for the financial year		30,188,963	32,950,511	21,608,244	(188,737)
Earnings per share attributable to owners of the Company					
Earnings per ordinary share					
- Basic (RM)	33	0.05	11.03	-	-
- Diluted (RM)	33	-	-	-	-

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Share capital RM	Merger deficit RM	Revaluation reserve RM	Unappropriated profit RM	Total equity RM
Group					
Balance at 1 July 2018	2,565,946	-	6,023,938	67,730,007	76,319,891
Transactions with owners:					
Issuance of ordinary shares	1	-	-	-	1
Issuance of ordinary shares pursuant to acquisition of subsidiary companies	76,341,146	-	-	-	76,341,146
Acquisition of subsidiary companies	(2,565,945)	(73,775,201)	-	-	(76,341,146)
Interim single tier dividend	-	-	-	(9,500,000)	(9,500,000)
Total transactions with owners	73,775,202	(73,775,201)	-	(9,500,000)	(9,499,999)
Profit for the financial year	-	-	-	32,950,511	32,950,511
Other comprehensive income for the financial year	-	-	(119,230)	119,230	-
Total comprehensive income for the financial year	-	-	(119,230)	33,069,741	32,950,511
Balance at 30 June 2019	76,341,148	(73,775,201)	5,904,708	91,299,748	99,770,403
Transactions with owners:					
Issuance of ordinary shares	72,251,455	-	-	-	72,251,455
Share issuance expenses	(2,026,827)	-	-	-	(2,026,827)
First interim single tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2020	-	-	-	(6,816,174)	(6,816,174)
Second interim single tier dividend of 2.0 sen per ordinary share for the financial year ended 30 June 2020	-	-	-	(13,632,348)	(13,632,348)
Total transactions with owners	70,224,628	-	-	(20,448,522)	49,776,106
Profit for the financial year	-	-	-	30,188,963	30,188,963
Other comprehensive income for the financial year	-	-	(118,398)	118,398	-
Total comprehensive income for the financial year	-	-	(118,398)	30,307,361	30,188,963
Balance at 30 June 2020	146,565,776	(73,775,201)	5,786,310	101,158,587	179,735,472

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Share capital RM	Accumulated losses RM	Total equity RM
Company			
Balance at 1 July 2018	1	(1,500)	(1,499)
Transactions with owners:			
Issuance of ordinary shares	1	-	1
Issuance of ordinary shares pursuant to acquisition of subsidiary companies	76,341,146	-	76,341,146
Total transactions with owners	76,341,147	-	76,341,147
Loss for the financial year	-	(188,737)	(188,737)
Other comprehensive income for the financial year	-	-	-
Total comprehensive loss for the financial year	-	(188,737)	(188,737)
Balance at 30 June 2019	76,341,148	(190,237)	76,150,911
Transactions with owners:			
Issuance of ordinary shares	72,251,455	-	72,251,455
Share issuance expenses	(2,026,827)	-	(2,026,827)
First interim single tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2020	-	(6,816,174)	(6,816,174)
Second interim single tier dividend of 2.0 sen per ordinary share for the financial year ended 30 June 2020	-	(13,632,348)	(13,632,348)
Total transactions with owners	70,224,628	(20,448,522)	49,776,106
Profit for the financial year	-	21,608,244	21,608,244
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	21,608,244	21,608,244
Balance at 30 June 2020	146,565,776	969,485	147,535,261

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		40,301,030	43,774,427	22,052,870	(188,737)
Adjustments for:-					
Bad debt written off		3,268	3,074	-	-
Depreciation of property, plant and equipment		2,795,144	2,416,397	-	-
Depreciation of right-of-use assets		224,217	-	-	-
Interest expense		77,789	274,399	-	-
(Gain)/Loss on disposal of property, plant and equipment		(4,600)	1,167	-	-
Property, plant and equipment written off		6,317	-	-	-
Interest income		(2,773,124)	(220,789)	(1,820,277)	-
Dividend income		-	-	(23,237,571)	-
Share issuance expenses		1,873,500	-	1,873,500	-
Unrealised gain on foreign exchange		(136,389)	(312,972)	-	-
Operating profit/(loss) before working capital changes		42,367,152	45,935,703	(1,131,478)	(188,737)
Changes in working capital:-					
Inventories		(900,081)	(5,294,155)	-	-
Receivables		17,436,992	(10,151,529)	(621,444)	(1)
Payables		(6,240,843)	8,434,871	107,046	140,765
Directors' related companies		-	20,249	-	-
Cash generated from/(used in) operations		52,663,220	38,945,139	(1,645,876)	(47,973)
Tax refunded		1,405,532	110,000	-	-
Tax paid		(8,967,530)	(12,795,538)	(337,500)	-
Net cash flows from/(used in) operating activities		45,101,222	26,259,601	(1,983,376)	(47,973)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(3,944,340)	(1,093,209)	-	-
Proceeds from disposal of property, plant and equipment		4,600	33,199	-	-
Placement of fixed deposits with licensed banks		(74,370,910)	(3,065,458)	(52,160,127)	-
Interest received		1,154,611	220,789	649,181	-
Dividend received		-	-	20,448,669	-
Investment in subsidiary companies		-	-	(13,110,002)	-
Net cash flows used in investing activities		(77,156,039)	(3,904,679)	(44,172,279)	-

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
FINANCING ACTIVITIES					
Proceeds from issuance of share capital		72,251,455	1	72,251,455	1
Dividend paid	B	(20,448,522)	(10,520,000)	(20,448,522)	-
Interest paid		(17,247)	(274,399)	-	-
Lease interest payment		(60,542)	-	-	-
Repayment of short-term borrowings		(4,831,000)	(4,632,000)	-	-
Repayment of finance lease liabilities		-	(250,507)	-	-
Repayment of principal portion of lease liabilities		(747,093)	-	-	-
Repayment of term loans		(6,138,609)	(657,641)	-	-
Repayment to a Directors' related company		-	-	-	(5,000)
(Repayment to)/Advance from a subsidiary company		-	-	(49,998)	50,000
Share issuance expenses paid		(3,900,327)	-	(3,900,327)	-
Net cash flows from/(used in) financing activities		36,108,115	(16,334,546)	47,852,608	45,001
CASH AND CASH EQUIVALENTS					
Net changes		4,053,298	6,020,376	1,696,953	(2,972)
Effect of exchange rate changes		(55,022)	(40,852)	-	-
At beginning of financial year		28,290,444	22,310,920	2,028	5,000
At end of financial year		32,288,720	28,290,444	1,698,981	2,028

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash payments	3,944,340	1,093,209	-	-
Amount financed by finance lease	-	163,000	-	-
Total purchase of property, plant and equipment	3,944,340	1,256,209	-	-

B. DIVIDEND PAID

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Dividend declared in prior financial year and paid during current financial year	-	1,020,000	-	-
Dividend declared and paid during current financial year	20,448,522	9,500,000	20,448,522	-
Total dividend paid	20,448,522	10,520,000	20,448,522	-

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 July 2019 RM	**Adoption of MFRS 16 RM**	**Cash flows RM**	**At 30 June 2020 RM**
Group				
Finance lease liabilities	704,818	(704,818)	-	-
Lease liabilities	-	857,767	(747,093)	110,674
Term loans	6,138,609	-	(6,138,609)	-
Short-term borrowings	4,831,000	-	(4,831,000)	-
	11,674,427	152,949	(11,716,702)	110,674

	At 1 July 2018 RM	**Cash flows RM**	**At 30 June 2019 RM**
Finance lease liabilities	792,325	(87,507)	704,818
Term loans	6,796,250	(657,641)	6,138,609
Short-term borrowings	9,463,000	(4,632,000)	4,831,000
	17,051,575	(5,377,148)	11,674,427

D. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group	
	2020 RM	**2019 RM**
Included in net cash from operating activities		
- Payment relating to variable leases	3,229	-
Included in net cash from financing activities		
- Interest paid in relation to lease liabilities	60,542	-
- Payment of principal portion of lease liabilities	747,093	-
	810,864	-

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim. The principal place of business of the Company is located at PLO 226, Jalan Kencana Mas, Kawasan Perindustrian Tebrau III, 81100 Johor Bahru, Johor Darul Takzim.

The Company is principally engaged in investment holding activities.

The principal activities of the subsidiary companies are disclosed in Note 6 to the Financial Statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 September 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, except for a building and a leasehold land that are measured at revalued amount at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of New or Revised MFRSs

The Group and the Company have applied the following standards, amendments to published standards and IC Interpretations approved by the Malaysian Accounting Standards Board ("MASB") for the first time for the financial year beginning on 1 July 2019:-

- MFRS 16 – *Leases*
- Amendments to MFRS 9 – *Prepayment Features with Negative Compensation*
- Amendments to MFRS 119 – *Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 128 – *Long-term Interests in Associates and Joint Ventures*
- Annual Improvements to MFRSs 2015-2017 Cycle
- IC Interpretation 23 - *Uncertainty over Income Tax Treatments*

The adoption of the above MFRSs, amendments to published standards and IC Interpretations did not have any material impact on the current and prior year financial statements of the Group and the Company except for those explanations as disclosed in Note 4 to the Financial Statements.

2.4.2 Standards Issued But Not Yet Effective

The following are MFRSs, Amendments to MFRSs and IC Interpretations with effective date on or after 1 January 2020 issued by MASB and they have not been early adopted by the Group. The Group intends to adopt these MFRSs, amendments to the published standards and interpretations, if applicable, when they become effective in the respective financial period.

(a) <u>Effective for financial period beginning on or after 1 January 2020</u>

- Amendments to MFRS 3 *Business Combinations - Definition of* a Business
- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures - *Interest Rate Benchmark Reform*
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors *- Definition of Material*
- Revised Conceptual Framework for Financial Reporting

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

(b) <u>Effective for financial period beginning on or after 1 June 2020</u>

- Amendments to MFRS 16 – *Leases for Covid 19 – Related Rent Concessions*

(c) <u>Effective for financial period beginning on or after 17 August 2020</u>

- Amendments to MFRS 4 Insurance Contracts – *Extension of the Temporary Exemption from Applying MFRS 9*

(d) <u>Effective for financial period beginning on or after 1 January 2022</u>

- Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*
- Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended*
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contract-Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018-2020

(e) <u>Effective for financial period beginning on or after 1 January 2023</u>

- Amendment to MFRS 101 Presentation of Financial Statements – *Classification of Liabilities as Current or Non-current*
- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*

(f) <u>Amendments effective for a date yet to be confirmed</u>

- Amendments to MFRS 10 and MFRS 128 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of these MFRSs, amendments to the published standards and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

2.5 Significant Accounting Estimates and Judgements

The preparation of financial statements for the Group and the Company requires the use of certain judgements, estimates and assumptions. Accounting estimates and judgements are being constantly reviewed against historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. However, because of uncertainty in determining future events and its impact, actual results could differ from these estimates.

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

2.5 **Significant Accounting Estimates and Judgements (cont'd)**

2.5.1 **Estimation uncertainty**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets other than right-of-use assets

The management estimates the useful lives of the property, plant and equipment other than right-of-use assets to be within 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. At each reporting periods, the management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in Note 5 to the Financial Statements. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting adjustment to the Group's assets.

Management anticipates that the expected useful lives of the property, plant and equipment other than right-of-use assets would not have material difference from their estimates and hence it would not result in material variance in the Group's profit for the financial year.

Impairment of property, plant and equipment including right-of-use assets

The Group carries out impairment tests based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment and right-of-use assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of inventories

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to valuation of inventories.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 7 to the Financial Statements.

Provision for expected credit losses ("ECL") for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as customer type and rating and other forms of credit insurance.

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

The assessment of the correlation between historical observed rates, forecast of economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default rate in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 8 to the Financial Statements.

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

2.5 **Significant Accounting Estimates and Judgements (cont'd)**

2.5.1 **Estimation uncertainty (cont'd)**

Income taxes/Deferred tax liabilities

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for Group that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

2.5.2 **Significant management judgements**

There is no significant management judgement in applying the accounting policies of the Group that has the most significant effect on the financial statements.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 **Consolidation**

3.1.1 **Subsidiary companies**

Subsidiary companies are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, 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. Besides, the Group 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.

Investment in subsidiary companies is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.1 **Consolidation (cont'd)**

3.1.2 **Basis of consolidation**

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

3.1.3 **Common control business combination outside the scope of MFRS 3**

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, and accordingly the accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting periods in which the common control combination occurs, and for any comparative periods disclosed, are included in the financial statements of the combined entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties prior to the common control combination.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or business at the carrying amounts in the financial statements of the controlling party or parties to the common control combination.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.1 **Consolidation (cont'd)**

3.1.3 **Common control business combination outside the scope of MFRS 3 (cont'd)**

The carrying amounts are included as if such financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the financial statements of the combined entity.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The combined assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

3.1.4 **Loss of control**

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of the equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as the equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 **Changes in ownership interests in subsidiaries without change of control**

All changes in the parent's ownership interest in a subsidiary company 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 **Property, plant and equipment other than right-of-use assets**

Property, plant and equipment are initially stated at cost. Building is subsequently shown at market value, based on valuations by external valuers, less subsequent depreciation and any impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Revaluation is made at least once in every five years based on valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised revaluation surplus in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to unappropriated profit.

Depreciation is provided on the straight-line method in order to write-off the cost of each asset over its estimated useful life.

The principal annual depreciation rates used are as follows:-

Building	2%
Equipment, furniture and fittings	10% - 33%
Plant and machineries	20%
Renovation and electrical installation	10%
Forklift and motor vehicles	20%

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.3 **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances and short term demand deposits which are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

3.4 **Leased assets**

Accounting policies applied until 30 June 2019

<u>The Group as lessee</u>

Finance leases

Property, plant and equipment acquired under lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. The leased asset is measured at fair value of the leased asset or, if lower, at the present value of the minimum lease payments at inception. Initial direct costs are added to the amount recognised above. Leased asset is accounted in accordance with accounting policy applicable to that asset.

Leased payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Outstanding obligation due under finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on finance lease arrangements are allocated to profit or loss over the period of respective agreements.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating leases

Leases in which the Group does not assume substantially all the risk and benefits of ownership are classified as operating lease, except for property interest held under operating lease, and the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on straight-line basis over the lease period. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

<u>The Group as lessor</u>

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.4 **Leased assets (cont'd)**

Accounting policies applied from 1 July 2019

The Group as lessee

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:-

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Leasehold land is subsequently shown at market value, based on valuations by external valuers, less subsequent depreciation and any impairment losses.

Revaluation is made at least once in every five years based on valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised revaluation surplus in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to unappropriated profit.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The Group also assesses the right-of-use asset for impairment when such indicators exist.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.4 **Leased assets (cont'd)**

Accounting policies applied from 1 July 2019 (cont'd)

The Group as lessee (cont'd)

Measurement and recognition of leases as a lessee (cont'd)

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Grouop's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statements of financial position, right-of-use assets have been included in property, plant and equipment.

The Group as lessor

The accounting policy under MFRS 16 has not changed from the previous accounting policy under MFRS 117 for lessor accounting.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 **Provisions**

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

3.6 **Taxes**

Income tax on the profit or loss for the year comprises current tax expense and deferred tax. Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Current tax expense and deferred tax are recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.6 **Taxes (cont'd)**

Indirect taxes

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group and the Company paid on purchases of business inputs can be deducted from output GST.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This means that the GST rate on the supplies of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with Sales and Services Tax ("SST") effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10% while the rate for services tax is fixed at 6%.

Revenue, expenses, assets and liabilities are recognised net of the amount of GST/SST except:-

(i) where the GST/SST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST/SST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of GST/SST included.

The net amount of GST/SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.7 **Employee benefits**

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial period.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, the Group makes contribution to the Employees Provident Fund ("EPF").

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.8 **Revenue recognition**

The Group and the Company apply five-step model revenue recognition under MFRS 15 *Revenue from Contracts with Customers*.

The Group and the Company recognise revenue from contracts with customers for goods or services based on the five-step model as set out in this Standards:-

i. Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

iii. Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

v. Recognise revenue when (or as) the Group and the Company satisfy a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:-

i. Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

ii. Create or enhance an asset that the customer controls as the asset is created or enhanced; or

iii. Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where none of the above conditions are met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this give rise to a contract liability.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.8 **Revenue recognition (cont'd)**

3.8.1 **Sales of goods**

All revenue is recognised at a point in time, which is typically on delivery. An asset is transferred when (or as) the customer obtains control of the asset. All the contracts are completed at the adoption date. The revenue is recognised net of any related rebates, discounts and tax. The Group shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

3.8.2 **Rendering of services**

Revenue from the rendering of services is recognised at a point in time, when the services are rendered. The revenue is recognised net of any related rebates, discounts and tax.

3.8.3 **Interest income**

Interest income is accounted for on accrual basis.

3.8.4 **Rental income**

Rental income is recognised when the rent is due.

3.8.5 **Dividend income**

Dividend income is recognised when the Group's right to receive payments is established.

3.9 **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in profit or loss unless the asset is carried at revalued amount, in which case, the reversal in excess of impairment loss previously recognised through profit or loss is treated as revaluation increase. After such a reversal, depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.10 **Financial instruments**

3.10.1 **Financial assets**

3.10.1.1 **Classification**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classifies its financial assets in the following measurement category:-
- Those to be measured at amortised cost

3.10.1.2 **Recognition and derecognition**

A financial asset is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.10.1.3 **Initial measurement**

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

3.10.1.4 **Subsequent measurement**

Financial assets are subsequently classified into the following category:-

<u>Amortised cost</u>

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Financial assets at amortised cost are subsequently measured using effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include cash and bank balances, fixed deposits with licensed banks, trade and most of the other receivables.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.10 **Financial instruments (cont'd)**

3.10.1 **Financial assets (cont'd)**

3.10.1.5 **Impairment of financial assets**

The Group and the Company assess on a forward-looking basis the expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs represent probability-weighted estimate of the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects:-

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following basis:-

- 12-month ECLs: the portion of lifetime expected credit loss losses that result from possible default events on a financial instrument within the 12 months after the reporting date; and
- Lifetime ECLs: the expected credit loss that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group and the Company are exposed to credit risk.

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group and the Company recognise an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at fair value through other comprehensive income ("FVTOCI") (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.10 **Financial instruments (cont'd)**

3.10.2 **Financial liabilities**

3.10.2.1 **Classification**

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

- Those to be measured at amortised cost.

3.10.2.2 **Recognition and derecognition**

A financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial liability (or a part of a financial liability) from its statements of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability (or part 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.

3.10.2.3 **Initial measurement**

The Group and the Company initially measure a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial liability.

3.10.2.4 **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification, as described below:-

<u>Amortised cost</u>

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's and the Company's financial liabilities at amortised cost include finance lease liabilities, lease liabilities, borrowings, amount due to a subsidiary company, trade and most of the other payables. Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 **Financial instruments (cont'd)**

3.10.3 **Offsetting of financial instruments**

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

3.11 **Equity instruments and reserve**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment and right-of-use assets.

Unappropriated profit includes all current and prior period unappropriated profit.

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

3.12 **Contingent liabilities**

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

3.13 **Related parties**

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

(a) A person or a close member of that person's family is related to the Group if that person:-

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the Group

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

(i) The entity and the Group are members of the same group.
(ii) The entity is an associate or joint venture of the Group.
(iii) Both the Group and the entity are joint ventures of the same third party.
(iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
(viii) The entity, or any other member of a group which it is a party, provides key management personnel services to the Group.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.14 **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 revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.15 **Inventories**

Inventories consist of raw materials, finished goods and trading goods and are stated at the lower of cost and net realisable value.

Cost of raw materials, finished goods and trading goods are determined on first-in-first-out method.

Cost of trading goods and raw materials refers to invoiced cost of goods purchased plus incidental handling and freight charges.

Cost of finished goods include raw materials, direct labour, other direct costs and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

3.16 **Interest-bearing borrowings**

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs incurred. Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred. However, borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for its intended use.

3.17 **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Dividends

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained profits until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

4. CHANGES IN ACCOUNTING POLICIES

4.1 MFRS 16 *Leases*

The Group has adopted MFRS 16 on 1 July 2019 using the modified retrospective method of which the comparative information was not restated.

Upon the adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

For those leases previously classified as finance lease, the right-of-use assets and lease liability are measured at the date of initial application at the same amounts as under MFRS 117 immediately before the date of initial application.

The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was ranged from 3.52% to 4.97%.

4.1.1 Effect of initial application

In summary, the adoption impact of MFRS 16 to the opening balances are as follows:-

Group
Statement of financial position

		Impact of changes in accounting policy		
	Note	30 June 2019 RM	MFRS 16 adjustments RM	1 July 2019 RM
Asset				
Property, plant and equipment	(a)(b)	23,179,860	152,949	23,332,809
Liabilities				
Finance lease liabilities – current		266,893	(266,893)	-
Finance lease liabilities – non current		437,925	(437,925)	-
Lease liabilities – current		-	309,508	309,508
Lease liabilities – non current		-	548,259	548,259
Impact on liabilities	(c)	704,818	152,949	857,767

4. **CHANGES IN ACCOUNTING POLICIES (CONT'D)**

4.1 **MFRS 16 *Leases* (cont'd)**

4.1.1 **Effect of initial application (cont'd)**

In summary, the adoption impact of MFRS 16 to the opening balances are as follows (cont'd):-

Note:

(a) Leasehold land was previously carried at revalued amount and amortised over lease terms under MFRS 117. The requirements of MFRS 16 was adopted to these from 1 July 2019.

(b) Right-of-use assets have been included in property, plant and equipment. The right-of-use assets represent the right to use of the underlying asset during the lease term. The right-of-use assets are measured at the amount equal to the lease liabilities on the date of transition. Subsequent to initial recognition, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses if any and adjusted for any re-measurement of the lease liability.

The adjustment to property, plant and equipment related to right-of-use assets is as follows:-

	RM
Assets acquired under finance lease under MFRS 117 previously recognised in Property, plant and equipment	693,286
Add: Operating lease of assets under MFRS 117 recognised as right-of-use assets	8,486,282
Right-of-use assets recognised as at 1 July 2019	9,179,568

(c) Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 July 2019.

The Group also applied the available practical expedients wherein it:-

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

4. **CHANGES IN ACCOUNTING POLICIES (CONT'D)**

4.1 **MFRS 16 *Leases* (cont'd)**

4.1.1 **Effect of initial application (cont'd)**

(c) Leases previously classified as finance leases (cont'd)

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:-

	RM
Operating lease commitments as at 30 June 2019 as disclosed in the Group's financial statements	238,200
Less: Short-term leases recognised on a straight-line basis as expenses	(209,400)
Adjustments relating to commitment disclosures	231,600
Operating lease liabilities before discounting	260,400
Discounted using incremental borrowing rate as at 1 July 2019	(107,451)
Operating lease liabilities	152,949
Finance lease obligations (Note 17)	704,818
Lease liabilities recognised under MFRS 16 as at 1 July 2019	857,767

5. **PROPERTY, PLANT AND EQUIPMENT**

Group

	Long leasehold land RM	Buildings RM	Equipment, furniture and fittings RM	Plant and machineries RM	Renovation and electrical installation RM	Forklift and motor vehicles RM	Total RM
Cost/Valuation							
At 1 July 2018	8,500,000	9,500,000	1,669,179	15,715,860	1,510,368	3,097,575	39,992,982
Additions	-	-	74,787	948,462	-	232,960	1,256,209
Disposal	-	-	(3,302)	-	-	(125,263)	(128,565)
At 30 June 2019	8,500,000	9,500,000	1,740,664	16,664,322	1,510,368	3,205,272	41,120,626
Representing:-							
At cost	-	-	1,740,664	16,664,322	1,510,368	3,205,272	23,120,626
At valuation: 2018	8,500,000	9,500,000	-	-	-	-	18,000,000
At 1 July 2019	8,500,000	9,500,000	1,740,664	16,664,322	1,510,368	3,205,272	41,120,626
Adjustment on initial application of MFRS16	-	152,949	-	-	-	-	152,949
At 1 July 2019	8,500,000	9,652,949	1,740,664	16,664,322	1,510,368	3,205,272	41,273,575
Additions	-	-	84,041	3,643,589	42,500	174,210	3,944,340
Disposal	-	-	(9,613)	-	-	(29,500)	(39,113)
Written off	-	-	(12,095)	-	-	-	(12,095)
At 30 June 2020	8,500,000	9,652,949	1,802,997	20,307,911	1,552,868	3,349,982	45,166,707
Representing:-							
At cost	-	152,949	1,802,997	20,307,911	1,552,868	3,349,982	27,166,707
At valuation: 2018	8,500,000	9,500,000	-	-	-	-	18,000,000
At 30 June 2020	8,500,000	9,652,949	1,802,997	20,307,911	1,552,868	3,349,982	45,166,707

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

Group (cont'd)

	Long leasehold land RM	Buildings RM	Equipment, furniture and fittings RM	Plant and machineries RM	Renovation and electrical installation RM	Forklift and motor vehicles RM	Total RM
Accumulated depreciation							
At 1 July 2018	-	-	1,028,336	12,101,497	701,907	1,786,828	15,618,568
Charge for the financial year	166,667	190,000	151,728	1,310,679	153,028	444,295	2,416,397
Disposal	-	-	(3,302)	-	-	(90,897)	(94,199)
At 30 June 2019	166,667	190,000	1,176,762	13,412,176	854,935	2,140,226	17,940,766
Charge for the financial year	166,666	247,551	184,911	1,815,221	153,697	451,315	3,019,361
Disposal	-	-	(9,613)	-	-	(29,500)	(39,113)
Written off	-	-	(5,778)	-	-	-	(5,778)
At 30 June 2020	333,333	437,551	1,346,282	15,227,397	1,008,632	2,562,041	20,915,236
Net carrying amount							
At 30 June 2020	8,166,667	9,215,398	456,715	5,080,514	544,236	787,941	24,251,471
At 30 June 2019	8,333,333	9,310,000	563,902	3,252,146	655,433	1,065,046	23,179,860

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

The leasehold land and building erected on it were pledged to the bank for borrowing facility granted to the Group during the previous financial year.

The leasehold land is amortised over the leasehold period of 51 years.

At 30 June 2019, the net carrying amount of motor vehicles of the Group which are acquired under finance lease arrangements amounted to RM693,286. Leased assets are pledged as security for the related finance lease liabilities.

On 30 June 2018, the Directors revalued the leasehold land and building erected on it based on professional revaluation made by Cheston International (Johor) Sdn. Bhd. on the market value basis.

The market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of the leasehold land and building was determined based on the comparison approach.

Leasehold land and building at valuation are categorised at Level 2 fair value.

Level 2 Fair Value

Level 2 fair value of leasehold land and building have been generally derived using the comparison method approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

At the reporting date, had the revalued leasehold land and building of the Group been carried under the cost model, the net carrying amount would have been as follows:-

	Long leasehold land RM	**Building RM**
2020		
Cost	3,367,418	8,539,940
Accumulated depreciation	(565,914)	(1,721,523)
Net carrying amount	2,801,504	6,818,417
2019		
Cost	3,367,418	8,539,940
Accumulated depreciation	(509,790)	(1,550,725)
Net carrying amount	2,857,628	6,989,215

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

Included in the property, plant and equipment is right-of-use assets as follows:-

	Long leasehold land RM	Buildings RM	Motor vehicles RM	Total RM
Net carrying amount				
At 30 June 2019	8,333,333	-	693,286	9,026,619
Adjustment on initial application of MFRS 16	-	152,949	-	152,949
At 1 July 2019	8,333,333	152,949	693,286	9,179,568
Depreciation charges	(166,666)	(57,551)	-	(224,217)
Fully repaid*	-	-	(693,286)	(693,286)
At 30 June 2020	8,166,667	95,398	-	8,262,065

* The motor vehicles are not right-of-use assets as at 30 June 2020 since its lease liabilities are fully repaid during the financial year.

6. **SUBSIDIARY COMPANIES**

(a) Investment in subsidiary companies

	Company 2020 RM	2019 RM
Unquoted shares – At cost:-		
At beginning of financial year	76,341,146	-
Additional investments made	13,110,002	76,341,146
At end of financial year	89,451,148	76,341,146

The particulars of the subsidiary companies are as follows:-

Name of company	Country of incorporation	Effective equity interest 2020 %	2019 %	Principal activities
1. Intag Industrial Supplies Sdn. Bhd.	Malaysia	100	100	Converting and distribution of industrial tapes, adhesives and other products
2. Intag Steel Hardware Sdn. Bhd.	Malaysia	100	100	Converting and distribution of metal products
3. Toyo Sho Industrial Products Sdn. Bhd.	Malaysia	100	100	Printing of label and stickers and die-cutting services
4. MTAG Land Sdn. Bhd.*	Malaysia	100	-	Property holding, investment holding and manufacturing of industrial products

* Special audit was carried out by Grant Thornton Malaysia PLT for the purpose of Group's financial statements

6. SUBSIDIARY COMPANIES (CONT'D)

(b) Amount due from/to subsidiary companies

The amount due from/to subsidiary companies is non-trade in nature, unsecured, bears no interest and repayable upon demand.

The entire amount due from/to subsidiary companies is denominated in Ringgit Malaysia.

7. INVENTORIES

	Group	
	2020	**2019**
	RM	**RM**
Raw materials	23,622,607	23,970,687
Finished goods	726,022	378,213
Trading goods	1,453,200	552,848
Total inventories	25,801,829	24,901,748

A total of RM103,002,206 (2019: RM123,736,808) of inventories was included in profit or loss as expense.

8. TRADE RECEIVABLES

Trade receivables comprise amounts receivable from sales of goods. The credit terms granted to the customers ranged from 30 days to 90 days (2019: 30 days to 90 days). Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The currency exposure profile of the trade receivables is as follows (foreign currency balances are unhedged):-

	Group	
	2020	**2019**
	RM	**RM**
Ringgit Malaysia	34,898,301	50,845,847
Singapore Dollar	21,363	3,181
US Dollar	4,223,403	3,298,278
	39,143,067	54,147,306

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. Information regarding the Group's and the Company's exposure to the credit risk and ECLs for trade receivables is disclosed in Note 28(c) to the Financial Statements.

9. **OTHER RECEIVABLES**

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Non-trade receivables	1,220	2,801	2	2
Advance payment to suppliers	-	739,926	-	-
Deposits for purchase of property, plant and equipment	110,000	398,996	-	-
Deposits	138,696	134,661	-	-
Interest receivable	1,618,513	7,662	1,171,096	-
Prepayments	142,575	94,036	51,096	-
Prepayment – Initial Public Offering expenses	-	1,431,542	-	-
Prepayment – Stamp duty	570,348	570,365	570,348	-
GST receivable	-	121,550	-	-
	2,581,352	3,501,539	1,792,542	2

The currency exposure profile of the other receivables is as follows (foreign currency balances are unhedged):-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Ringgit Malaysia	2,581,352	2,861,640	1,792,542	2
US Dollar	-	634,678	-	-
EURO	-	5,221	-	-
	2,581,352	3,501,539	1,792,542	2

10. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current	77,436,368	3,065,458	52,160,127	-

The fixed deposits with licensed banks of the Group and of the Company are on fixed rate basis and will mature within 6 months to 12 months (2019: 6 months) period.

The effective interest rate on fixed deposits with licensed banks ranged from 2.35% to 4.00% (2019: 3.65%) per annum.

The entire fixed deposits with licensed banks are denominated in Ringgit Malaysia.

11. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash in hand and at banks	29,388,720	23,629,330	398,981	2,028
Short term deposits with licensed banks	2,900,000	4,661,114	1,300,000	-
	32,288,720	28,290,444	1,698,981	2,028

As at the reporting date, the interest rate and the maturity of short term deposits were as follows:-

	Group		Company	
	2020	2019	2020	2019
Interest rate (%)	1.85 to 3.85	3.20 to 3.80	1.85 to 2.20	-
Maturity (days)	90	30 to 90	90	-

The currency exposure profile of the cash and bank balances is as follows (foreign currency balances are unhedged):-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	32,078,375	28,040,611	1,698,981	2,028
Singapore Dollar	7,670	7,569	-	-
US Dollar	202,675	242,264	-	-
	32,288,720	28,290,444	1,698,981	2,028

12. SHARE CAPITAL

	2020 Unit	2020 RM	2019 Unit	2019 RM
Group and Company				
Issued and fully paid-up:-				
Ordinary shares				
At beginning of financial year	545,293,900	76,341,148	1	1
Issuance of shares	136,323,500	72,251,455	1	1
Share issuance expenses	-	(2,026,827)	-	-
Pursuant to acquisition of subsidiary companies	-	-	545,293,898	76,341,146
At end of financial year	681,617,400	146,565,776	545,293,900	76,341,148

New ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

13. MERGER DEFICIT

The merger deficit arose from the acquisition of subsidiary companies.

14. REVALUATION RESERVE

The revaluation reserve arose from the revaluation of land and building and is not available for distribution as dividends.

15. UNAPPROPRIATED PROFIT

Effective from 1 January 2014, the Company is required by the Income Tax Act 1967 to pay dividend under single-tier income tax system. As such, the Company may frank the payment of dividends out of its entire unappropriated profit.

16. **DEFERRED TAX LIABILITIES**

	Group	
	2020	**2019**
	RM	**RM**
At beginning of financial year	2,353,000	2,313,149
Transferred to profit or loss (Note 24)	342,860	77,503
Realisation of deferred tax liabilities upon depreciation of revalued assets (Note 24)	(37,650)	(37,652)
At end of financial year	2,658,210	2,353,000

The balance in the deferred tax liabilities is made up of temporary differences arising from:-

	Group	
	2020	**2019**
	RM	**RM**
Carrying amount of qualifying property, plant and equipment in excess of their tax base	785,659	414,356
Unrealised gain on foreign exchange	45,557	74,000
Revaluation of land and building	1,826,994	1,864,644
	2,658,210	2,353,000

17. **FINANCE LEASE LIABILITIES**

	Group	
	2020	**2019**
	RM	**RM**
Minimum lease payment		
- within 1 year	-	294,528
- after 1 year but not later than 5 years	-	457,967
	-	752,495
Less: Interest in suspense	-	(47,677)
	-	704,818

	Group	
	2020	**2019**
	RM	**RM**
Total principal sum payable		
- within 1 year	-	266,893
- after 1 year but not later than 5 years	-	437,925
	-	704,818

The interest rates on the lease previously recognised as finance lease before the adoption of MFRS 16 is ranged from 2.34% to 2.69% per annum. The finance lease are now reclassified to right-of-use assets and lease liabilities on 1 July 2019.

18. **LEASE LIABILITIES**

18.1 **Group as lessee**

The Group has lease contracts for various items of land, buildings and motor vehicles used in its operations. Leases of buildings generally have lease terms of 1 to 2 years with extension options of 1 to 3 years, leasehold land has remaining lease term of 51 years while motor vehicles generally have lease terms of 3 to 7 years. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has lease of office with lease term of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

18.1.1 Lease liabilities are presented in the statements of financial position as follows:-

Group

	2020 **RM**
Current	57,844
Non-current	52,830
	110,674

18.1.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:-

	RM
At 1 July 2019	857,767
Accretion of interest	60,542
Payments	(807,635)
At 30 June 2020	110,674

18.1.3 Future minimum lease payments at 30 June 2020 were as follows:-

Group

	Minimum lease payment due		
	Within 1 year **RM**	**1 to 5 years** **RM**	**Total** **RM**
30 June 2020			
Lease payment	91,200	78,000	169,200
Less: Finance charges	(33,356)	(25,170)	(58,526)
Net present values	57,844	52,830	110,674

18.1.4 Lease payments not recognised as a liability

The Group has elected not to recognise lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred including excess use charges on photocopier machine. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

18. **LEASE LIABILITIES (CONT'D)**

18.1 **Group as lessee (cont'd)**

18.1.4 Lease payments not recognised as a liability (cont'd)

The expense relating to payments not included in the measurement of the lease liabilities is as follows:-

Group	2020 RM
Lease payments not recognised as liability:	
- Variable lease payments	3,229
Total amount recognised in profit or loss	3,229

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over hostel, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statements of financial position:-

Type	Number of right-of-use assets leased	Range of remaining term	Number of lease with extension options
Leasehold land	1	51 years	-
Buildings	3	12 – 36 months	3

19. **BORROWINGS**

	Group	
	2020 RM	2019 RM
Current		
Secured:-		
Term loans	-	469,876
Banker's acceptance	-	4,831,000
Total current	-	5,300,876
Non-current		
Secured:-		
Term loans	-	5,668,733
Total non-current	-	5,668,733
Total borrowings	-	10,969,609

In previous financial year ended 30 June 2019, the above borrowings of the Group are obtained by way of:-

(a) Fixed charge over land and building of the Group; and
(b) Jointly and severally guaranteed by certain Directors of the Company and a Director of a subsidiary company.

19. **BORROWINGS (CONT'D)**

The term loans bear interest at rates ranging from 4.52% to 4.82% per annum in financial year 2019.

The banker's acceptance bears interest at rates ranging from 3.77% to 3.81% per annum in financial year 2019.

The entire borrowings were denominated in Ringgit Malaysia.

20. **TRADE PAYABLES**

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group ranged from 30 days to 120 days (2019: 30 days to 120 days).

The currency exposure profile of the trade payables is as follows (foreign currency balances are unhedged):-

	Group	
	2020	**2019**
	RM	**RM**
Ringgit Malaysia	4,164,272	6,719,462
US Dollar	6,949,886	12,357,354
Singapore Dollar	533,881	1,038,248
EURO	-	55,823
Swiss Franc	178,550	208,792
	11,826,589	20,379,679

21. **OTHER PAYABLES**

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Non-trade payables	985,876	945,273	33,284	40,970
Accrual of expenses	3,938,636	1,961,082	216,027	101,295
	4,924,512	2,906,355	249,311	142,265

The entire other payables balances are denominated in Ringgit Malaysia.

22. REVENUE

Revenue for the Group comprise of revenue from contract with customers.

22.1 Disaggregation of revenue from contract with customers

Revenue from contracts with customers is disaggregated by major products, primary geographical markets and timing of revenue recognition as follow:-

Group	2020 RM	2019 RM
Major products		
Filter media and mesh	90,268,183	111,063,070
General merchandise goods	28,112,743	22,883,071
Hardware products	11,747,836	16,713,253
Printing of labels and stickers and customised converting services	35,999,831	39,361,524
	166,128,593	190,020,918
Primary geographical markets of the customers		
Northern region	15,902	10,697
Central region	1,775	423,675
Southern region	158,811,640	182,523,005
Overseas (outside Malaysia)	7,299,276	7,063,541
	166,128,593	190,020,918
Timing of revenue recognition		
Products transferred at a point in time	166,128,593	190,020,918

Company	2020 RM	2019 RM
Dividend income	23,237,571	-

23. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Auditors' remuneration				
- statutory	104,000	99,000	20,000	15,000
- non-statutory	43,500	22,000	20,000	1,000
- under provision of non-statutory fee in prior year	2,000	2,000	-	500
Bad debt written off	3,268	3,074	-	-
Directors' fee to Independent Non-Executive Directors	156,000	78,000	156,000	78,000
(Gain)/Loss on disposal of property, plant and equipment	(4,600)	1,167	-	-
Share issuance expenses	1,873,500	-	1,873,500	-
Interest income	(2,773,124)	(220,789)	(1,820,277)	-
Realised gain on foreign exchange	(963,807)	(1,749,332)	-	-
Unrealised gain on foreign exchange	(136,389)	(312,972)	-	-

24. TAX EXPENSE

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current year's tax expense	9,843,626	10,752,907	444,626	-
(Over)/Under provision of tax expense in prior financial year	(36,769)	31,158	-	-
Transferred from deferred tax liabilities (Note 16)	342,860	77,503	-	-
Realisation of deferred tax liabilities upon depreciation of revalued assets (Note 16)	(37,650)	(37,652)	-	-
	10,112,067	10,823,916	444,626	-

24. **TAX EXPENSE (CONT'D)**

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the financial year.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	40,301,030	43,774,427	22,052,870	(188,737)
Tax expense at Malaysian statutory tax rate of 24% (2019: 24%)	9,672,247	10,505,862	5,292,689	(45,297)
Tax effects in respect of:-				
Expenses not deductible for tax purposes	992,542	499,269	728,954	45,297
Income not subject to tax	-	(22,572)	(5,577,017)	-
Change in tax rate for the first tranche of the chargeable income	-	(105,000)	-	-
Realisation of deferred tax liabilities upon depreciation of revalued assets	(37,650)	(37,652)	-	-
(Over)/Under provision of tax expense in prior financial year	(36,769)	31,158	-	-
Over provision of deferred tax liabilities in prior financial year	(69,875)	(47,149)	-	-
Utilisation of automation capital allowance	(408,428)	-	-	-
	10,112,067	10,823,916	444,626	-

25. EMPLOYEE BENEFITS EXPENSE

	Group 2020 RM	Group 2019 RM
Staff costs	14,500,320	14,596,693

Employee benefits expense of the Group consists of, amongst others, the following items:-

	Group 2020 RM	Group 2019 RM
Directors' remuneration		
- Salary	1,788,000	1,597,200
- EPF	670,430	500,827
- EIS	327	332
- Bonus	3,611,293	4,628,441
- SOCSO	3,509	4,304
- HRDF	1,316	1,617
- Other emoluments	151,952	-
Defined contribution plan - Staff EPF	604,023	566,571
Other key management personnel remuneration		
- Salary, allowance and commission	793,167	706,187
- EPF, SOCSO and EIS	116,216	102,363
- Bonus	132,800	110,800

The remuneration paid to the Directors of the Company analysed into bands are as follows:-

Number of Directors	< RM1,000,000	RM1,000,001 to RM3,000,000	RM3,000,001 and above
2020			
Executive Directors	1	1	1
Non-Executive Directors	3	-	-
2019			
Executive Directors	1	1	1
Non-Executive Directors	3	-	-

26. **RELATED PARTY DISCLOSURES**

(a) The transactions of the Group and of the Company with the related parties were as follows:-

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Transactions with Directors' related companies:-				
- sales of goods	900	-	-	-
- services received	424	-	424	-
- purchase of goods	2,026	-	-	-
- purchase of property, plant and equipment	36,500	-	-	-
- advances received from	-	-	-	45,000
- expenses paid on behalf	-	-	-	7,191
Transactions with subsidiary companies:-				
- expenses paid on behalf by	-	-	2,843,333	-
- expenses paid on behalf for	-	-	318,911	-
- dividend income	-	-	23,237,571	-
Transactions with Directors:-				
- Rental of hostel charged by	14,400	14,400	-	-

(b) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 6 to the Financial Statements.

(c) The remuneration of key management personnel is disclosed in Notes 23 and 25 to the Financial Statements. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and entity that provides key management personnel services to the Group and the Company. Other key management personnel comprise persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

27. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments in respect of the following is not provided for in the Financial Statements:-

	Group 2020 RM	Group 2019 RM
Authorised and contracted for:-		
- Plant and machineries	-	188,488
- Motor vehicles	235,000	-

(b) The contingent liabilities are as follows:-

	Group 2020 RM	Group 2019 RM
Secured:-		
Bank guarantee given by the bank to:-		
- Royal Custom Department Malaysia	560,000	560,000
- Tenaga Nasional Berhad	20,000	20,000
- 3M Malaysia Sdn. Bhd.	-	50,000

(c) The corporate guarantees are as follows:-

	Company 2020 RM	Company 2019 RM
Secured:-		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiary companies - limit	20,600,000	-

The corporate guarantees do not have determinable effect on the terms of the credit facilities due to the banks requiring guarantee as a pre-condition for approving the credit facilities granted to the subsidiary companies. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities and contract bond amount received by the subsidiary companies. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by classes of financial instruments to which they are assigned:-

a) Financial assets and financial liabilities are measured on amortised cost ("AC")

	Carrying amount RM	AC RM
Group		
2020		
Financial assets		
Trade receivables	39,143,067	39,143,067
Other receivables	2,581,352	1,758,429
Fixed deposits with licensed banks	77,436,368	77,436,368
Cash and bank balances	32,288,720	32,288,720
	151,449,507	150,626,584
Financial liabilities		
Trade payables	11,826,589	11,826,589
Other payables	4,924,512	4,924,512
Lease liabilities	110,674	110,674
	16,861,775	16,861,775

	Carrying amount RM	AC RM
2019		
Financial assets		
Trade receivables	54,147,306	54,147,306
Other receivables	3,501,539	145,124
Fixed deposits with licensed banks	3,065,458	3,065,458
Cash and bank balances	28,290,444	28,290,444
	89,004,747	85,648,332
Financial liabilities		
Trade payables	20,379,679	20,379,679
Other payables	2,906,355	2,906,355
Finance lease liabilities	704,818	704,818
Borrowings	10,969,609	10,969,609
	34,960,461	34,960,461

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by classes of financial instruments to which they are assigned (cont'd):-

a) Financial assets and financial liabilities are measured on amortised cost ("AC") (cont'd)

	Carrying amount RM	AC RM
Company		
2020		
Financial assets		
Other receivables	1,792,542	1,171,098
Amount due from subsidiary companies	2,788,902	2,788,902
Fixed deposits with licensed banks	52,160,127	52,160,127
Cash and bank balances	1,698,981	1,698,981
	58,440,552	57,819,108
Financial liabilities		
Other payables	249,311	249,311
Amount due to a subsidiary company	2	2
	249,313	249,313

	Carrying amount RM	AC RM
2019		
Financial assets		
Other receivables	2	2
Cash and bank balances	2,028	2,028
	2,030	2,030
Financial liabilities		
Other payables	142,265	142,265
Amount due to a subsidiary company	50,000	50,000
	192,265	192,265

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net gains/(losses) on:-				
- Financial assets categorised as AC	3,630,586	1,990,391	1,820,277	-
- Financial liabilities categorised as AC	161,677	18,303	-	-
	3,792,263	2,008,694	1,820,277	-

Included in gains/(losses) on financial instruments categorised as amortised cost are:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total interest income for financial assets at AC	2,773,124	220,789	1,820,277	-
Total interest expenses for financial liability at AC	(77,789)	(274,399)	-	-

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarised in Note 3.10. The main types of risks are foreign currency risk, interest rate risk, credit risk and liquidity risk.

Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on those transactions that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), EURO and Swiss Franc ("CHF").

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which expose the Group and the Company to currency risk are disclosed below:-

	USD RM	SGD RM	EURO RM	CHF RM
Group				
2020				
Financial assets				
Trade receivables	4,223,403	21,363	-	-
Cash and bank balances	202,675	7,670	-	-
	4,426,078	29,033	-	-
Financial liability				
Trade payables	(6,949,886)	(533,881)	-	(178,550)
Net exposure	(2,523,808)	(504,848)	-	(178,550)
2019				
Financial assets				
Trade receivables	3,298,278	3,181	-	-
Other receivables	634,678	-	5,221	-
Cash and bank balances	242,264	7,569	-	-
	4,175,220	10,750	5,221	-
Financial liability				
Trade payables	(12,357,354)	(1,038,248)	(55,823)	(208,792)
Net exposure	(8,182,134)	(1,027,498)	(50,602)	(208,792)

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(a) Foreign currency risk

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit in regards to the Group's and the Company's financial assets and financial liabilities and the RM/USD exchange rate, RM/SGD exchange rate, RM/EURO exchange rate and RM/CHF exchange rate with 'all other things are being equal'.

It assumes a +/- 3% (2019: 2.5%) change of the RM/USD, RM/SGD, RM/EURO and RM/CHF exchange rates respectively. The percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Company's foreign currency denominated financial instruments held at each reporting date.

If the RM had strengthened against the USD, SGD, EURO and CHF by 3% (2019: 2.5%) respectively, this would have the following impact:-

	Increase on profit for the financial year				
	USD RM	**SGD RM**	**EURO RM**	**CHF RM**	**Total RM**
Group					
2020	75,714	15,145	-	5,357	96,216
2019	204,553	25,687	1,265	5,220	236,725

If the RM had weakened against the USD, SGD, EURO and CHF by 3% (2019: 2.5%) respectively, then the impact to profit for the financial year would be the opposite effect.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposures to foreign currency risk.

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowing is exposed to the risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

Interest rate sensitivity

The Group and the Company are exposed to changes in market interest rates through borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's short term placement is considered immaterial.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period is as follows:-

	Group RM	Company RM
2020		
Fixed rate instruments		
Financial assets		
Fixed deposits with licensed banks	77,436,368	52,160,127
Short term deposits with licensed banks	2,900,000	1,300,000
	80,336,368	53,460,127
Financial liability		
Lease liabilities	(110,674)	-

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(b) Interest rate risk (cont'd)

Interest rate *sensitivity (cont'd)*

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period is as follows (cont'd):-

	Group RM	Company RM
2019		
Fixed rate instruments		
Financial assets		
Fixed deposits with licensed banks	3,065,458	-
Short term deposits with licensed banks	4,661,114	-
	7,726,572	-
Financial liabilities		
Finance lease liabilities	(704,818)	-
Banker's acceptance	(4,831,000)	-
	(5,535,818)	-
Floating rate instrument		
Financial liability		
Term loans	(6,138,609)	-

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (2019: 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Decrease)/Increase on profit for the financial year	
	+ 25 bp RM	- 25 bp RM
Group		
30 June 2020	-	-
30 June 2019	(15,347)	15,347

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(c) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group and the Company. The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Classes of financial assets:-				
Cash and bank balances	32,288,720	28,290,444	1,698,981	2,028
Fixed deposits with licensed banks	77,436,368	3,065,458	52,160,127	-
Trade receivables	39,143,067	54,147,306	-	-
Other receivables	1,758,429	145,124	1,171,098	2
Amount due from subsidiary companies	-	-	2,788,902	-
Carrying amount	150,626,584	85,648,332	57,819,108	2,030

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements and none of the carrying amount of financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The Group and the Company do not hold collateral as security.

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

The ageing analysis of trade receivables of the Group is as follows:-

	Gross RM	Expected credit loss RM	Net RM
2020			
Within terms	21,771,399	-	21,771,399
Past due 1 to 30 days	7,192,798	-	7,192,798
Past due 31 to 60 days	6,853,447	-	6,853,447
Past due 61 to 90 days	2,750,799	-	2,750,799
Past due 91 to 120 days	372,101	-	372,101
Past due more than 120 days	202,523	-	202,523
	39,143,067	-	39,143,067
2019			
Within terms	31,730,218	-	31,730,218
Past due 1 to 30 days	16,305,287	-	16,305,287
Past due 31 to 60 days	4,492,892	-	4,492,892
Past due 61 to 90 days	1,245,537	-	1,245,537
Past due 91 to 120 days	163,418	-	163,418
Past due more than 120 days	209,954	-	209,954
	54,147,306	-	54,147,306

The credit risk concentration profile of the Group's trade receivables as at the reporting date are as follows:-

	2020 RM	2020 %	2019 RM	2019 %
Top 5 customers	27,610,976	71	39,752,560	73

In respect of other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates, the management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and bank balances and fixed deposits with licensed banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

28. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objectives and policies (cont'd)

(d) Liquidity risk

Liquidity risk is the risk arising from the Group and the Company not being able to meet their financial obligations due to shortage of funds.

In managing their exposures to liquidity risk, the Group and the Company maintain a level of cash and cash equivalents and bank credit facilities deemed adequate by the management to ensure that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

	Group			Company
	Current	← Non-current	→	Current
	Less than 1 year	Between 1 to 5 years	More than 5 years	Less than 1 year
	RM	RM	RM	RM
2020				
Non-derivative financial liabilities				
Lease liabilities	91,200	78,000	-	-
Trade payables	11,826,589	-	-	-
Other payables	4,924,512	-	-	249,311
Amount due to a subsidiary company	-	-	-	2
Total undiscounted financial liabilities	16,842,301	78,000	-	249,313
Financial guarantees*	20,600,000	-	-	-
2019				
Non-derivative financial liabilities				
Term loans	751,932	3,007,728	4,169,568	-
Finance lease liabilities	294,528	457,967	-	-
Borrowings	4,831,000	-	-	-
Trade payables	20,379,679	-	-	-
Other payables	2,906,355	-	-	142,265
Amount due to a subsidiary company	-	-	-	50,000
Total undiscounted financial liabilities	29,163,494	3,465,695	4,169,568	192,265

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

29. CAPITAL MANAGEMENT OBJECTIVE

The primary capital management objective of the Group is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objectives in financial years ended 2020 and 2019.

The Group manages its capital by regularly monitoring its current and expected liquidity requirement and modify the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group are as follows:-

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Total equity	179,735,472	99,770,403	147,535,261	76,150,911
Borrowings	-	11,674,427	-	-
Debt-to-equity ratio	-	0.12	-	-

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the reporting date are approximately at their fair values due to their short term nature, insignificant impact of discounting or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value hierarchy

As at the end of the reporting date, the Group and the Company have no financial instruments that are measured subsequent to initial recognition at fair value and hence fair value hierarchy is not presented.

31. SIGNIFICANT EVENTS

(a) The Company's entire enlarged issued and paid-up share capital of RM148,592,603 comprising 681,617,400 ordinary shares was listed on the ACE Market of Bursa Malaysia Securities Berhad on 25 September 2019.

(b) In a bid to contain the spread of the Coronavirus Disease ("COVID-19") pandemic in the country, the Malaysian Government declared and enforced a Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, followed by the Conditional MCO ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery MCO ("RMCO") from 10 June 2020 to 31 December 2020.

Nonetheless, to ensure that important and critical products remained in sufficient supply during the MCO period, the Ministry of International Trade and Industry ("MITI") had allowed selected economic sectors to operate during the MCO period, subject to approval and adherence to health and safety protocols. These include the food and beverage ("F&B"), household products, personal protection devices, pharmaceutical, packaging and printing, medical device and implant, and oil and gas sectors.

In addition, MITI enforced a 50% manpower reduction requirement, on top of measures including daily temperature checks, availability of hand sanitisers and face masks for all workers, maintenance of social distancing practices and regular sanitisation of business premises.

31. **SIGNIFICANT EVENTS (CONT'D)**

(b) As the Group produces products that support the essential economic sector, our subsidiaries operations were allowed to operate at 50% manpower capacity from 8 April 2020, 21 April 2020 and 27 April 2020 onwards, and thereafter at 100% manpower capacity from mid of May 2020 onwards during CMCO.

The management of the Group has assessed the overall impact of the situation on the Group's operations and financial position as at the date of this report, and concluded that there are no material adverse effects on the financial statements for the financial year ended 30 June 2020. Nonetheless, as the pandemic has yet to run in full course, the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the financial year ending 30 June 2021.

32. **OPERATING SEGMENT - GROUP**

For management purpose, the Group is organised into business units based on its products and has 3 reportable segments, as follows:-

Operating segments	Business activities
Converting	Printing of labels and stickers and customised converting services
Distribution	Distribution of industrial tapes, adhesives and other products
Investment holding	Investment holding

Directors monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated Financial Statements.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation. Transfer prices between business segments are established on terms and conditions that are mutually agreed upon.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

32. **OPERATING SEGMENT – GROUP (CONT'D)**

Business segments

	Converting		Distribution		Investment holding		Consolidation adjustments		Notes	Consolidated	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM		2020 RM	2019 RM
Revenue:-											
External customers	138,015,850	167,137,847	28,112,743	22,883,071	-	-	-	-		166,128,593	190,020,918
Inter-companies	2,208,883	1,880,365	-	-	-	-	(2,208,883)	(1,880,365)	A	-	-
	140,224,733	169,018,212	28,112,743	22,883,071	-	-	(2,208,883)	(1,880,365)		166,128,593	190,020,918
Results:-											
Interest income	829,687	195,046	123,160	25,743	1,820,277	-	-	-		2,773,124	220,789
Interest expense	(76,544)	(247,783)	(1,245)	(26,616)	-	-	-	-		(77,789)	(274,399)
Depreciation of property, plant and equipment	(2,672,300)	(2,330,228)	(122,844)	(86,169)	-	-	-	-		(2,795,144)	(2,416,397)
Depreciation of right-of-use assets	(224,217)	-	-	-	-	-	-	-		(224,217)	-
Tax expense	(8,161,535)	(9,756,392)	(1,505,906)	(1,067,524)	(444,626)	-	-	-		(10,112,067)	(10,823,916)
Other non-cash expenses	1,332	(4,241)	-	-	-	-	-	-	B	1,332	(4,241)
Segment profit/(loss)	27,137,572	29,582,756	4,681,718	3,556,492	21,607,244	(188,737)	(23,237,571)	-		30,188,963	32,950,511

32. **OPERATING SEGMENT – GROUP (CONT'D)**

Business segments (cont'd)

	Converting RM	Distribution RM	Investment holding RM	Consolidation adjustment RM	Notes	Consolidated RM
2020						
Assets						
Segment assets	125,722,596	20,369,518	147,891,702	(92,481,009)	C	201,502,807
Additions to non-current assets other than financial instruments	3,865,893	78,447	-	-	D	3,944,340
Liabilities						
Segment liabilities	16,652,810	2,858,039	250,313	(3,010,061)	E	16,751,101
2019						
Assets						
Segment assets	123,395,976	13,920,162	76,343,176	(76,572,959)	C	137,086,355
Additions to non-current assets other than financial instruments	1,256,209	-	-	-	D	1,256,209
Liabilities						
Segment liabilities	20,674,476	2,631,306	192,265	(212,013)	E	23,286,034

32. **OPERATING SEGMENT – GROUP (CONT'D)**

Business segments (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

A. Inter-segment revenues are eliminated on consolidation.

B. Other material non-cash expenses consist of the following items:-

	2020 RM	2019 RM
Gain/(Loss) on disposal of property, plant and equipment	4,600	(1,167)
Bad debt written off	(3,268)	(3,074)
	1,332	(4,241)

C. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2020 RM	2019 RM
Segment assets	201,502,807	137,086,355
Tax recoverable	88,776	737,949
Total assets	201,591,583	137,824,304

D. Additions to non-current assets other than financial instruments consist of:-

	2020 RM	2019 RM
Property, plant and equipment	3,944,340	1,256,209

32. **OPERATING SEGMENT – GROUP (CONT'D)**

Business segments (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):-

E. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	2020 RM	2019 RM
Segment liabilities	16,751,101	23,286,034
Finance lease liabilities	-	704,818
Lease liabilities	110,674	-
Borrowings	-	10,969,609
Tax payable	2,336,126	740,440
Deferred tax liabilities	2,658,210	2,353,000
Total liabilities	21,856,111	38,053,901

Geographical information

The Group's operation is predominantly carried out in Malaysia as disclosed in Note 22 to the Financial Statements.

Information about major customers

The following is major customer with revenue equal or more than 10% of the Group's total revenue:-

	Segment	Revenue	
		2020 RM	2019 RM
Customer A	Converting	81,152,623	103,662,193

33. EARNINGS PER ORDINARY SHARE

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on Group's profit for the financial year attributable to owners of the Company and weighted average number of ordinary shares calculated as follows:-

	Group	
	2020	**2019**
Profit after tax for the financial year attributable to owners of the Company (RM)	30,188,963	32,950,511
Weighted average number of ordinary shares in issue	651,364,788	2,987,915
Basic earnings per ordinary share (RM)	0.05	11.03

Diluted earnings per ordinary share

There is no diluted earnings per ordinary share as there is no potential dilutive ordinary share.

LIST OF PROPERTIES
AS AT 30 JUNE 2020

NO.	LOCATION	LAND AREA (SQ.M.)	"BUILT-UP AREA (SQ. M.)"	EXISTING USE	TENURE	YEAR OF EXPIRY (FOR LEASEHOLD)	APPROXIMATE AGE OF BUILDING	NET BOOK VALUE AS AT 30 JUNE 2020 RM'000	DATE OF LAST REVALUATION(R)/ ACQUISITION (A)
1	PLO 226, Jalan Kencana Mas, Kawasan Perindustrian Tebrau III, 81100, Johor Bahru, Johor Darul Takzim	10,000	7,757	Head office, warehouse and manufacturing activities (1-storey detached factory with a 2-storey office annexed)	Leasehold	31 May 2069	10 years	17,368	30-Jun-18

ANALYSIS OF SHAREHOLDINGS
AS AT 15 SEPTEMBER 2020

Total Number of Issued Shares : 681,617,400
Class of Shares : Ordinary Shares
Voting Rights : One vote for each ordinary share held
Number of Holders : 7,108

DISTRIBUTION OF SHAREHOLDING AS AT 15 SEPTEMBER 2020

SIZE OF HOLDINGS	NO. OF HOLDINGS	%	NO. OF SHARES	%
1 - 99	3	0.042	100	0.000
100 - 1,000	830	11.676	552,000	0.080
1,001 - 10,000	3,806	53.545	21,604,900	3.169
10,001 - 100,000	2,197	30.908	70,561,700	10.352
100,001 - 34,080,869*	270	3.798	133,415,186	19.573
34,080,870 and above**	2	0.028	455,483,514	66.823
TOTAL	7,108	100.000	681,617,400	100.000

Remarks: ** - Less than 5% of issued shares*
*** - 5% And above of issued shares*

DIRECTORS' INTERESTS IN SHARES AS AT 15 SEPTEMBER 2020

NAME OF DIRECTORS	HOLDINGS	%
CHAW KAM SHIANG	346,151,970	50.783
DYANA SOFYA BINTI MOHD DAUD	0	0.000
JASON TAN KIM SONG	500,000	0.073
LAU CHER LIANG	109,331,544	16.040
LEE TING KIAT	0	0.000
CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR LEE TING KIAT (PB)	788,600	0.115
TOTAL	**456,772,114**	**67.012**

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1.	CHAW KAM SHIANG	346,151,970	50.783
2.	LAU CHER LIANG	109,331,544	16.040
3.	ANG YAM FUNG	13,393,310	1.964
4.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND	9,200,000	1.349
5.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND	5,741,100	0.842
6.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND	5,719,400	0.839
7.	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG	4,548,300	0.667
8.	HUANG TIONG SII	3,466,400	0.508
9.	NG YIN CHEN	3,392,776	0.497

LIST OF TOP 30 HOLDERS (CONT'D)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
10.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KWEE SOW FUN	2,229,500	0.327
11.	LIM SZE HOCK	2,200,000	0.322
12.	ONG KENG SENG	2,164,100	0.317
13.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND, LLC	1,970,900	0.289
14.	SEOW KIAN ANG	1,883,000	0.276
15.	TAN KIM SUN	1,450,000	0.212
16.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	1,430,000	0.209
17.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SAU BOON (E-TJJ)	1,371,300	0.201
18.	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WAH KEIN CHOONG	1,369,200	0.200
19.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOKE SEE OOI (CEB)	1,324,100	0.194
20.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN VERN TACT	1,305,000	0.191
21.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG ASIA-PACIFIC DIVIDEND FUND	1,300,000	0.190
22.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR BUMA-UNIVERSAL-FONDS I	1,209,200	0.177
23.	NYEOW CHIN HOCK	1,109,000	0.162
24.	LAU WAI KOK	1,100,000	0.161
25.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KOK PING	1,000,000	0.146
26.	TOH SIEW PAT	1,000,000	0.146
27.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG WING FAH	950,000	0.139
28.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SEE KWAN (AL0089)	900,000	0.132
29.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	835,000	0.122
30.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GURJEET SINGH A/L CHANAN SINGH	800,000	0.117
	TOTAL	**529,845,100**	**77.733**

NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 3rd Annual General Meeting ("AGM") of MTAG Group Berhad will be held at Holiday Villa Johor Bahru City Centre (Ruby 5, 8th Floor), No. 260, Jalan Dato' Sulaiman, Taman Abad, 80250 Johor Bahru on **Monday, 23 November 2020** at 10.00 a.m. for the following businesses:

AGENDA

ORDINARY BUSINESSES	**Resolution on Proxy Form**
1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon.	*(Please refer Explanatory Note 1)*
2. To approve the payment of Directors' fees of RM156,000 for the financial year ending 30 June 2021.	**Resolution 1** *(Please refer Explanatory Note 2)*
3. To approve the payment of Directors' benefits up to an amount of RM30,000 from 3rd Annual General Meeting until the conclusion of the 4th Annual General Meeting of the Company.	**Resolution 2** *(Please refer Explanatory Note 2)*
4. To re-elect the following Directors who retire pursuant to Clause 128 of the Company's Constitution: -	
4.1 Mr. Lee Ting Kiat	**Resolution 3** *(Please refer Explanatory Note 3)*
4.2 Mr. Jason Tan Kim Song	**Resolution 4** *(Please refer Explanatory Note 3)*
5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2021 and to authorise the Board of Directors to fix their remuneration.	**Resolution 5**

SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Ordinary Resolution with or without modifications:-

6. **ORDINARY RESOLUTION**
AUTHORITY TO DIRECTORS TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 — **Resolution 6** *(Please refer Explanatory Note 4)*

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised to allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted during the preceding twelve (12) months does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting."

7. To transact any other business of which due notice shall have been given.

By order of the Board

MTAG GROUP BERHAD
YONG MAY LI (LS 0000295)
(Practicing No. 202008000285)
ISMAWATI BINTI OTHMAN (LS 0008505)
(Practicing No. 202008000229)
Company Secretaries

Johor Bahru
23 October 2020

NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTES:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at **13 November 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.

4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA

6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her of shareholdings to be represented by each proxy.

7. The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the registered office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor. In the case of electronic appointment, the proxy form must be deposited via TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.

8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

10. Last date and time for lodging the proxy form is Saturday, 21 November 2020 at 10.00 a.m.

11. Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:

    a. Identity card (NRIC) (Malaysian), or
    b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
    c. Passport (Foreigner).

12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.

EXPLANATORY NOTES:

Ordinary Business:-

1. **Agenda Item No. 1 - Audited Financial Statements for the year ended 30 June 2020**
   This Audited Financial Statements is meant for discussion only as the provision of Section 340(1) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Agenda Item No. 2 and 3 – Payment of Directors' Fees and Benefits**
   Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

   The Proposed Resolution 1 is to facilitate the payment of Directors' fees on a current year basis.
   The Proposed Resolution 2 for the Directors' benefits are benefits payable to Directors and for meeting allowances.

   In this respect, the Board agreed that the shareholders' approval on the above two (2) separate resolutions shall be sought at the 3rd Annual General Meeting:

   The estimated amount of Directors' Benefits payable to the Directors from the 3rd Annual General Meeting and until the conclusion of the 4th Annual General Meeting, amounting to RM30,000 comprises the following:

   The estimated amount of Directors' benefits comprise of meeting allowances which was calculated based on the number of scheduled Board's and Board Committees' meetings from the 3rd Annual General Meeting until the 4th Annual General Meeting of the Company.

3. **Agenda Item No. 4.1 and 4.2 - Re-election of Directors**
   Mr. Lee Ting Kiat and Mr. Jason Tan Kim Song are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 3rd Annual General Meeting.

   The Board has through the Nominating Committee, considered the assessment of the retiring Directors and agreed that they meet the qualification of Directors as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Securities and have the character, experience, integrity, competence and time to effectively discharge their roles as Directors.

Special Business:-

4. **Agenda Item No. 6**
   Ordinary Resolution 6 : Authority to Directors to Allot Shares

   The purpose of this Ordinary Resolution 6 is for the renewal of the general mandate obtained from the members at the last AGM and if passed, will give flexibility to the Directors to allot new ordinary shares during the preceding 12 months up to an amount not exceeding 20% of the issued share capital of the Company without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fundraising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. This authority will commence from the date of this AGM and, unless earlier revoked or varied by a resolution of the shareholders of the Company at a subsequent general meeting, shall expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

   In view of the Corona Virus Disease 2019 ("COVID-19") pandemic outbreak, the Government of Malaysia had on 18 March 2020 implemented the Movement Control Order ("MCO") nationwide to curb the spread of the COVID-19 infection in Malaysia.

   Bursa Securities recognised the need for listed issuers to raise funds quickly and efficiently during the challenging time to ensure the long-term sustainability and interest of the listed issuers and their shareholders. Therefore, an additional relief measure has been granted by Bursa Securities vide its letter dated 16 April 2020 which allows a listed issuer to seek its shareholders' approval at a general meeting to issue new securities for a higher general mandate under Rule 6.04 of the ACE Market Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) ("20% General Mandate").

   The Company proposes to seek new shareholders' mandate to enable the Directors to issue and allot up to a maximum of 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to the 20% General Mandate under Resolution 6.

   The proposed Resolution 6, if passed, will provide additional flexibility to the Directors to undertake fundraising activities, including but not limited to placement of shares for the purposes of funding the Company's future investment project(s), working capital, operational expenditure and/or acquisition(s) at any time as the Directors may deem fit without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting.

   As at the date of this Notice, no new shares of the Company have been issued pursuant to the general mandate obtained at the 2nd AGM of the Company held on 6 September 2019, and which will lapse at the conclusion of the 3rd AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Further details of individuals who are standing for election as directors (excluding directors standing for re-election):

   There is no person seeking election as a Director at this 3rd Annual General Meeting of the Company.

2. A statement relating to general mandate for issue of securities in accordance with Rule 6.04(3) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad:

   The general mandate for issue of shares is for the renewal of the general mandate obtained from the members at the 2nd Annual General Meeting held on 6 September 2019 and no new shares of the Company have been issued pursuant to the said general mandate.

   The purpose of this general mandate is for possible fundraising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

MTAG

MTAG GROUP BERHAD

Registration No.: 201801000029 (1262041-V)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I / We ____

(FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. ____

of ____

(FULL ADDRESS)

being a member of **MTAG GROUP BERHAD Registration No. 201801000029 (1262041-V)** hereby appoint:

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	**%**
Address:			

*and/ * or failing him/ her

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	**%**
Address:			

or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the 3rd Annual General Meeting of the Company to be held at Holiday Villa Johor Bahru City Centre (Ruby 5, 8th Floor), No. 260, Jalan Dato' Sulaiman, Taman Abad, 80250 Johor Bahru on Monday, 23 November 2020, at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Ordinary Resolution	For*	Against*
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon.			
Ordinary Business				
2.	Payment of Directors' fees of RM156,000 for the financial year ending 30 June 2021.	1		
3.	Payment of Directors' benefits up to an amount of RM30,000 from 3rd Annual General Meeting until the conclusion of the 4th Annual General Meeting of the Company.	2		
4.	Re-election of the following Directors who retire by rotation in accordance with Clause 128 of the Company's Constitution.			
	4.1 Mr. Lee Ting Kiat	3		
	4.2 Mr. Jason Tan Kim Song	4		
5.	Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2021 and to authorise the Directors to fix their remuneration.	5		
Special Business				
6.	Authority for Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.	6		

Please indicate with an "X**" in the space provided how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the *proxy/proxies will vote, or abstain from voting on the resolutions as he/she/they may think fit.*

Signed this ______________ day of ______________ 2020

____
Signature of member (s)/Common Seal**

Contact Number: ______________________

*** Manner of execution:*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

1. *For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a* ***Record of Depositors as at 13 November 2020.*** *Only a member whose name appears on this Record of Depositors shall be entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.*
4. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.*

Fold here

MTAG
MTAG GROUP BERHAD

AFFIX
POSTAGE
STAMP

MTAG GROUP BERHAD
Registration No.: 201801000029 (1262041-V)

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru

Fold here

6. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specified of his/her shareholding to be represented by each proxy.*
7. *The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the registered office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor. In the case of electronic appointment, the proxy form must be deposited via TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.*
8. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
9. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
10. *Last date and time for lodging this proxy form is Saturday,* ***21 November 2020 at 10.00 a.m.***
11. *Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:*
    a. *Identity card (NRIC) (Malaysian), or*
    b. *Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
    c. *Passport (Foreigner).*
12. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.*

MTAG GROUP BERHAD

Registration No.: 201801000029 (1262041-V)

PLO 226, Jalan Kencana Mas,
Kawasan Perindustrian Tebrau III,
81100 Johor Bahru, Johor, Malaysia.

Tel: +607-351 3333
+607-351 0099
+607-351 3339

Email: ir@mtaggroup.com