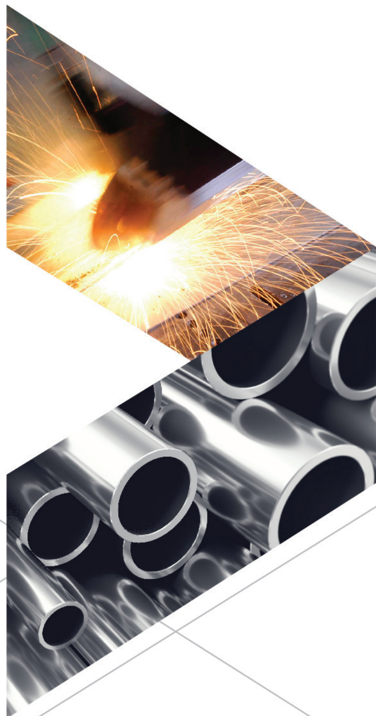
Navigating Challenges, Cultivating Strength

Annual Report

2023



MTAG

MTAG GROUP BERHAD

Registration No. : 201801000029 (1262041-V)

COVER RATIONALE

The headline of MTAG Group Berhad's ("MTAG Group" or "the Group") Annual Report FY2023, "**Navigating Challenges, Cultivating Strength**", underscores the Group's resilience and perseverance in overcoming obstacles amid a challenging year, while harnessing its inherent strength to pave the way for future growth. On the cover design, the forward arrows serve as a visual representation of the Group's determined drive to forge ahead towards success, leveraging the collective effort of its resources and shared purpose at MTAG Group.

FEATURE IN THIS ANNUAL REPORT

01 Download the "QR Code Reader" on App Store or Google Play

02 Run the QR Code Reader app and point your camera to the QR Code

03 Get access to the soft copy of our reports and contact information

The softcopy version of MTAG GROUP BERHAD Annual Report 2023 is available from our website. We also welcome your feedback to make sure we are covering the things that matter to you.

6th Annual General Meeting of MTAG Group Berhad

Venue :	Online Meeting Platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd.
Date :	Friday, 24 November 2023
Time :	10.00 a.m.

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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., MTAG Land Sdn. Bhd. and Super Gold Industrial Sdn. Bhd.

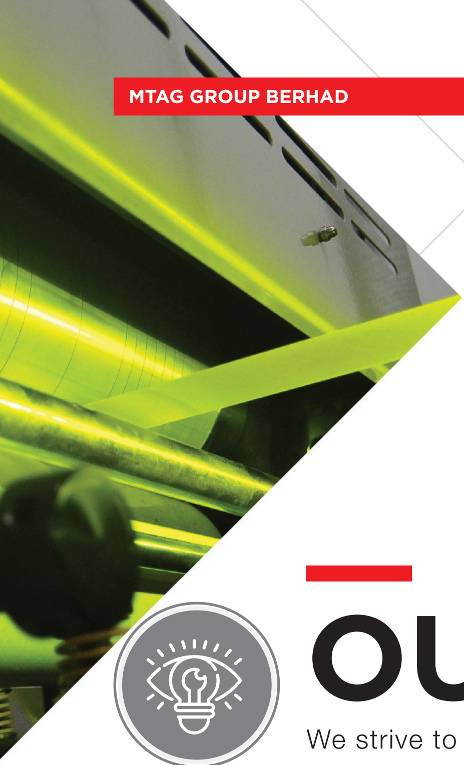
CORPORATE PROFILE

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 189 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 more than 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.



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.

CORE VALUES

M T A G

MAKE

Make It Happen

THINK

Think Ahead of the Curve

ACCOMPLISHED

Accomplished in the Industry

GROWTH

Growth and Expansion

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)
(MAICSA Affiliate - AF 000019)
(SSM PC No. 202008000285)

Wong Chee Yin (MAICSA 7023530)
(SSM PC No. 202008001953)

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

REGISTERED OFFICE

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Tel no : 07 - 335 4988
Fax no : 07 - 332 8096
E-mail : info@my.tricorglobal.com

PRINCIPAL BANKERS

RHB Bank
Public Bank
CIMB Bank
CIMB Islamic Bank

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
E-mail : is.enquiry@my.tricorglobal.com

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

STOCK EXCHANGE LISTING

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

AWARDS AND ACCREDITATIONS

2000
- Appreciation Recognition by NITTO DENKO

2001
- Best Supplier Quality Improvement Award by HITACHI
- Official 3M Converter
- Best Supplier Award in Quality and Delivery by HONDA

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

2003
- Best Supplier Quality Performance Award by HITACHI

2004
- Official 3M Distributor
- Accredited with Underwriters Laboratories Inc. ("UL")

2005
- 100% Achievement in Quality and Delivery by HONDA

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

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

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

2013
- Designated Fabrication Certification by INOAC

2016
- Best Supplier Award by Panasonic

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

2018
- 3M Strategic Channel Partner for Industrial & Filtration Products

2020
- Outstanding Improvement Award by Henkel

2023
- Accredited with FSC® Forest Stewardship Council® Chain of Custody Certification (Toyo Sho Industrial Products Sdn. Bhd.)
- 3M Strategic Channel Partner for Industrial & Safety, Filtration Products

KEY MILESTONES

1995
Founded Toyo Sho Industrial Products to provide printing of labels and stickers and converting of tapes to E&E manufacturers.

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
Began to distribute Henkel products.

Obtained ISO **14001:2004** EMS certification.

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

2012
Invested in ultrasonic technology to enhance converting capabilities.

2019
Listed on the ACE Market of Bursa Malaysia.

2020
The 25th Anniversary of MTAG

2021
Achieved record high revenue of RM193.6 million.

2022
Invested in digital press printing and silkscreen technology to enhance converting capabilities and automation of manufacturing processes as part of the Group's transformation towards Industry 4.0.

2023
Acquired 100% equity interest in **Super Gold Industrial Sdn. Bhd.**, a company specialising in the manufacturing of labels, stickers and tapes, and related industrial supplies.

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. On 31 October 2022, MTAG acquired 100% stake in Super Gold Industrial Sdn. Bhd., a company specialising in the manufacturing of labels, stickers and tapes, and related industrial supplies.

MTAG

MTAG GROUP BERHAD

Registration No. : 201801000029 (1262041-V)

100%

TOYO SHO INDUSTRIAL PRODUCTS SDN. BHD.

Registration No. 199501000058 (329252-T)

100%

INTAG INDUSTRIAL SUPPLIES SDN. BHD.

Registration No 200101015251 (551008-A)

100%

INTAG STEEL HARDWARE SDN. BHD.

Registration No. 200501026680 (708814-P)

100%

MTAG LAND SDN. BHD.

Registration No. 202001009182 (1365502-H)

100%

SUPER GOLD INDUSTRIAL SDN. BHD.

Registration No. 201501026492 (1151816-A)

FINANCIAL HIGHLIGHTS

Financial Year Ended 30 June (RM million)	2019	2020	2021	2022	2023
Financial Results					
Revenue	190.0	166.1	193.6	180.2	153.9
Profit Before Tax	43.8	40.3	44.8	39.8	39.6
Net Profit	33.0	30.2	33.6	30.1	30.1
Financial Position					
Shareholders' Funds	99.8	179.7	192.9	202.5	213.5
Total Assets	137.8	201.6	214.3	233.9	229.0
Net Current Assets	85.1	158.2	173.0	181.2	186.9
Total Borrowings	11.7	-	-	-	0.1
Cash and Cash Equivalents[4], and Other Investments[5]	31.4	109.7	120.0	127.6	144.4
Financial Ratio					
Basic Earnings per Share[1] (sen)	4.8	4.4	4.9	4.4	4.4
Net Profit Margin (%)	17.3%	18.2%	17.4%	16.7%	19.5%
Net Gearing Ratio (times)	Net cash	Net cash	Net cash	Net cash	Net cash
Return on Equity (ROE)	33.0%	16.8%[3]	17.4%	14.9%	14.1%
Dividend per Share[2] (sen)	-	3.0	3.0	3.0	3.0

Note:

(1) *Based on the share capital of 681,617,400 shares in issue as at 30 June 2023.*

(2) *Upon MTAG's listing on the ACE Market on 25 September 2019, and based on the enlarged share capital of 681,617,400 shares.*

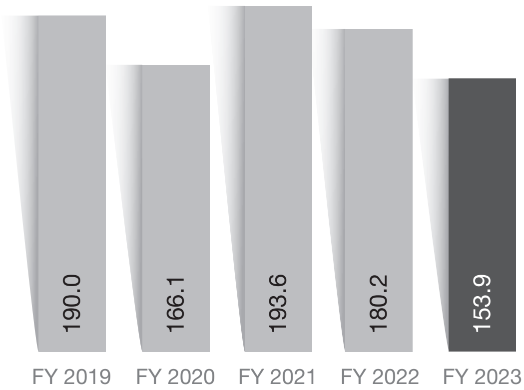
(3) *Upon completion of public issue after MTAG listing on the ACE Market on 25 September 2019, new ordinary shares increased from RM76,341,152 to RM148,592,607 comprising 681,617,400 shares.*

(4) *Cash and Cash Equivalents consist of cash and bank balances, and fixed deposits with licensed banks.*

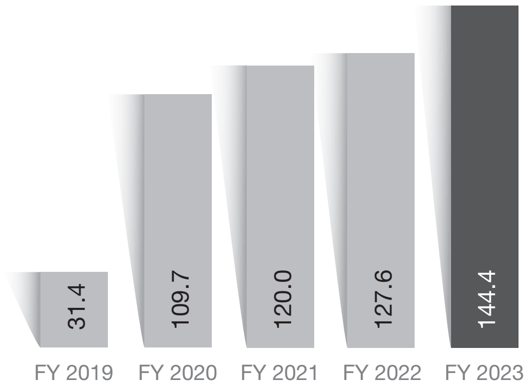
(5) *Other Investments consist of other investments in unit trusts.*

FINANCIAL HIGHLIGHTS

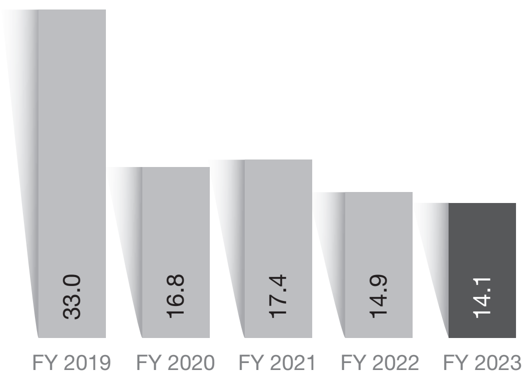
REVENUE
(RM million)



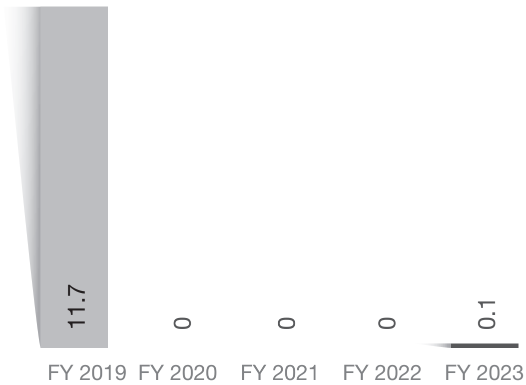
CASH AND CASH EQUIVALENTS, AND OTHER INVESTMENTS
(RM million)



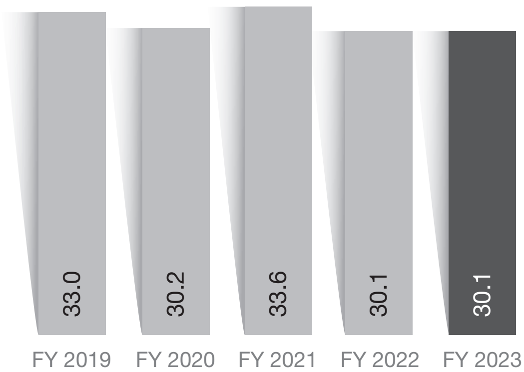
RETURN ON EQUITY (ROE)
(%)



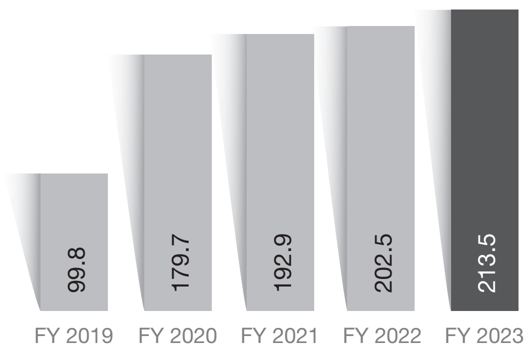
TOTAL BORROWINGS
(RM million)



NET PROFIT
(RM million)



SHAREHOLDERS' FUNDS
(RM million)



DIRECTORS' PROFILE

LEE TING KIAT
Independent Non-Executive Chairman

55 years old | Male | Malaysian

Board Appointment:
19 October 2018

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 is a General Committee Member of the Malaysian International Chamber of Commerce and Industry ("MICCI") and the Chairman of the MICCI (Southern Region).

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 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 or imposed with any public sanction or penalty by regulatory bodies during the financial year.

CHAW KAM SHIANG
Group Managing Director

62 years old | Male | Malaysian

Board Appointment:
2 January 2018

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, Mr. Chaw 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 or imposed with any public sanction or penalty by regulatory bodies during the financial year.

DIRECTORS' PROFILE

LAU CHER LIANG
Executive Director

47 years old | Male | Malaysian

Board Appointment:
2 January 2018

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, 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 or imposed with any public sanction or penalty by regulatory bodies during the financial year.

JASON TAN KIM SONG
Independent Non-Executive Director

45 years old | Male | Malaysian

Board Appointment:
19 October 2018

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 or imposed with any public sanction or penalty by regulatory bodies during the financial year.

DIRECTORS' PROFILE

DYANA SOFYA BINTI MOHD DAUD

Independent Non-Executive Director

36 years old | Female | Malaysian

Board Appointment:
19 October 2018

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. She is presently a partner in Corporate Commercial Practice Group of the legal firm, Zharif Nizamuddin.

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 nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT'S PROFILE

NG BOON SIANG
Chief Financial Officer

Age	Gender	Nationality
41	Male	Malaysian

Mr. Ng Boon Siang was appointed as the Group's Chief Financial Officer ("CFO") in January 2022. As the CFO, he is responsible for managing the Group's financial reporting, mergers and acquisitions, tax planning, corporate treasury and any other corporate activities.

Mr. Ng brings with him more than 15 years of experience in various finance-related areas including auditing, initial public offerings, international tax, accounting, and finance. He started his career with Ernst & Young Malaysia in January 2006, before joining KPMG LLP Singapore. Thereafter, he served several multinational corporations in Singapore such as Verigy Limited, Advantest Corporation, and Sea Limited, in different capacities.

Mr. Ng holds a Bachelor of Arts degree in Accountancy and Finance from Heriot-Watt University, Scotland and a Master of Business Administration degree in Finance from University of Derby, England. He obtained his professional qualification with the Chartered Institute of Management Accountants ("CIMA"), United Kingdom, with the designations of Associate Chartered Management Accountant ("ACMA"), Chartered Global Management Accountant ("CGMA"), ASEAN Chartered Professional Accountant ("CPA"), and as well as Chartered Accountant ("CA") of the Malaysian Institute of Accountants ("MIA").

Mr. Ng 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 nor any public sanction or penalty imposed by regulatory bodies during the financial year.

CHOO JACK KIE
Business Unit Head of Toyo Sho

Age	Gender	Nationality
51	Male	Malaysian

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 since 1995 and currently holds directorship in Toyo Sho.

Mr. Choo has over 26 years of experience in the label printing and converting industry, having served for a number of companies, including overseas exposure in Taiwan and Japan. His area of expertise relates to the operation 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 nor any public sanction or penalty imposed by regulatory bodies during the financial year.

ANG YAM FUNG
Chief Human Resource Officer

Age	Gender	Nationality
53	Female	Malaysian

Ms. Ang Yam Fung is 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 nor any public sanction or penalty imposed by regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

Dear Respected Shareholders,

As the Chairman of MTAG Group Berhad ("MTAG" or the "Group"), I am delighted to share with you MTAG's Annual Report for the financial year ended 30 June 2023 ("FY2023") on behalf of the Board of Directors (the "Board").

ECONOMIC CLIMATE

In FY2023, the recovery in the global and domestic economies were gaining traction as the world emerged from the shadows of the Coronavirus disease 2019 ("Covid-19") pandemic. However, the initial optimism was soon eclipsed by the enduring post-pandemic consequences, coupled with geopolitical disturbances such as the Russia-Ukraine conflict and protracted trade tensions between the United States and China.

At the same time, numerous economies witnessed inflation reaching multi-year highs, prompting central banks to swiftly implement tighter monetary policies to curb inflationary pressures. This led to rising interest rates with growing concerns of recession, which significantly intensified market uncertainties. These factors have further compounded the prevailing formidable challenges faced by businesses that included disruptions in supply chains, shortages of labour and materials along with fluctuations in commodity prices.

CHAIRMAN'S STATEMENT

Back home, the economic conditions had been more encouraging with the reopening of economy leading to a healthy pick-up in business activities. According to the Ministry of Finance ("MOF"), our nation's gross domestic product ("GDP") witnessed a healthy expansion of 8.7% in 2022, surpassing the 3.1% growth recorded in 2021. The upward trajectory continued through to the first quarter of 2023 with an expansion of 5.6%. However, this momentum waned in the subsequent quarter as our economy grew only 2.9% in second quarter of 2023, as reported by Bank Negara Malaysia ("BNM"). This was the slowest growth observed in almost two years, primarily attributed to a decline in exports.

BUSINESS & FINANCIAL OVERVIEW

For us at MTAG, the year under review was certainly demanding given the factors mentioned earlier. We reported a revenue of RM153.9 million in FY2023 as compared to RM180.2 million a year ago. This was largely due to lower orders from one of the Group's key customers. On a brighter note, we managed to maintain our profit after tax and non-controlling interest ("PATNCI" or "net profit") notwithstanding the arduous environment. FY2023 net profit stood at RM30.1 million, which was in line with the figure achieved by the Group in the prior year.

Similarly, MTAG had also maintained its dividend for the financial year under review. The Board declared and paid a total dividend of 3.0 sen per ordinary share, totalling RM20.4 million. This translated into a dividend payout of 68.0% based on FY2023 net profit, far higher than our dividend policy of distributing 20% of net profit.

Operationally, it was taxing as well with the Group having to manage our production in view of the slowdown in orders. Nevertheless, despite the difficult landscape, we remain steadfast on growing our business both organically and inorganically.

In the financial year under review, we completed the acquisition of a 100%-stake in Super Gold Industrial Sdn. Bhd. ("Super Gold") for a cash consideration of RM1.5 million. Super Gold specialises in label stickers that complement our existing range of labels and stickers. With a broad clientele across various industries, Super Gold focuses on serving customers who do not require a Licensed Manufacturing Warehouse ("LMW"). Therefore, this acquisition allowed us to expand our customer base to include non-LMW customers. Therefore, we see strong synergies arising from this acquisition, which has started contributing positively to MTAG.

FY2023 Revenue

RM**153.9** million

FY2023 Net Profit

RM**30.1** million

FY2023 Dividend Payout

68.0% of Net Profit

MOVING FORWARD

Market uncertainties are anticipated to persist, leading to a global economic slowdown compared to the previous year. The International Monetary Fund ("IMF") projects a more subdued growth rate of 3.0% for the world economy in 2023, as rising interest rates and the ongoing geopolitical conflicts continue to hamper global economic activities. Domestically, MOF foresees a moderation in GDP growth, estimating an expansion of 4.0% to 5.0% in 2023, versus the high-growth base of 8.7% achieved in 2022.

Forging ahead, we are upholding our cautious and prudent approach in light of the demanding business conditions. Our key focal points remain on the execution of our strategic plans and building on the strong fundamentals and foundations of our business. Backed by our solid balance sheet, we will navigate through the headwinds with the aim of emerging stronger and growing from strength to strength, just as we have done in the past. Furthermore, MTAG is also channelling more efforts and resources to expand our customer base and actively exploring potential business opportunities to further scale the business.

CHAIRMAN'S STATEMENT

The Group has acquired a piece of 2-acre land in May 2023 in view of the above as we are readying ourselves to seize any opportunities that arise. We will be constructing a new facility to house our metal converting services at said piece of land, which will free up space at the existing plant to grow our label printing capacity. This new facility is strategically situated within close proximity to our existing plant. With the addition of this new facility, we can enhance our capacity and optimise our operations. The construction of the new facility will be funded by the proceeds from our initial public offering ("IPO") exercise. Nevertheless, we wish to highlight that MTAG will exercise caution when allocating capital due to prevailing market conditions. Simultaneously, considering our healthy financial position, we are well-prepared to swiftly invest in new capacities to capitalise on any promising opportunities that may arise.

On a related note, the Group has also reallocated RM18.0 million from the IPO proceeds of RM33.0 million initially earmarked for land acquisition and construction of a manufacturing plant to factory acquisition and mergers & acquisition ("M&A"). Following the successful acquisition of Super Gold in FY2023, we continue to identify earnings accretive and value-enhancing M&A prospects that align with our strategic initiatives. Besides, there are ample opportunities that we can leverage on stemming from the trade war as well as the steady stream of local and foreign direct investment ("FDI") inflow into Johor, which is expected to boost manufacturing activities across various sectors. In 2022, Johor attracted the most FDI in the country, totalling RM70.6 billion according to the Johor State Government.

Considering the prevailing macroeconomic uncertainties, we maintain a cautiously optimistic outlook. The Group will steadfastly uphold a careful approach while advancing our strategic plans.

APPRECIATION

As I conclude, I would like to express my profound gratitude to our exceptional team at MTAG for their unwavering dedication, hard work and high adaptability. I am immensely proud of all the achievements and efforts made by our team, especially in the face of an increasingly challenging environment.

My heartfelt thanks go to all our stakeholders, encompassing our valued customers, invaluable business partners, trusted bankers and dedicated suppliers, for their invaluable support to the Group. To our esteemed shareholders, thank you for placing your trust and confidence in our leadership and vision. Your consistent support has been instrumental in navigating through these demanding times and empowering us to persistently expand our business.

In closing, I would like to convey my sincere appreciation to my colleagues on the Board for their professionalism and collaborative spirit throughout our work together. The collective wisdom, invaluable counsel and guidance provided have played an indispensable role in navigating through the challenges we encountered. It has been an absolute pleasure to have had the opportunity to work alongside each and every one of you. I have no doubt that our management team, under the leadership of the Board, will overcome the headwinds and emerge stronger than before.

Lee Ting Kiat
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

FY2023 turned out to be a challenging year for MTAG Group Berhad ("MTAG" or the "Group"), characterised by an uncertain economic landscape. Despite the recovery of economic activities following the reopening of the global economy after the Coronavirus disease 2019 ("COVID-19"), supply chain disruptions, inflationary pressures and geopolitical conflicts have caused significant economic disruptions such as spikes in raw material prices, freight charges and labour costs. These macroeconomic obstacles created turbulence for businesses worldwide, including MTAG.

In mitigation, we remained agile and prioritised measures aimed at keeping operations lean and efficient. We streamlined processes and optimised resource allocation to ensure resilience and sustained growth. These efforts were complemented by our lean balance sheet that is at a net cash position, thanks to prudent management. As a result, we managed to deliver another satisfactory set of results for the financial year ended 30 June 2023 ("FY2023").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS & OPERATIONAL REVIEW

As a leading printing and material converting specialist in Malaysia, MTAG prints labels and stickers, as well as undertakes conversion of a variety of materials, including adhesive tapes, papers, mesh, plastics, foams, and metal, to name just a few, into predefined shapes and sizes that cater to customers' specific requirements. We take pride in delivering flexible, innovative and customised solutions to our customers in a timely manner. Our series of custom-designed machinery enables us to offer a wide range of solutions, from simple to complex conversion services; such as printing, laminating, varnishing, slitting, cutting, welding, and die-cutting to meet the specific needs and requirements of our customers.

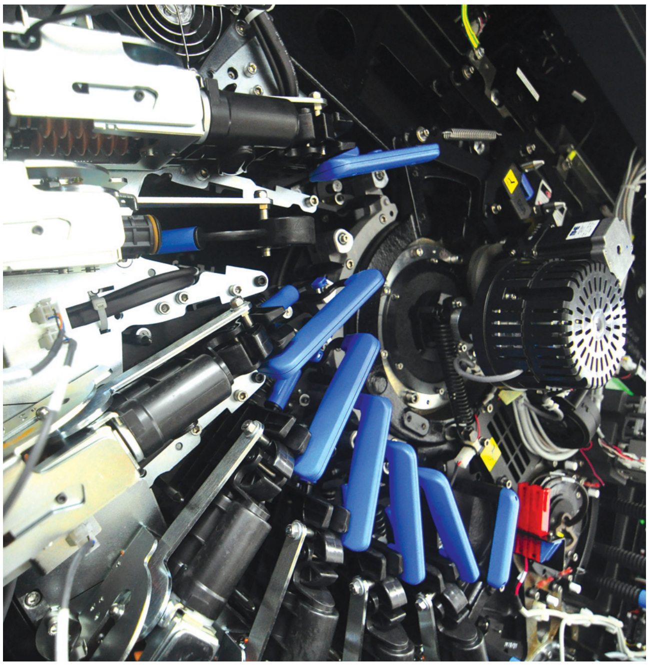
In addition, our Group holds authorised distributorship for two prominent worldwide brands, 3M and Henkel, where we offer a comprehensive range of industrial tapes and adhesive products. At the moment, we cater to over 600 clients spanning across diverse sectors, encompassing electrical and electronics ("E&E"), automotive, precision tooling, construction, and mechanical and engineering industries.

For the financial year under review, we initially started on a strong momentum with production utilisation rate picking up in tandem with the rebound in economic activities post-pandemic. The favourable trend, unfortunately, did not last as we subsequently experienced reduction in orders from one of our key customers. The slowdown situation with this particular customer is expected to persist due to some structural changes within its organisation.

In response, management has taken proactive steps to address the situation, including intensifying efforts to broaden our customer base and industries served, enhancing our service offerings as well as exploring options to venture into new regions in Peninsular Malaysia. These measures are aimed at minimising our reliance on major customers or market segments, while strengthening our earnings delivery across business cycles.

In the meantime, management continued to adopt fiscal discipline and prudence to ensure optimal cost control and sustained profitability in the face of an elevated operating cost environment that included increased raw materials, labour, and utility expenditures. Measures were undertaken to enhance procurement processes, streamline operations, and fine-tune our resource allocation.

On a positive note, our digital press printing machine, which was acquired in FY2022, has been running smoothly and we have secured several new projects that require the use of this machine. Notably, it has also met the stringent requirements set by prospective customers, which augment our chances to clinch jobs in the near future. In the meantime, this capability is being offered to our clientele in the E&E segment, strengthening our commitment to providing comprehensive solutions.



To recap, the digital press printing machine provides improved flexibility in production, customised packaging, and faster time-to-market capability. It can work with different media types such as thicker or thinner layers, heat-sensitive materials, metallised surfaces, stretchable materials, and transparent substrates. Its effectiveness and adaptability reduce project completion times and enhance our cost efficiency.

More importantly, its operations are driven by an innovative machine learning algorithm designed to enhance our efficiency. This expands the range of packaging possibilities, leading to environmental advantages, and strengthening the Group's position as a top specialist in printing and material conversion.

Moving on to the corporate front, I am pleased to share that MTAG has acquired a 100%-stake in Super Gold Industrial Sdn. Bhd ("Super Gold") in October 2022 for a cash consideration of RM1.5 million. Super Gold is principally involved in the manufacturing of labels, stickers and tapes, and related industrial supplies. The company serves customers across a broad spectrum of industries, yielding great synergistic values to MTAG as it enables us to broaden our customer base by penetrating the non-Licensed Manufacturing Warehouse ("LMW") companies, a segment that we did not serve earlier due to our LMW licenses.

SUPER G

SUPER GOLD INDUSTRIAL SDN BHD

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequently in May 2023, the Group also acquired a 2-acre parcel of land that is strategically located close to our existing facilities. We intend to construct a new plant on this land to streamline our operations. Upon completion, we plan to relocate our metal converting services from the existing location to the new plant. This shall free up space in the existing plant to expand our label printing business. The close proximity, meanwhile, allows for enhanced supervision, streamlined logistics, and improved coordination between existing and new facilities.

Latest Utilisation of Proceeds from the Initial Public Offering ("IPO")

Details of Utilisation	Proposed Utilisation (RM million)	Actual Utilisation (RM million) *as of 30 June 2023*	Balance of IPO Proceeds Unutilised (RM million)	Revision of Balance Unutilised (RM million)	First revised Time Frame for Utilisation from 25 August 2022	Revised Time Frame for Utilisation from 25 August 2023
Land acquisition and construction of manufacturing plant	33.0	5.4	27.6	(18.0)	12 months	Within 12 months
Factory acquisition	-	-	-	10.0		Within 12 months
Merger and acquisition	-	-	-	8.0		Within 12 months
Capital expenditure	13.0	7.5	5.5	-	12 months	Within 12 months
Repayment of bank borrowings	10.0	10.0	-	-		
Working capital	12.5	12.5	-	-		
Listing expenses	3.8	3.8	-	-		
Total	**72.3**	**39.2**	**33.0**	**-**		

MTAG raised RM72.3 million back in 2019 through our initial public offering ("IPO") exercise to facilitate our expansion plans. As of 30 June 2023, RM39.2 million of the proceeds has been deployed. Last year in August 2022, the Board of Directors of MTAG (the "Board") resolved to extend the utilisation timeline by a year. This year, the Board opted in August 2023 to further extend the time frame by another year, as well as to vary the utilisation of IPO proceeds.

The Group has reallocated RM10.0 million for factory acquisition and RM8.0 million for merger and acquisition from the remaining unutilised balance of RM27.6 million that was initially earmarked for land acquisition and construction of manufacturing plant. The balance of RM9.6 million will be deployed to construct a new plant on the abovementioned land we recently acquired. Lastly, there is also RM5.5 million to be used for capital expenditure.

The decisions to extend the timeline and reallocate resources were taken after thorough deliberation by the Board, taking into account the current operating environment that necessitates prudent and careful consideration.

FINANCIAL REVIEW

Revenue

In FY2023, we recorded a revenue of RM153.9 million in comparison to RM180.2 million a year ago. This decrease was mainly attributed to reduced orders from key customers.

The Converting segment remained the anchor contributor to the topline, having accounted for 75.2% or RM115.8 million of the Group's total revenue. The balance of 24.8% or RM38.1 million was contributed by our distribution business.

Geographically, the domestic market accounted for 85.4% or RM131.5 million of total revenue in FY2023, with export sales making up the remaining of the turnover.

Profit After Tax and Non-Controlling Interest (“net profit”)

Through acumen, prudence and meticulous cost control measures, we managed to sustain our profitability in FY2023, delivering a net profit of RM30.1 million that equalled that of last year (FY2022: RM30.1 million) despite recording lower revenue.

Our effective tax rate, meanwhile, stood at 24.0% in FY2023 against 24.4% a year ago.

Return On Assets (“ROA”) and Return On Equity (“ROE”)

The Group’s ROA and ROE for FY2023 remained healthy, achieving double-digit figures of 13.1% and 14.1% respectively.

Capital Structure & Capital Resources

As at 30 June 2023, the Group’s total assets stood at RM229.0 million, just marginally lower as compared to RM233.9 million a year ago. It is noteworthy to mention we made good progress with collections in FY2023 which led to trade receivables improving to RM25.0 million from RM53.5 million previously. Our aggregate cash and cash equivalents, fixed deposits and other investments in unit trust amounted to RM144.4 million as at end-FY2023 vis-à-vis RM127.6 million in the prior year.

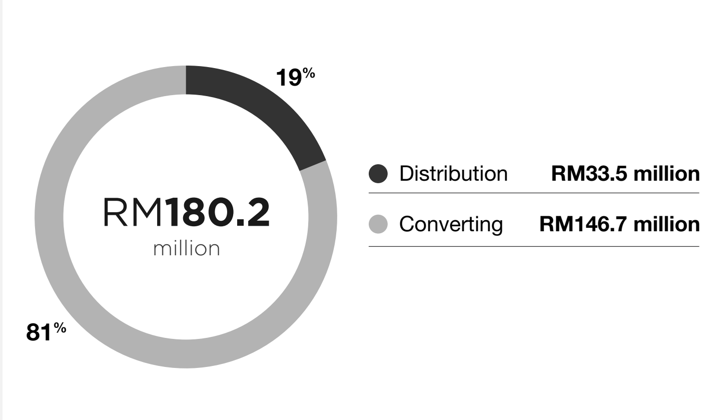
Total equity as at end-FY2023 rose by 5.4% or RM11.0 million to RM213.5 million, versus RM202.5 million achieved in FY2022. The increase is credited to higher retained earnings arising from profit for the financial year less dividend paid out.

On the other hand, our total liabilities were lower at RM15.5 million in contrast to RM31.4 million in the previous year, largely attributed to a decline in trade payables. Our total borrowings were negligible at RM0.1 million (FY2022: nil).

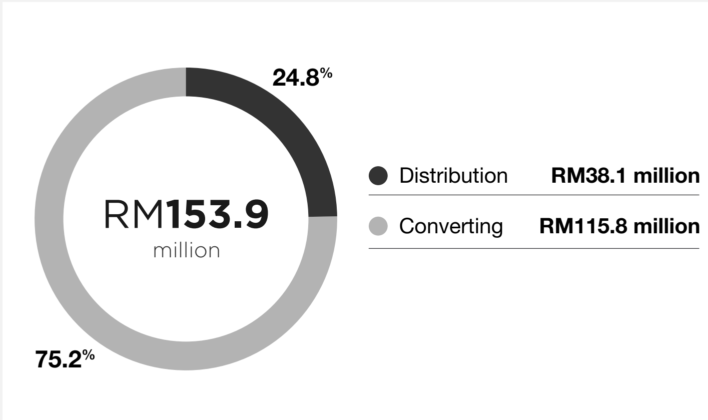
Net Gearing & Net Cash Per Share

We remain in a net cash position with net cash per share of 21.2 sen as at 30 June 2023. MTAG has always been in a net cash position since our listing in 2019.

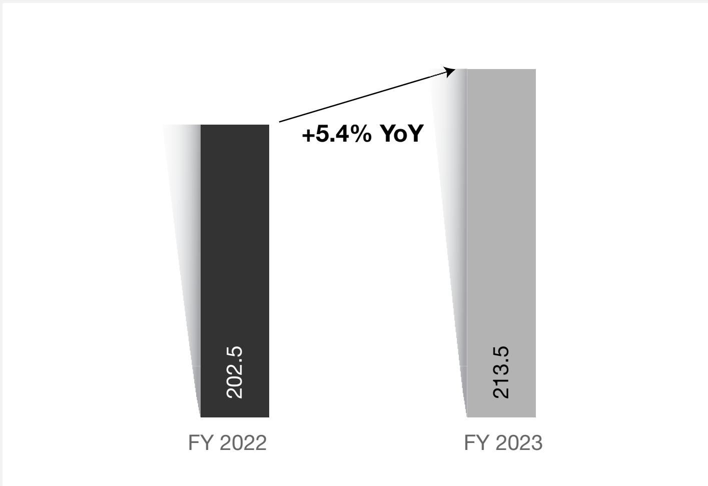
FY2022 REVENUE



FY2023 REVENUE



TOTAL EQUITY (RM million)



MANAGEMENT DISCUSSION AND ANALYSIS

Balance Sheet and Key Ratio Highlights as at 30 June 2023

TOTAL ASSETS
RM229.0 million

NET ASSET
RM0.31 per share

FY2023 RETURN ON ASSETS
13.1%

TOTAL EQUITY
RM213.5 million

NET CASH
21.2sen per share

FY2023 RETURN ON EQUITY
14.1%

Net Operating Cash Flow ("NOCF")

MTAG generated a higher NOCF of RM41.1 million in FY2023 vis-à-vis RM30.0 million a year ago. Similarly, we have consistently produced positive NOCF since going public in 2019.

ANTICIPATED OR KNOWN RISKS

Dependency on Major Customers

MTAG's revenue contribution is contributed by a few major customers. Furthermore, our industry typically does not involve long-term contractual agreements with these clients. As a result, the Group could face potential challenges if we were to lose one or more of these major clients without successfully acquiring new ones to compensate for the loss, or if we encountered difficulties in receiving payments from them.

As part of our ongoing risk management strategy, we have been dedicating increased efforts and resources toward broadening and diversifying our clientele. For instance, the acquisition of Super Gold effectively widened our customer base and opened up a new dimension of opportunities for us to further diversify our clientele. With regards to the ability of payment collection given our dependency on major customers, we have a capable credit control team in place to closely monitor the Group's exposure and track the progress of payment collections.

Fluctuation in Foreign Currency Exchange Rates

We face potential risks related to changes in foreign exchange rates due to our transactions that involve currencies such as the United States Dollar, Singapore Dollar, and Euro. Any unfavourable shifts in these exchange rates might affect our financial performance negatively. To mitigate against undesirable fluctuations in exchange rates, we scrutinise the volatility of foreign exchange rates carefully and shall consider entering into foreign currency hedging contracts when appropriate.

Supply Chain Disruptions

Just like other businesses, we are exposed to the possibility of supply chain disruptions. This could lead to operational disturbances and in turn, adversely affect our financial performance. To address this risk, we maintain effective and efficient communication with our suppliers to actively monitor the possibility of supply interruptions and cautiously manage our inventory level.

Operational Disruptions

As a manufacturer, our success relies on our production facility running smoothly. If there were sudden interruptions or operational disruptions, it would have an adverse impact on our performance. As a strategic mitigation measure, we have acquired insurance policies that offer protection against the potential dangers of fire, burglary, and workplace accidents. However, certain unforeseeable events such as natural disasters, pandemics, riots, and strikes are beyond our control.

MOVING FORWARD

Given the backdrop of heightened global economic uncertainties exacerbated by an elevated cost environment, we anticipate the business landscape to remain highly taxing going into the new fiscal year of FY2024.

At MTAG, we shall remain focused on executing our strategic plans with caution and diligence. For one, efforts are underway to accelerate the growth of our newly acquired Super Gold. This includes expanding Super Gold's production capacity to capitalise on its wide customer base and the growth potential in the non-LMW market. Leveraging our existing experience and established network, we are poised to convert these opportunities into fruition and strengthen our market position in this segment.

Beyond Super Gold, we remain on the lookout for more merger and acquisition opportunities to fast-track our market and customer diversification initiatives. Our targets are companies operating in fields related to our core business and could create strong synergies.

As for our existing businesses, heightened sales and marketing initiatives will persist in order to secure more customers in order to mitigate the aforementioned order slowdown from a key customer.

Separately, we have been stepping up our efforts on the environmental, social, and governance ("ESG") front as well. In FY2023, I am delighted to share that our subsidiary, Toyo Sho Industrial Products Sdn. Bhd., has been awarded the FSC® Forest Stewardship Council® certification. Toyo Sho is FSC Certified (FSC C185693).

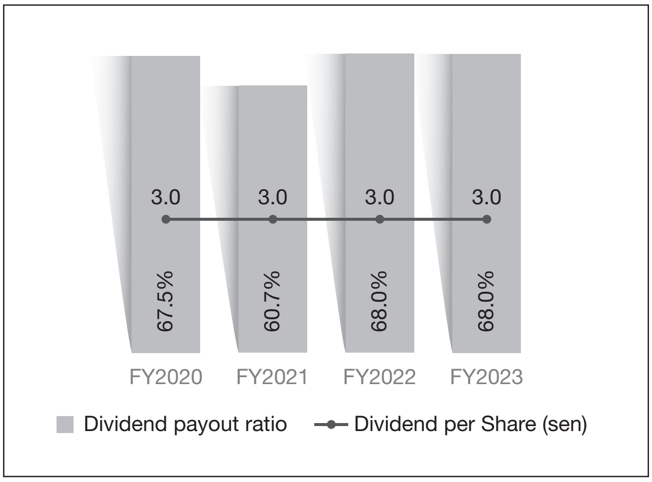
The certification essentially affirms that the products we sell originate from well-managed forests, controlled sources, or reclaimed materials. With this credential, we are able to provide customers with environmentally-friendly solutions for their printing needs. We are certainly proud to be part of this global movement towards environmental sustainability.

Solar Panels at MTAG's Head Office in Tebrau, Johor Bahru

During the financial year under review, MTAG has successfully installed a solar photovoltaic ("PV") system on the roof of our main plant in Tebrau, Johor Bahru that boasts a capacity of approximately 379.9 kilowatt-peak ("kWp"). This PV system powers both our offices and production operations. Through the use of solar energy, we estimate a yearly reduction of about 309.5 metric tonnes in carbon dioxide ("CO2") emissions, demonstrating yet another commitment from us towards sustainability and climate change.

All in all, we opine that MTAG's long-term prospects remain bright. Nevertheless, near-term hurdles such as managing the elevated operating costs and diversifying customer base are challenges that require our resolute focus and decisive actions to address first as we enter FY2024. I am confident with the experienced management team at MTAG, under the guidance and collective wisdom of our Board, we shall weather these headwinds. We are further supported by our lean balance sheet that is in a net cash position, which gives us agility and robust financial buffer to effectively handle any unexpected contingencies.

DIVIDENDS



For FY2023, the Board of Directors declared and paid a total dividend of 3.0 sen per ordinary share, totalling RM20.4 million, representing a 68.0% payout based on FY2023 net profit. This was higher than our dividend policy of distributing 20% of net profit, a consistent trend that we have maintained over the past four years since our listing. The dividend payout track record highlights our dedication to shareholders while maintaining financial prudence.

Chaw Kam Shiang
Group Managing Director

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

MTAG Group Berhad ("MTAG" or "the Group") continues to place a strong emphasis on incorporating sustainable practices across its operations during the financial year ended 30 June 2023 ("FY2023"). This commitment is aimed at creating a resilient organisation that delivers value to our stakeholders; including shareholders, employees, customers, and suppliers. Sustainability is at the core of MTAG's corporate values, guiding our decision-making processes to generate both financial and non-financial benefits for our stakeholders.

As one of the leading integrated labels and stickers printing and materials converting specialists in Malaysia, we acknowledge the effects our operations have on society, and our surroundings. As such, we strive to carry out initiatives that minimise our environmental impact, and create positive social influence, whilst prioritising the well-being of our people. With this in mind, we maintain strong governance practices and uphold the highest standards of integrity throughout the Group.

This Sustainability Statement ("SS2023") outlines MTAG's sustainability efforts and performance in the areas of Economic, Environmental, Social, and Governance ("EESG") for FY2023.

MTAG is committed to effectively manage risks and opportunities in the areas of economic, environment, social, and governance.

Reporting Period

This statement covers the reporting period from 1 July 2022 to 30 June 2023, in line with MTAG's financial year. MTAG discloses its sustainability performance on an annual basis, ensuring transparency and accountability. Data and information from previous years are also included to provide meaningful comparisons for stakeholders.

SUSTAINABILITY STATEMENT

Reporting Scope

Unless otherwise stated, this SS2023 incorporates the sustainability initiatives and progress of MTAG's manufacturing operations and head office located in Tebrau, Johor. This includes information on our subsidiaries, namely Toyo Sho Industrial Products Sdn. Bhd. ("Toyo Sho"), Intag Industrial Supplies Sdn. Bhd. ("Intag Industrial"), Intag Steel Hardware Sdn. Bhd. ("Intag Steel"), MTAG Land Sdn. Bhd. ("MTAG Land"), and Super Gold Industrial Sdn. Bhd. ("Super Gold").

Reporting Framework

This statement was prepared in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") ACE Market Listing Requirements ("Listing Requirements") and the Sustainability Reporting Guide and Toolkits (2nd Edition) ("Sustainability Reporting Guide").

OUR SUSTAINABILITY COMMITMENT

At MTAG, our focus extends beyond financial success. We are committed to yielding sustainable returns for our stakeholders, recognising the significance of EESG factors in driving our business growth. To reinforce our steadfastness in this respect, we have established a Sustainability Policy that acts as a guiding principle for us to achieve our sustainability goals.

Commitment to Sustainability

"At MTAG, we strive to promote health and wellbeing, 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 organisation as well as the local and national communities we operate in."

SUSTAINABILITY GOVERNANCE

MTAG's sustainability governance structure serves as the foundation for EESG efforts across the Group. The collaboration between the Board of Directors (the "Board"), Senior Management team, and Sustainability Working Group ("SWG") enables a comprehensive and coordinated approach to identifying and managing sustainability risks and opportunities within MTAG. Together, they work hand-in-hand to address sustainability-related matters, assuring a holistic and integrated approach throughout the organisation. The roles and responsibilities of each entity are outlined in the diagram below.

MTAG's Sustainability Governance Structure

Board of Directors

- Accountable for defining and setting the Group's sustainability agenda.
- Responsible for setting sustainability goals and strategy.
- Ensures accountability and oversight in identification and management of sustainability matters.

Senior Management

- Managing Director, Executive Director, Chief Financial Officer, Chief Human Resource Officer & General Manager
- Responsible for overseeing, monitoring and implementing sustainability-related initiatives and actions to align with the Group's long-term strategic plans and business processes.

Sustainability Working Group

- Business Unit Head / Planning / Marketing Manager / Supply Chain / Production / Quality / Human Resources Managers of Toyo Sho / Intag Industrial / Intag Steel / Super Gold
- Responsible for executing, monitoring and reporting of sustainability-related initiatives.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT

We recognise the importance of materiality assessment in identifying key sustainability issues that have significance on MTAG and our stakeholders. By evaluating the relevance and bearing of various sustainability matters, we ensure alignment with stakeholder interests. The materiality assessment process follows a structured approach that enables us to effectively understand and address these priority issues, as shown in the following diagram.

Identification

Identify key topics that are relevant to MTAG's business operations.

Assessment

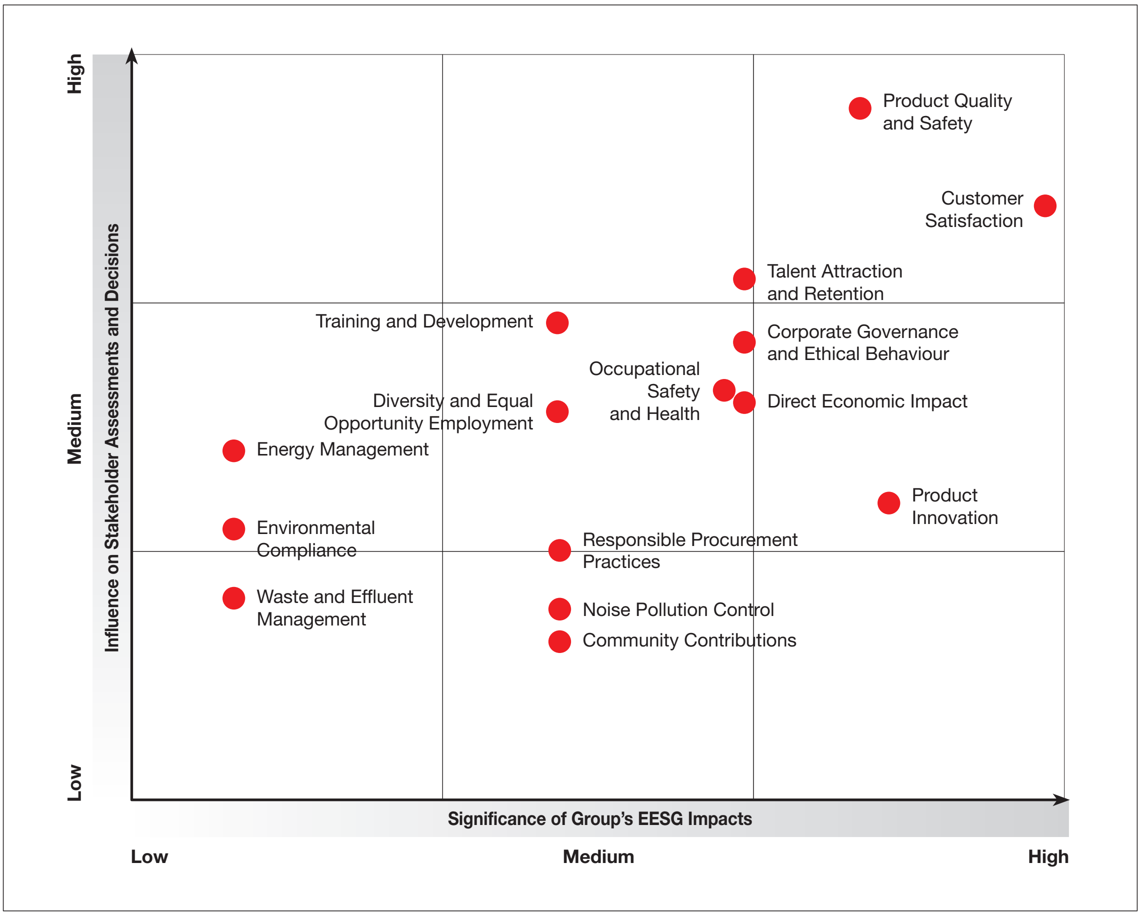
Assess material topics from business and stakeholder perspectives.

Prioritisation

Rank each material topic by prioritising according to the analysis of impact to the business and stakeholders.

For FY2023, the Group's 15 material topics remained relevant in the current operating environment. These material matters are presented in the materiality matrix below.

MTAG'S Materiality Matrix



STAKEHOLDER ENGAGEMENT

MTAG values our stakeholders' input highly in understanding the impact of our business practices. Throughout FY2023, we continued to engage with our stakeholders across various platforms. By understanding their expectations and concerns, we are able to develop strategies that balance our stakeholders' needs with our commercial objectives.

Stakeholder Group	Type of Engagement	Areas of Interest
Shareholders / Investors	• Annual General Meeting • Bursa Malaysia announcements • Meetings and briefings • Corporate website	• 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 • Payment arrangements
Employees	• Daily interactions • Memos and intranet • Annual performance reviews • Trainings and development sessions • Office events	• Fair HR policies and practices • Health and safety • Workplace satisfaction • Professional growth • Key Performance Indicators
Industry Peers	• Conferences • Corporate Website	• Fair and ethical practices
Government / Regulatory Agencies	• Periodic site visits and meetings • Consultation on regulatory matters	• Compliance with regulations
Media	• Regular interactions • Q&A sessions • Feature interviews • Press releases	• Continuous and meaningful communication • Avoidance of bad publicity • Business plans and developments

Key Stakeholders Table

SUSTAINABILITY STATEMENT

ECONOMIC

DIRECT ECONOMIC IMPACT

We understand our actions extend far beyond the Group's operations, as our decisions ripple into an economic impact on our stakeholders. MTAG's financial performance is essential for the sustainability of our business and is the Group's catalyst in driving our EESG agenda. Our earnings enable us to deliver economic value to a wide range of stakeholders, including our shareholders, employees, and suppliers, among others.

MTAG's Economic Value Distribution for FY2023

Employees' Wages and Benefits	Operating Costs	Dividend to Shareholders	Payments to Government Taxes	Contribution to Community
RM**17.2** million	RM**16.3** million	RM**20.4** million	RM**9.5** million	RM**42,000**

In FY2023, MTAG further strengthened the Group with the acquisition of Super Gold Industrial Sdn. Bhd., a company that produces labels, stickers and tapes, and related industrial supplies. This expansion exemplifies our resolute in pursuing avenues that reinforce our market presence, leading to greater value creation for our shareholders.

PRODUCT QUALITY AND SAFETY

Product quality and safety are at the core of everything we do as we continuously strive to innovate cost-effective and customised solutions to our broad clientele. We place a strong emphasis on our customers' satisfaction and have implemented a Quality Policy that reinforces the Group's pledge to quality excellence.

As one of the leading integrated labels and stickers printing and materials converting specialists in Malaysia, our mission is to provide innovative, cost-effective and customised solutions to our diversified clientele base. To secure the highest standards of quality, we have established a robust assurance system governed by the Group's Quality Control Procedures. Our dedicated Quality Control team is responsible for overseeing and supervising the quality of our products during the procurement and operating processes. This involves conducting thorough visual and machine inspections of incoming and finished goods, enabling us to uphold our stringent standards.

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 as well as incorrect positioning of roll sticks and die-cutting 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.

Quality Control Procedures

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.

In our pursuit of excellence, we are committed to refining and enhancing the Group's Quality Management System ("QMS"). A testament to this dedication is in our subsidiary, Toyo Sho, achieving the International Organisation for Standardisation ("ISO") 9001:2015 certification for its manufacturing processes of printed labels, die-cut double-sized tapes and polyester tapes. Through our QMS, we maintain a solid reputation as a trusted and reliable provider of printing and converting services.

For our distribution business, we source industrial tapes and adhesives for renowned brands such as 3M and Henkel. We conduct sample checks on our purchases to guarantee that the products adhere to our stringent quality and safety criteria.

PRODUCT INNOVATION

At MTAG, technology and innovation play a pivotal role in our approach to crafting products that cater to our customers' unique demands. This not only sets us apart in the niche market, but also provides a distinct competitive advantage for MTAG.

With our suite of advanced machinery, we have the capabilities to serve diverse industries, spanning from electrical and electronics to automotive, precision tooling, mechanical engineering, and construction. The Group's advanced and tailor-made machinery enables us to provide flexible converting solutions for various materials such as, inter alia, adhesive tapes, papers, mesh materials, metal, polyethylene plastics, foams and cardboards.

We offer various converting methods to meet our customers' needs, 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. We provide different finishing options for papers to ensure colour sharpness and uniformity.

Meanwhile, our printing capabilities allow us to convert these materials into specified shapes and sizes based on specific requirements. We have also invested in silkscreen and digital press printing, to increase automation and reduce labour dependency.

Beyond production stage, we are also involved in the developmental stage of our customers' new products, providing consultation and support throughout the entire process. We provide guidance in selecting the most suitable materials and converting methods to meet their specific requirements. This holistic approach underlines our resolute to provide tailored solutions that align with our customers' objectives.

CUSTOMER SATISFACTION

Our customers are very important to us. Building strong and trusting relationships with them is essential for the Group's longevity. MTAG strives to meet our customers' expectations through the delivery of consistent quality products and services. As such, we work hard to fulfil their requirements in a timely manner.

To further improve our offerings, we seek feedback from our clientele base to understand, assess, and address their concerns. In this respect, we conduct a Customer Satisfaction Survey periodically to evaluate our performance and gather insights on product quality and services. The observations from the survey enable us to refine our approach in order to enhance our customers' experience.

In FY2023, we received a total of three customer feedbacks regarding the quality of products. This represents an improvement from the previous year, where we received input from seven customers.

Following the customers' responses, our team analysed these inputs to identify areas for improvement and rectified the issues promptly. This feedback loop guides our actions to improve our products in alignment with our customers' needs. Subsequently, we will reach out to the customers and conduct a follow-up survey to gauge their level of satisfaction.

Through consistent and continual communication, we stand dedicated to nurturing these relationships and enriching our valued customers' experience.

SUSTAINABILITY STATEMENT

RESPONSIBLE PROCUREMENT PRACTICES

We recognise that our procurement decisions carry an impact not only on the Group, but also on the environment, society, and stakeholders. With this understanding, we seek to build a sustainable supply chain and work with suppliers who are aligned with our corporate ethos. The Group's vendor selection procedure adheres to a stringent framework, encompassing multiple dimensions such as track record, market reputation, product and service quality, as well as supply and pricing, among others. Following this process, a majority of our key suppliers are determined and approved by our customers.

This meticulous selection approach has fostered enduring relationships with our supplier base. Our collaborative efforts allow us to fortify the Group against potential business interruptions or risks. Moving forward, we will further enhance our procurement practices to optimise our supply chain.

In parallel, our commitment to local procurement remains steadfast. Whenever feasible, we prioritise local sourcing. This not only saves costs, but also supports local economies and yields a faster turnaround time.

In FY2023, 88% of our suppliers are domestic vendors.

CORPORATE GOVERNANCE AND ETHICAL BEHAVIOUR

Upholding high standards of corporate governance is of importance at MTAG to preserve the interests of our stakeholders and achieve long-term growth. At all times, we conduct our business ethically while abiding by the relevant laws and regulatory requirements of where we operate.

MTAG's corporate governance framework is instilled within the Group through the formalisation of policies, standard processes, training, and communication with our people. We have enacted policies such as, among others, the Code of Conduct & Ethics, Whistleblowing Policy, and Anti-Corruption & Anti-Bribery ("ACAB") Policy, to govern the actions of MTAG's Directors, Management, and employees. These policies are reviewed and updated from time to time to ensure relevance with the current operating backdrop. Where possible, we make reference to the recommendations of the Malaysian Code on Corporate Governance ("MCCG") 2021.

Code of Conduct & Ethics

The Code of Conduct & Ethics has been developed to guide and support MTAG's business operations and governance policies. It outlines the expected behaviours, values, principles, and practices in conducting business and in the workplace. These comprise matters in relation to conflicts of interest, confidentiality, asset protection, and anti-money laundering measures, to name a few.

Whistleblowing Policy

The Group's Whistleblowing Policy underscores our dedication to fostering a culture where concerns and irregularities can be reported without fear of reprisal, victimisation, harassment, or intimidation. The mechanism serves as a confidential platform for employees and external parties to bring forth any instances of suspected misconduct or unethical behaviours they might encounter. All whistleblowing reports are directed to the Audit Committee Chairman. The reports will be reviewed and evaluated to decide the next course of action.

Anti-Corruption & Anti-Bribery Policy

We endeavour to provide a conducive working environment that is free from all types of corruption and bribery. This is embodied in the Group's ACAB Policy, setting out the guidelines for employees to deal with matters relating to corruption. At MTAG, our employees are required to comply with all anti-bribery and anti-corruption legislations.

Whistleblowing Policy	Anti-Corruption & Anti-Bribery Policy	Remuneration Policy & Procedure for Directors & Keyman	Code of Corporate Conduct & Ethics
Diversity Policy	Corporate Disclosures Policy & Procedures	Directors' Fit & Proper Policy	

Key Policies at MTAG

Since its establishment, MTAG has maintained a solid track record with zero (0) reported cases of policy breaches or corruption.

INVESTOR RELATIONS

MTAG is committed to practising transparent, timely, and high-quality communication with our stakeholders. Our investor relations function is vital in communicating the Group's key information and updates to shareholders. In FY2023, we maintained prompt reporting of our quarterly financial results, as well as any major corporate developments, thus ensuring transparency and timely disclosure.

Release of MTAG's Quarterly Financial Results

Quarterly Results	Date of Issue/Release	Bursa Securities Deadline for the Issue/Release
FY2023		
1st Quarter	23 November 2022	30 November 2022
2nd Quarter	23 February 2023	28 February 2023
3rd Quarter	25 May 2023	31 May 2023
4th Quarter	24 August 2023	31 August 2023

MTAG's Fifth (5th) Virtual AGM

MTAG continues to leverage technology to host the Group's Annual General Meeting ("AGM"). On 23 November 2022, MTAG's 5th AGM was conducted entirely on a fully virtual basis through live streaming using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") via its TIIH website at https://tiih.online.

Serving as the principal forum for shareholder dialogue, the AGM provides an opportunity for shareholders to gain valuable insights into the Group's performance and outlook. To facilitate effective engagement between the Board, Management, and shareholders, registered attendees were able to submit questions remotely using the RPV facilities, which were addressed by the Chairman and Senior Management during the AGM.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

ENVIRONMENTAL COMPLIANCE

We recognise that our activities have a direct influence on the environment. As such, adhering to environmental laws and standards is a non-negotiable aspect of our operations. As part of our sustainability pledge, we continuously monitor our processes to guarantee compliance with applicable regulations.

An Environmental Policy has been enforced at MTAG to ensure that environmental considerations are embedded in our decision-making processes. It outlines our dedication to minimise our ecological footprint, and promote sustainable practices across the Group, among others.

ENVIRONMENTAL POLICY

- 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.

To reinforce our resolve in this respect, we have implemented a robust Environmental Management System ("EMS"), certified with the internationally recognised standard ISO 14001:2015. This system helps us continuously improve our environmental management methods and EESG performance.

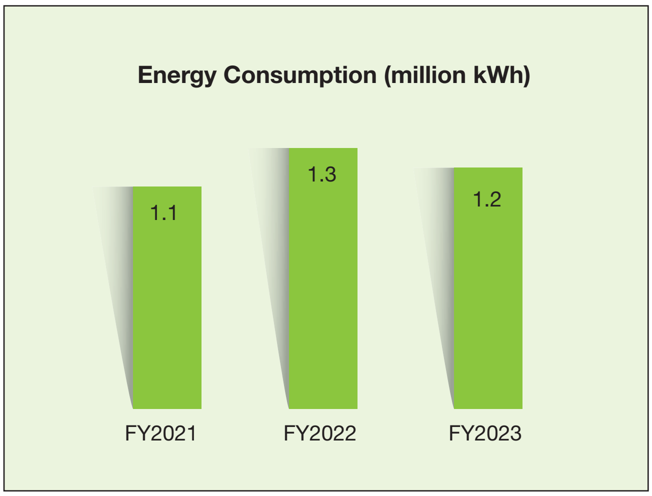
Since its inception, MTAG has maintained a clean record with zero (0) reported cases of major incidences resulting in fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

CLIMATE CHANGE & ENERGY MANAGEMENT

Climate change is one of the most pertinent issues in the world today. Addressing this challenge requires a collective global action to instigate meaningful change for a sustainable future. At MTAG, we support Malaysia's efforts towards a low-carbon economy by instituting effective energy management practices. Through these measures, we target to optimise the Group's energy efficiency and lower our carbon emissions.

As part of our initiatives, we monitor the Group's energy consumption using an Energy Measuring Meter. This allows us to gauge energy usage patterns and identify potential areas for improvement that may lead to energy conservation, as well as cost savings. The majority of MTAG's energy usage is in the form of electricity, sourced from the national power grid.

Solar PV system at MTAG



Renewable Energy

We are also exploring the use of renewable energy sources to reduce our carbon footprint. In FY2023, we installed a solar photovoltaic ("PV") system on the rooftop of MTAG's main plant in Tebrau, Johor Bahru. With a capacity of approximately 379.9 kilowatt-peak ("kWp"), this system powers both MTAG's office and production operations. By utilising solar energy, we expect to offset 309.5 tonnes of carbon dioxide ("CO2") per year. This significant step demonstrates our proactive stance on climate change.

Apart from that, we have set targets for annual energy utilisation, and conduct timely scheduled maintenance of our equipment and machinery to minimise inefficiencies in energy usage.

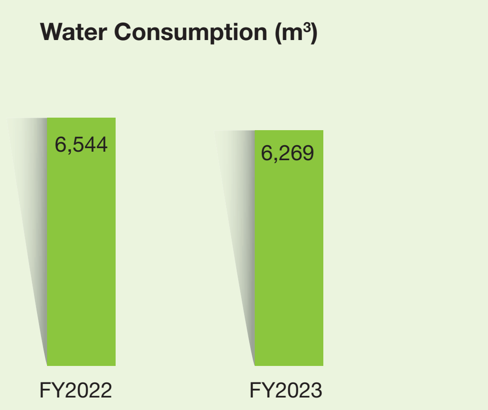
As a result of our ongoing efforts, the Group's energy consumption decreased marginally to 1.2 million kilowatt-hours ("kWh"), from 1.3 million kWh in FY2022, despite increased production activities.

Looking ahead, we target to further improve our performance in this area by tracking our greenhouse gas ("GHG") emissions, and managing our energy usage more efficiently.

WATER CONSUMPTION

MTAG utilises water for our production processes, as well as for general purposes. Due to the nature of our operations, we have relatively low water consumption in our direct operations, as compared to heavier manufacturing industries. Nonetheless, we strive to use water economically and raise awareness among our workforce regarding the responsible usage of this finite resource.

In FY2023, MTAG utilised 6,269 m³ of water, representing a reduction from 6,544 m³ in FY2022.



WASTE AND EFFLUENTS MANAGEMENT

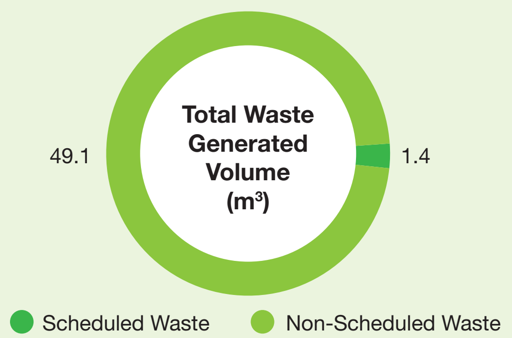
In addition to mitigating climate change, we are also placing emphasis on sustainable waste management practices. Proper waste management plays a key role in mitigating climate change by reducing GHG emissions.

MTAG's waste disposal process adheres to the Group's Environmental Policy and follows standard operating procedures ("SOP") in compliance with national waste and effluents management standards. We practise careful treatment of waste materials to prevent mishandling and ensure ongoing adherence to relevant environmental guidelines, including the Environmental Quality Act ("EQA") 1974.

We produce various types of by-products, including scheduled and non-scheduled wastes. For our non-scheduled wastes, such as paper cartons, kraft paper, and plastics, we engage waste collectors that are authorised by the Department of Environment ("DOE") for recycling, with approval from the Malaysia Custom Industries Department. Meanwhile, other non-scheduled wastes including adhesive papers and tapes, are disposed of at an allocated waste disposal area prior to being collected and sent to authorised landfills by waste collectors.

As for our scheduled wastes, we follow the SOP to ensure proper handling in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 of the EQA 1974. These include contaminated containers, rags, papers and gloves, which are separated from the non-scheduled wastes before collection by a DOE-authorised licensed waste contractor. The entire process is supervised by a Certified Environmental Professional in Scheduled Waste Management ("CePSWaM") registered under the DOE.

In FY2023, the volume of scheduled and non-scheduled waste generated are as follows:



Since our establishment, MTAG has complied with all applicable regulations and procedures regarding waste management.

SUSTAINABILITY STATEMENT

NOISE POLLUTION CONTROL

Noise generated from our operations is an inherent aspect of our processes. To address this, we have put in place internal controls meant to minimise its effect on our workforce and the surrounding environment. Our approach to noise reduction includes several measures as below:

Voluntary Assessments

MTAG's operating sites are subject to voluntary periodic assessment, enabling us to spot sources of excessive noise and employ mitigation measures.

Equipment Specifications

We prioritise the use of equipment with noise-reducing features, whenever possible. This allows us to minimise noise emissions at the source.

Worker Protection

We equip our workers with appropriate hearing protection, promoting their safety and comfort in noise-prone areas. Regular hearing tests are also conducted for machine operators to monitor their auditory health.

External Assessments

Periodic assessments on noise levels by an environmental consultant approved by the Department of Occupational Safety & Health ("DOSH") validate the Group's noise control measures. In FY2023, two of MTAG's operating sites, namely Toyo Sho and Intag Steel, underwent the assessment and achieved 100% compliance.

FSC® FOREST STEWARDSHIP COUNCIL® CHAIN-OF-CUSTODY CERTIFICATION

MTAG's success is built upon the enduring trust that our customers place in the quality of our products and the value we bring to end-users. This confidence fuels our commitment to delivering products of the highest standards, including ensuring our operations align with sustainable sourcing and environmental stewardship.

In FY2023, MTAG was awarded the FSC® Forest Stewardship Council® Chain-of-Custody ("COC") certification for its subsidiary, Toyo Sho. The licence code is FSC C185693. This is a testament to our firm stance on EESG that extends beyond mere compliance.

In securing this certification, Toyo Sho underwent a comprehensive audit process and compliance training programme from November 2022 to February 2023, following the guidelines set forth in the core standard of the FSC® Forest Stewardship Council® COC certification. This recognised framework guarantees responsible procurement of forest products and upholds ethical practices across the supply chain.

With the FSC® Forest Stewardship Council® COC certification, MTAG is now equipped to provide customers with environmentally-friendly printing solutions. This assures that Toyo Sho's products with an FSC® Forest Stewardship Council® COC certification claim originate from well-managed forests, controlled sources, or reclaimed materials. MTAG takes pride in our role within the global efforts to advance environmental sustainability.

SOCIAL

In MTAG's quest for growth, we understand that our success is intertwined with the well-being of our employees, and the world around us. Our Social pillar highlights these core values, driving our collective efforts for meaningful results. These include maintaining a safe and conducive workplace, and engaging in activities that enrich the broader society.

TALENT ATTRACTION AND RETENTION

MTAG's achievements are driven by our dedicated employees and their valuable contributions. We focus on building a team of talents who bring their unique skills, passion, and talents to our organisation. They are crucial in propelling MTAG forward and ensuring our products and services meet our customers' expectations. Our goal is to create an environment where our employees can grow and unleash their full potential. With this in mind, we invest in attracting, training, and retaining competent people who not only fit our culture but also share our steadfastness in delivering exceptional results.

MTAG employs a strategic approach to attract talents. We utilise various channels such as utilising the Group's corporate website, online job portals, and social media to reach a larger pool of applicants. Recommendations from our employees are also considered when identifying potential matches. The Group's recruitment process is transparent and evaluates candidates based on merit, qualifications, and job experience.

We endeavour to cultivate a nurturing and motivational work culture that values and rewards hard work. Our way of recognising this includes providing fair remuneration and benefits packages to our people. The Group's compensation structure is devised to align with industry standards, and is reviewed periodically to make sure they remain competitive.

Some of the benefits we offer entail the payment of bonuses twice a year based on performance, in addition to non-monetary benefits such as annual leave, sick leave, maternity leave, group personal accident coverage for foreign workers, and phone allowances for selected employees.

Furthermore, we also organise employee engagement activities to foster a sense of camaraderie, and show appreciation to our dedicated employees. In FY2023, MTAG organised a commemorative dinner to celebrate the collective achievements of our workforce, and the Group.

TRAINING AND DEVELOPMENT

MTAG recognises that continuous learning is essential for both our employees' growth and the Group's success. Our dedication to employee development is reflected in the Group's training programmes that enhance the capabilities of our workforce. These include workshops, seminars, and on-the-job training prospects that equip employees with the knowledge and skills to excel in their roles.

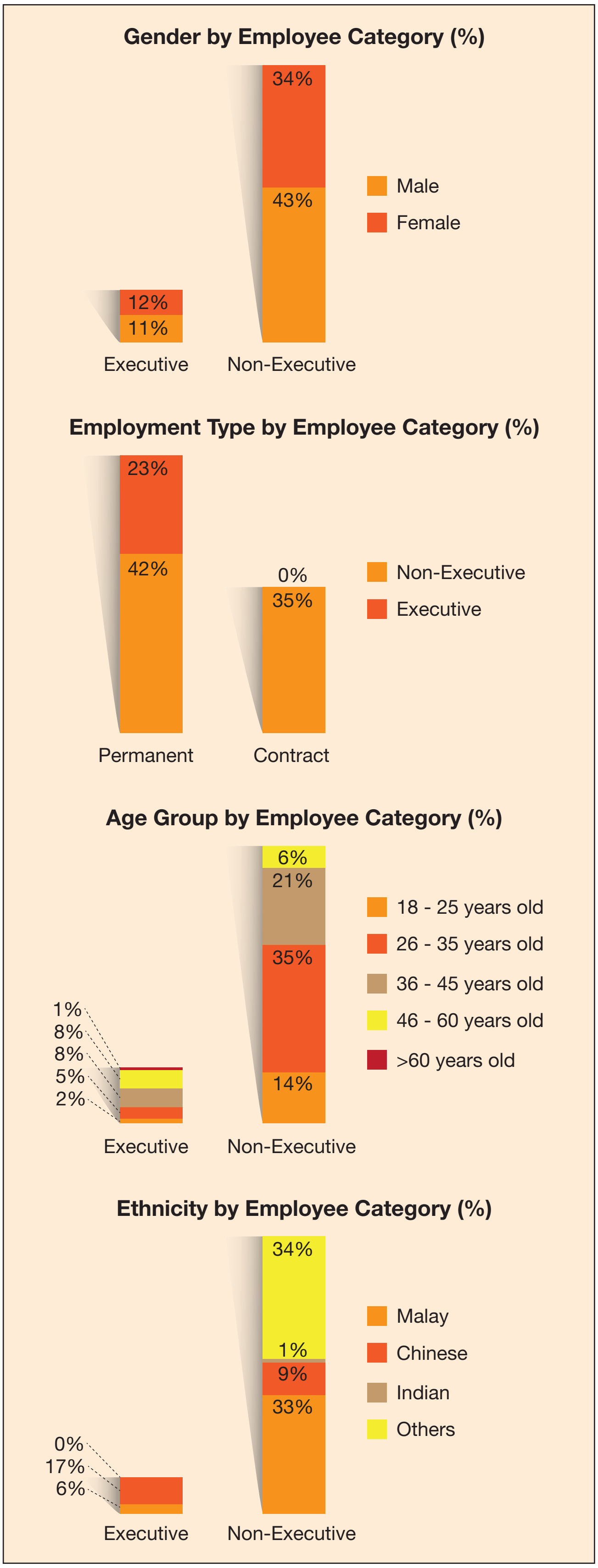
Our training initiatives are tailored to meet the evolving demands of our field. The workforce's training needs are assessed during the yearly performance reviews, where we pinpoint the specific areas where skill development is required.

In FY2023, we continued to provide internal and external employee training sessions, covering a wide range of technical and safety topics including, among others:

- Business Valuation for Financial Reporting
- Tax Seminar on Budget 2023
- Advanced FSC® COC System
- Strategic Planning Theories, Tools and Practice for Business
- Marginal Costing Application for Decision Making
- Certified Environmental Professional in Scheduled Waste Management ("CePSWaM")
- Licensed Manufacturing Warehouse ("LMW") Seminar
- Hands-on Program On New Amendments Of Employment Act Virtual Conference
- Transfer Pricing Webinar
- Microsoft Excel - Intermediate Level
- CePSWaM Field Training Report Preparation Workshop
- Essential Skills for Accounts Executive

Additionally, we encourage employees to pursue new roles that align with their strengths and interests. This approach seeks to maximise their performance for the benefit of both the employees and the Group.

SUSTAINABILITY STATEMENT



MTAG's Workforce Profile

DIVERSITY AND EQUAL EMPLOYMENT OPPORTUNITY

We value the benefits of a diverse workforce and are dedicated to creating an inclusive and supportive work environment that is free from discrimination. We believe that a diverse team brings a wealth of skills and perspectives that can contribute to growth and innovation. In such manner, we aim to create a work culture that harnesses the unique qualities of each employee.

Our pledge to fostering diversity goes hand-in-hand with our commitment to providing equal employment opportunities for all. MTAG employs and treats every individual with respect, disregarding age, gender, religion, race or nationality, among others. This is embodied in the Group's Diversity Policy which outlines our stance on promoting diversity across the Group.

As at 30 June 2023, MTAG's workforce is made up of 189 employees, of which 46% are women, while the remaining 54% are men. We also have a young talent pool, with 57% of our employees below the age of 35. This secures our talent pipeline for MTAG's leadership continuity.

FAIR EMPLOYMENT PRACTICES

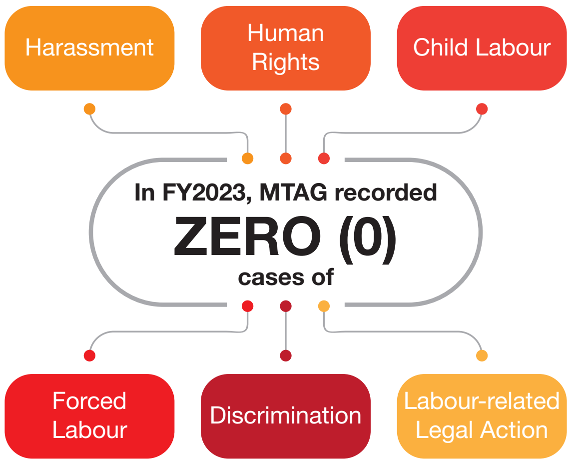
Human rights are fundamental rights and freedoms that belong to every individual, regardless of their nationality, race, religion, gender or social status. At our organisation, we hold the principles of fairness and respect at the core of our employment practices. This pledge extends throughout our operations, as well as our value chain.

We have a zero-tolerance approach towards discrimination or any form of unfair treatment within our organisation. The Group's policies and practices are designed to uphold these values as we strive to protect the rights and interests of our employees.

We comply with all relevant labour laws and regulations, including the Employment (Amendment) Act 2022, which prohibits exploitative labour practices and sets the minimum wage level for workers, in line with international labour standards.

- ADHERENCE TO MINIMUM WAGE
- FAIR DISCIPLINARY PRACTICES
- NO FORCED LABOUR
- PROHIBITION OF HARASSMENT
- PREVENTION OF CHILD LABOUR

In FY2023, MTAG had zero non-compliance cases applicable labour standards, laws, and regulations, and recorded zero reported discrimination and human rights violation cases.



OCCUPATIONAL SAFETY AND HEALTH

Employee safety is a groupwide priority at MTAG. It is crucial not only to the well-being of our people, but also to our reputation as a responsible employer. Stringent internal controls are implemented at our facilities to prevent risks of work-related injuries. Our goal is to achieve an injury-free workplace.

The Group's compliance with relevant safety laws and regulations, including the Occupational Safety and Health Act 1994, is secured through our Occupational Safety and Health ("OSH") Policy. This framework outlines our responsibilities, and our commitment to continual safety enhancement. The OSH policy is reviewed periodically, and applies to all employees, contractors, visitors, customers, as well as other stakeholders involved in our operations.

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.

Guided by our OSH Policy, the OSH Committee is vested with the responsibility to oversee safety and health matters at MTAG. They are key in making sure safety protocols are established and enforced. The committee, comprising cross-functional representatives from various departments, collaborates to identify potential hazards, and develop preventive measures, with the aim of cultivating safety culture across the organisation.

Concurrently, we have established an Emergency Response Team ("ERT") to manage potential emergencies with competence. Consisting of members from different divisions, the team is divided into four section teams, each trained to handle specific hazards during urgent situations, including Chemical, Fire Fighting, Fire Wardens and First Aid Rescue.

First Aid Team Training

SUSTAINABILITY STATEMENT

Our assurance of protecting our workers' safety extends to providing OSH-related training and resources for our employees, allowing them to carry out their duties securely. In FY2023, these programmes include, but are not limited to the following:

- Forklift Operator Safety
- Evacuation and Fire Drill
- First Aid, Cardiopulmonary Resuscitation ("CPR") & Automated External Defibrillator ("AED")

In FY2023, as the nation transitions into the endemic phase of COVID-19, we continued to maintain robust safety measures to ensure a safe working environment that facilitates uninterrupted operations and business continuity.

We are proud to state that MTAG has once again achieved zero lost-time injury and fatality for a third consecutive year in FY2023.

CORPORATE SOCIAL RESPONSIBILITY PROGRAMMES & COMMUNITY CONTRIBUTIONS

We strongly believe that the concept of creating shared value is pivotal to the Group's sustainability. As a responsible corporate citizen, we recognise MTAG's role in contributing to the local community's socio-economic growth through job creation, and corporate social responsibility ("CSR") programmes.

A significant testament is that 65% of the Group's workforce comprises locals, as at FY2023. At the same time, the Group continued building on our work from the previous year through consistent engagement with local stakeholders and investment in environmental initiatives at our premises. During the year, we invested approximately RM42,000 in community engagement activities.

MTAG Annual Dinner 2022

On 17 December 2022, MTAG hosted its Annual Dinner 2022. The event was an inclusive gathering where all of MTAG's employees and their families were invited to partake. The occasion was filled with engaging activities such as musical chairs, treasure hunts, and a lucky draw, creating an atmosphere of camaraderie. In the spirit of giving and appreciation, red packets were also distributed, ensuring that everyone had something to take home from the event. Beyond the festivities, the annual dinner underscored our dedication to the welfare of our employees and their families, in addition to creating a positive and supporting environment among our people.

MTAG Group Annual Dinner 2022

SUSTAINABILITY STATEMENT

Solar Panel System at MTAG

In our bid to reduce our carbon footprint, the Group took a step towards greener operations by investing in a solar PV system with a capacity of 379.9 kWp. The solar panels are installed on the rooftop of our main manufacturing plant in Johor. This initiative allows us to offset 309.5 tonnes of CO2 per year, which is equivalent to:

- 1.3 million kilometres of car travel taken off the road for one year;
- Approximately 13,000 trees absorbing CO2 over the course of one year: and
- Powering over 4,000 lightbulbs for one year

This measure highlights MTAG's dedication to embracing a sustainable future in line with the global movement towards net-zero emissions.

Solar panels at MTAG

FSC® Forest Stewardship Council® Chain of Custody Certification

MTAG reached a significant milestone in FY2023 as our subsidiary, Toyo Sho, was awarded the FSC® Forest Stewardship Council® COC certification. The licence code is FSC C185693. This standard provides a recognised framework for ensuring responsible sourcing of forest products, and ethical practices throughout the supply chain. With this certification, we are able to offer environmentally-conscious printing solutions to our valued customers.

FSC® Forest Stewardship Council® Chain of Custody Certification

Sponsorship of Medical Equipment to Hospital Sultanah Aminah Johor Bahru

In collaboration with Yayasan Kebajikan Suria, we extended our support to the Department of Paediatrics at Hospital Sultanah Aminah Johor Bahru with a full sponsorship of a portable video laryngoscope valued at RM39,000.

This medical equipment is equipped with a high-resolution camera, enabling medical professionals to conduct more accurate assessments and procedures on children and adolescent patients.

Sponsorship of video laryngoscope to Hospital Sultanah Aminah

Children's Outing to Rock Climbing Activity at Paradigm Mall JB

In FY2023, MTAG organised a charity outing to bring 16 children from Pertubuhan Kebajikan Cheng En Johor Bahru for a rock-climbing activity at Paradigm Mall Johor Bahru. This initiative is aimed at contributing to the holistic development of the participating children, teaching the significance of teamwork and individual resilience, while fostering a sense of togetherness and adventure. The day concluded with a delightful lunch to promote social bonding among the children.

Rock-climbing activity for children from Pertubuhan Kebajikan Cheng En Johor Bahru

To watch a video of the outing, please scan the QR Code.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of MTAG Group Berhad ("MTAG" or "the Group") remains fully committed to promoting greater internalisation of corporate governance practices and transparency across the Group, with the aim of enhancing the long-term value of the Group and maintaining shareholders' confidence.

This Corporate Governance Overview Statement ("CG Overview Statement") provides shareholders with an overview of the Board's commitment towards a high standard of corporate governance practices and ethical business conducts for the financial year ended 30 June 2023 ("FY2023"), in line with the principles and best practices set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), 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 FY2023 Corporate Governance Report of the Group ("CG Report") which is available on the Group's website at www.mtaggroup.com.

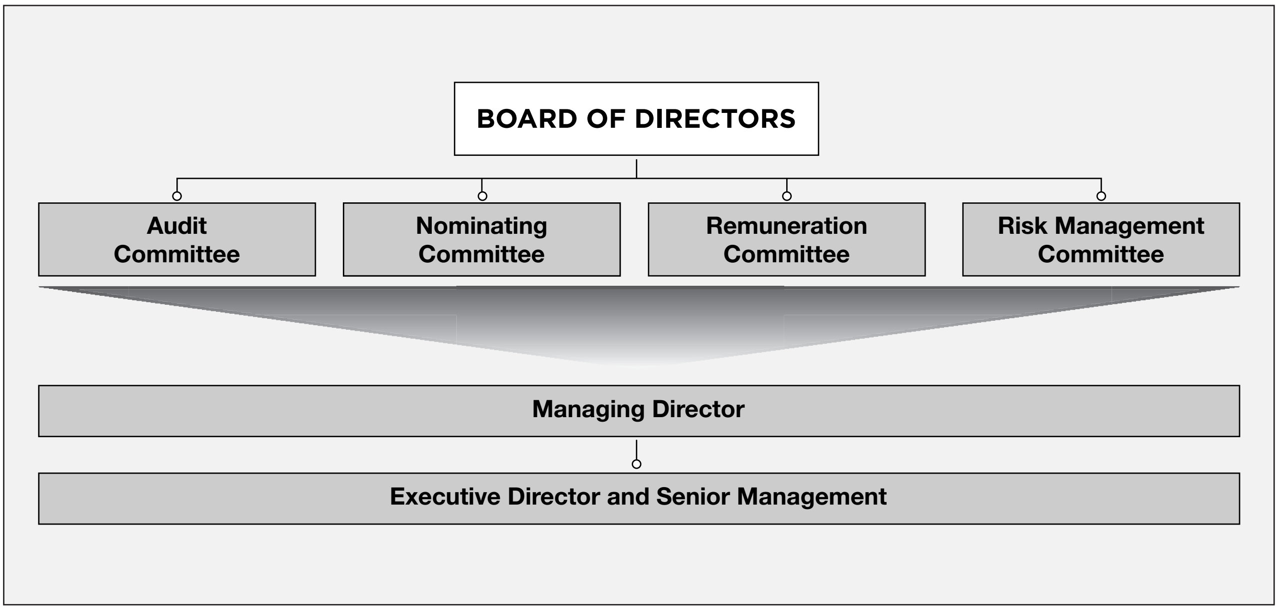
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for governing, guiding and overseeing the overall management, performance and strategic direction of the Group, retaining full and effective control of the Group. As the steward of the Group, the Board is entrusted to discharge its fiduciary duties, provide vigilant leadership, as well as uphold good governance and ethical practices in order to safeguard stakeholders' interests and enhance long-term shareholders' value.

The Board's duties, among others, include overseeing the proper conduct of business, risk management and internal control, succession planning, management performance, stakeholders' communication, and corporate reporting.

In order to assist in the oversight function, the Board has delegated specific duties to four (4) subcommittees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). The Board is regularly updated on the proceedings and deliberations of the Board Committees and recommendations would be highlighted and reported to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board.



Board Charter

The Board is guided by the Board Charter which outlines the Board's composition, 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 is reviewed annually to maintain its consistency with the Board's strategic intent and updates in the corporate laws and regulations that may arise from time to time. 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:

- To provide leadership and to oversee overall conduct of the Group's businesses;
- To review and adopt strategic initiatives, as well as to ensure that these initiatives and the risk, performance, and sustainability are effectively integrated and appropriately balanced;
- To review and adopt corporate governance best practices in the areas of risk management, legal and compliance management, and internal control systems;
- To ensure the effectiveness of Board committees as required by the applicable laws and recommended by the MCCG 2021;
- To review and approve Annual Business Plans, Financial Statements, and Annual Reports;
- To monitor the relationship between the Board and the Management, shareholders, and stakeholders;
- To enhance the Group's Investor Relations programme and shareholders communication;
- To appoint the Board committees and delegate powers, as well as to review the composition, performance, and effectiveness of the committees with its reports and recommendations;
- To monitor the Group's sustainability strategies and ensure that its performance is communicated to stakeholders; and
- To ensure the Group's 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 are 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. It is reviewed annually to ensure its relevance with applicable laws and regulations.

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 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 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 upholding values and the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 whistleblower can provide details on the suspected misconduct or breach of law by filling up the Whistleblowing Policy Report Form, which can be downloaded from the Group's website.

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

The four (4) Board Committees, namely, the Audit Committee, the Nominating Committee, the Remuneration Committee, and the Risk Management Committee operate 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 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.

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 services
Nominating Committee	• Nominates new Directors • Evaluates the effectiveness of the Board and Board Committees • Ensures appropriate framework and succession planning for the Board
Remuneration Committee	• Establishes policy and framework for the 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 for 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 Managing Director

In order to ensure continual effective supervision and accountability of the Board and Management, there is a clear 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 of power and authority in the Board. The Board is led by an Independent Non-Executive Chairman, who acts independently in the best interest of the Group and is accountable for the stewardship and smooth functioning of the Board as well as 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. The MD is accountable to the Board for the achievement of the MTAG's goals and objectives, as well as the observance of management's limits of authority.

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 the professional body, the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). They have the requisite credentials and are qualified to act as company secretary under Section 235 of the Companies Act 2016.

The Company Secretaries are present for all Board and Board Committee meetings and act as an advisory role to the Board, particularly in regard to the Group's Constitution, Board policies and procedures, as well as compliance with regulatory requirements, codes, guidance, and legislations.

The Company Secretaries also serve as the main point of contact for stakeholders and matters relating to corporate governance. The Board is updated by the Company Secretaries on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

Board Meetings and Access to Information

The Board members have direct and unrestricted access to all of the Group's relevant information and the Key Senior 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 or Board Committee 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.

Meeting papers deemed urgent may still be submitted to the Company Secretaries to be tabled to the Board and/or Board Committees at the respective meetings.

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.

In FY2023, a total of six (6) Board meetings were conducted, with full attendance from the Directors. Two (2) of the six (6) Board meetings were conducted in a physical manner, while four (4) meetings conducted was hybrid, with online remote participation.

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.

Non-Executive Directors Meeting

During the year, one (1) Non-Executive Directors ("NED") meeting was held and attended by all three (3) of the Group's NEDs, without the presence of Management. Topics discussed include strategic, governance, and operational matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. Board Composition

Throughout FY2023, the Board composition complies with Rule 15.02 of the Listing Requirements, whereby at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors, as well as Practice 5.2 of MCCG 2021, which stipulates that at least 50% of the Board comprises Independent Directors.

As at 30 June 2023, the Board comprises 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

As stipulated in the Board Charter, the Board shall consist of qualified individuals with diverse experience, backgrounds, and perspectives. The Board believes its present composition constitutes an optimal size for MTAG's business profile and facilitates the making of informed and critical decisions; reflecting a balanced mix of qualified, skilled, and experienced professionals from the fields of legal and accounting, among others. The Directors have diverse backgrounds equipped with industry-specific knowledge and experience. The Board's spectrum of skills and experience provides 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 specialisations, collectively bring with them the required expertise and experience to discharge the Board's duties and responsibilities effectively. As such, the Group is led and guided by a skilled and capable Board.

The profile of each Director is presented under Directors' Profile on pages 9 to 11 of this FY2023 Annual Report.

All the INEDs have exercised their independent judgement, where issues were fully discussed and examined after taking into account the long-term interest of shareholders as well as other stakeholders; such as the employees, customers, and business associates.

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, as well as providing effective check and balance in the functioning of the Board to safeguard the interests of all stakeholders.

Tenure of Independent Directors

Under the MCCG 2021, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director upon the recommendation of Nominating Committee ("NC") to the Board for approval. If the Board intends to retain an Independent Director beyond nine (9) years, the Board should justify and seek annual shareholders' approval through a two-tier voting process.

Appointment and Re-Election of Directors

The Board is responsible for the appointment and re-election of the Directors to the Board. In accordance with MTAG's Constitution, one-third (1/3) of the Directors are subject to retirement by rotation such that each Director shall retire from office once (1) in every three (3) years at the Annual General Meeting ("AGM"), but shall be eligible for re-election. This ensures that the tenure of INEDs do not exceed a cumulative term limit of nine (9) years in accordance with Practice 5.3 of MCCG 2021. Currently, all members of the Board have served for less than six (6) years on the Board.

The details of the Director(s) seeking re-election at the forthcoming Sixth (6th) AGM are disclosed in the Notice of AGM on page 135 of this FY2023 Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has adopted a Directors' Fit and Proper Policy for the appointment and re-election of Directors. In recommending a suitable candidate for directorships and Board Committees to the Board, the NC assesses the suitability of a candidate based on criteria which include, amongst others, experience, skill, competency, time commitment, diversity, professionalism, and potential contribution to the Group. The policy has been designed as a practice guide for the appointment and re-election of Directors to assist the NC to discharge their duties and functions in Board nomination and re-election processes of Directors.

Time Commitment

There were six (6) Board meetings held during the financial year ended 30 June 2023, and details of Directors' attendance were set out below:

No.	Board of Directors	Attendance
1.	Lee Ting Kiat	6/6
2.	Chaw Kam Shiang	6/6
3.	Lau Cher Liang	6/6
4.	Jason Tan Kim Song	6/6
5.	Dyana Sofya Binti Mohd Daud	6/6

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 was reflected in the attendance record of the Directors at Board meetings.

Directors' Training

During the financial year ended 30 June 2023, the Directors have attended various external training programmes and seminars as follows:

Director	Training / Conference / Forum / Seminar / Webinar / Workshop	Date
Lee Ting Kiat	Virtual Conference on Corporate and Commercial Law	17 - 21 October 2022
	KPMG Tax and Business Summit 2022	15 March 2023
Chaw Kam Shiang	Tricor Webinar Series: Using e-Signatures & Digital Signatures - On my Corporate Documents	15 June 2023
	MIA Webinar Series: Marginal Costing Application for Decision Making	23 June 2023
Lau Cher Liang	Tricor Webinar Series: Using e-Signatures & Digital Signatures - On my Corporate Documents	15 June 2023
	MIA Webinar Series: Credit Evaluation and Its Control	21 June 2023
Jason Tan Kim Song	Case Study-Based MFRS Webinar: Case Studies in Revenue Recognition for Real Estate Development and Construction Contracts including Complex Issues: MFRS and MPERS	20 - 21 December 2022
	2023 Budget Seminar by MIA and MATA	16 March 2023
Dyana Sofya Binti Mohd Daud	Tricor Webinar Series: Family Feud: Oppression in Family Companies	1 June 2023
	SSM's Practice Directives, Practice Notes and Guidelines	9 June 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Effectiveness of Board, Board Committees and Individual Directors

The Board, through the NC, assesses the effectiveness and performance of the Board, including reviewing the required mix of skills and experience of the Board, on an annual basis.

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

No.	Director	Designation	Directorship
1.	Dyana Sofya Binti Mohd Daud	Chairman	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 of NC was held and attended by all NC members. The TOR of the NC is available on the Group's website at www.mtaggroup.com.

In FY2023, the NC conducted annual assessments in the following aspects:

(i) Contribution of each individual Director
(ii) Performance of each individual Director on the Board
(iii) Performance of the Independent Director on the Board Committees
(iv) Independence of the Independent Directors

The assessments are based on various criteria including the individual Director's contribution to the Group's performance, tenure, roles and responsibilities, independence, as well as participation at meetings, among others.

The responses are then collated by the Company Secretaries and a summary of the findings are submitted to the NC for deliberation. The NC would then review the findings and make recommendations to the Board.

The annual review of the Board as a whole, the Board Committees and the individual Directors for FY2023 concluded that the Individual Directors, the Board as a whole and its Committees had continued to operate effectively towards fulfilling their duties and responsibilities throughout the year under review.

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. 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 to meet the Company's future needs, taking into consideration 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.

Diversity Policy

The Board supports gender diversity at all levels, including the Board. In this respect, the Board has adopted a Diversity Policy setting out the approach to diversity to encourage equality, diversity and inclusion throughout the organisation, including the selection of Board members and Senior Management ("SM") to eliminate unlawful discrimination. At present, the Board comprises five (5) Directors, of whom one (1) is a woman, translating to 20% of woman representation on the Board.

The Board strives to provide timely and transparent disclosures to shareholders. Any changes in the Board are communicated to shareholders via announcements to Bursa Securities' Listing Information Network ("Bursa LINK").

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 shareholders' 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 his or her contribution, taking into account corporate and individual performance.

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

No.	Director	Designation	Directorship
1.	Lee Ting Kiat	Chairman	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

The TOR of the RC is available on the Group's website at www.mtaggroup.com.

During the year under review, one (1) meeting of the RC was held and attended by all RC members, where the RC had reviewed and recommended the remunerations packages of Directors and Key Senior Management for the financial year ending 30 June 2023.

The Board has adopted a Remuneration Policy and Procedure for Directors and SM, taking into account factors such as qualifications, skills, competency and experience of the Directors and SM, the demands and complexities of the Group's businesses, performance of the Group, market competitiveness and benchmark, to determine the remuneration of Director and SM. The policy shall be reviewed by the Board from time to time to ensure it remains relevant and appropriate. It is available on the Group's website at www.mtaggroup.com.

The remuneration package of the EDs and SM includes fixed salaries, bonuses, and other emoluments. The EDs do not play a part in deciding the remuneration package and shall refrain from discussions relating to their remuneration. The RC would recommend the remuneration package to the Board for its review.

Meanwhile, Non-Executive Directors, including INEDs, shall be paid fixed fees and meeting allowances. The INEDs' annual fees reflect the diverse experience, skillsets, and roles and responsibilities of the INED concerned.

The Directors' Remuneration for the financial year ended 30 June 2023 are set out below:

The Group

Director	Fees RM'000	Salary RM'000	Bonus RM'000	Other Emoluments [1] RM'000	Directors' Benefits [2] RM'000	Total RM'000
Executive Directors						
Chaw Kam Shiang	-	900.0	2,030.0	356.0	-	3,286.0
Lau Cher Liang	-	780.0	1,977.0	331.0	-	3,088.0
Non-Executive Directors						
Lee Ting Kiat	64.8	-	-	-	10.0	74.8
Jason Tan Kim Song	51.8	-	-	-	10.0	61.8
Dyana Sofya Binti Mohd Daud	51.8	-	-	-	10.0	61.8

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company

Director	Fees RM'000	Salary RM'000	Bonus RM'000	Other Emoluments [1] RM'000	Directors' Benefits [2] RM'000	Total RM'000
Executive Directors						
Chaw Kam Shiang	-	900.0	2,030.0	356.0	-	3,286.0
Lau Cher Liang	-	780.0	1,977.0	331.0	-	3,088.0
Non-Executive Directors						
Lee Ting Kiat	64.8	-	-	-	10.0	74.8
Jason Tan Kim Song	51.8	-	-	-	10.0	61.8
Dyana Sofya Binti Mohd Daud	51.8	-	-	-	10.0	61.8

Note:
(1) *Other Emoluments include EPF, SOCSO, and EIS;*
(2) *Directors' Benefits consists of meeting allowances for Non-Executive Directors' attendance in Board and Board Committee meetings.*

The Directors have abstained from the deliberation and voting on the agenda item in relation to their individual remuneration.

The Key Senior Management's Remuneration, who are not Directors of the Company, for the financial year ended 30 June 2023 are set out below (in the band of RM50,000):

Remuneration Band Per Annum	No. of Key Senior Management
RM200,000 to RM250,000	1
RM250,001 to RM300,000	2

The Board has considered the recommendation by MCCG 2021 to disclose the detailed remuneration of top five (5) SM on a named basis.

The Board is of the opinion that the disclosure of the remuneration of the MTAG's key SM shall not be on a named basis as it is imperative for the Group to maintain our employees' remuneration private and confidential to avoid discontentment among employees and to further address talent retention issues.

The Group will consider disclosing the remuneration of individual key SM in detail as and when it is deemed appropriate.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee ("AC")

The Board has established an AC, which assists and supports the Board in fulfilling its fiduciary responsibilities in 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.	Director	Designation	Directorship
1.	Jason Tan Kim Song	Chairman	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, five (5) meetings were held and attended by all members of the AC. 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 AC members 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 the latest developments in accounting and auditing standards, practices, as well as Rules and Regulations.

None of the AC members were former partners of the Group's existing auditing firm within the previous three (3) years. This is outlined in the TOR of the AC.

Under the TOR, the AC is accountable for the evaluation of the capabilities and independence of the external auditors and their conduct of the annual statutory audit of financial statements, as well as the engagement of the external auditors 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 (1) a year, the AC would have a separate session with the external auditors without the presence of the EDs or Management.

During FY2023, the external auditors had confirmed to the AC members of their independence throughout the conduct of the audit engagement for FY2023 with MTAG in accordance with the independence criteria set out under the By Laws *(on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.*

The AC had assessed the objectivity, independence and service quality of the external auditors for the financial year ended 30 June 2023, and was satisfied that they were sufficiently resourced and had demonstrated their objectivity, independence, and proficiency in carrying out the audit according to the audit scope and plan. With the recommendation from the AC, the Board is agreeable and satisfied with the suitability and independence of the external auditors.

Further information on the AC are detailed in the AC Report on pages 52 to 57 of this FY2023 Annual Report.

II. Risk Management and Internal Control Framework

The Board, through the AC and RMC, has 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.	Director	Designation	Directorship
1.	Jason Tan Kim Song	Chairman	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

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

To maintain total independence in the management of internal control environment and to 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The internal auditors report directly to the AC and are given full access to documents relating to 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 58 to 61 of this FY2023 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 the legal and regulatory framework 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:

<u>Bursa Malaysia Securities Berhad</u>

The Group strives to provide all material information publicly through Bursa Securities' website on a timely basis, which include quarterly results and full year financial results announcements, Annual Report and other relevant material transactions undertaken by the Group.

<u>Corporate website</u>

Information of the Group is also accessible through the Group's corporate website at www.mtaggroup.com - which has a dedicated Investor Relations section - providing updates on the Group that is easily accessible by stakeholders.

<u>Annual General Meeting</u>

The AGM also serves as a platform and principal forum for dialogue with shareholders, where they will be given the opportunity to clarify 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.

II. Conduct of General Meetings

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

On 23 November 2022, MTAG conducted its fully virtual Fifth (5th) AGM through live streaming using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH"), via its TIIH Online Website at https://tiih.online. The RPV facilities provided by TIIH enables voting in absentia and remote participation by shareholders. A total of eighty (80) shareholders and proxies logged in for the AGM.

As part of our efforts to encourage meaningful engagement, shareholders and proxies may submit questions prior to the AGM via TIIH Online Portal at https://tiih.online, or during the AGM itself using the "Query Box". Shareholders' questions are made visible on the portal for enhanced transparency. The Chairman with Key Senior Management addressed the questions raised by shareholders and proxies during the AGM, pertaining to the resolutions being proposed, financial performance, business operations, corporate governance matters, and other matters that are of shareholders' concerns.

The Group endeavours to circulate the Notice of AGM at least twenty-eight (28) days before the AGM to enable shareholders to make adequate preparation to attend and participate in the AGM. In addition, the Notice of AGM will be advertised in the newspapers. Notifications were sent to all shareholders by way of letter or e-mail to inform that the Notice of AGM, Proxy Form and Administrative Guide have been published on MTAG's corporate website. The Notice was also made available via an announcement to Bursa Securities.

The outcome of the AGM is announced to Bursa Securities after 5.00 pm of the AGM date upon being reviewed by the Board, and is also accessible on the Group's corporate website. The Minutes of the Fifth (5^{th}) AGM were made available on MTAG's corporate website within 30 business days after the AGM.

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 interests of our stakeholders. The Group has, in all material aspects, satisfactorily complied with the principles and practices set out in the MCCG 2021, except for the departures set out in the Corporate Governance Report.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 22 September 2023.

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 2023 ("FY2023"), 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 period/year ended 30 June 2023 is as follows:

Details of utilisation	Proposed utilisation RM '000	Actual utilisation RM '000	Estimated timeframe for utilisation upon listing	Revised timeframe for utilisation from 25 August 2023
Land acquisition and construction of manufacturing plant	33,000	5,443	36 months	12 months
Capital expenditure	13,000	7,539	36 months	12 months
Repayment of bank borrowings	10,000	10,000	12 months	-
Working capital	12,451	12,451	18 months	-
Listing expenses	3,800	3,800	1 month	-
Total	**72,251**	**39,233**		

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

ADDITIONAL COMPLIANCE INFORMATION

3. AUDIT AND NON-AUDIT FEES

The total amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Group and the Company for the financial year ended 30 June 2023 are as follows:

		Fees (RM)	
		Company	**Group**
Audit Fees	Grant Thornton Malaysia PLT Other Auditor	40,000 -	139,000 9,000
Total Audit Fees		**40,000**	**148,000**
Non-Audit Fees	Grant Thornton Malaysia PLT [1] Local Affiliates of Grant Thornton Malaysia PLT [2] Other Auditor	10,000 3,000 5,000	10,000 53,300 9,950
Total Non-Audit Fees		**18,000**	**73,250**
Total		**58,000**	**221,250**

Notes:
[1] Review of Statement of Risk Management and Internal Control
[2] Tax compliance services

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

Save as disclosed in Note 26 of the audited financial statements for the year ended 30 June 2023, 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 2023 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 2023.

6. EMPLOYEES SHARE SCHEME

The Company did not issue any Employees Share Scheme during the financial year ended 30 June 2023.

AUDIT COMMITTEE REPORT

This Report has been reviewed by the Audit Committee ("AC") and approved by the Board of Directors ("Board") for inclusion in this Annual Report.

The AC is guided by written Terms of Reference ("TOR") which deal with the Audit Committee's authorities and duties. The TOR of AC are made available on the Company's website at www.mtaggroup.com.

MEMBERSHIP AND MEETINGS

The AC comprises the following Directors during the financial year ended 30 June 2023 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 (Member of MIA)	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 five (5) meetings were held on the following dates: -

Meeting No.	Date	Time
1/2023	25 August 2022	9.50 a.m.
2/2023	23 September 2022	9.45 a.m.
3/2023	23 November 2022	12.10 p.m.
4/2023	23 February 2023	9.45 a.m.
5/2023	25 May 2023	9.30 a.m.

The details of attendance for each member at the Audit Committee meetings for the financial year ended 30 June 2023 are as follows: -

Composition of Committee	No. of Meetings Held	Attendance
Jason Tan Kim Song	5	5
Lee Ting Kiat	5	5
Dyana Sofya Binti Mohd Daud	5	5

The AC meetings are appropriately structured through the use of agendas and board papers that contain information relevant to matters for deliberation and are distributed to members prior to such meetings with sufficient notification.

The AC was established on 24 October 2018 and its composition complies with the ACE Market Listing Requirements. AC's Terms of Reference are set out below: -

TERMS OF REFERENCE

I. PURPOSE

The Audit Committee 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 Malaysian Code on Corporate Governance 2021 ("MCCG 2021") and Rules 15.11 and 15.12 of the ACE Market Listing Requirements ("AMLR").

The Terms of Reference will not only help the Audit Committee 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 Audit 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, as well as 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;

(iii) To observe a cooling-off period of at least 3 years for a former key audit partner prior to the appointment as a member of Audit Committee;

(iv) To discuss on the Audit Plan and on the 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 particulars on:

- any changes in accounting policies and practice;
- major judgmental areas;
- significant adjustments resulting from the audit;
- any significant transactions which are outside of 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;
- assess 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 in reviewing 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 Audit Committee;
- 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 Audit Committee; and
- 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.

(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 Audit Committee;

AUDIT COMMITTEE REPORT

(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;

(xiv) To discuss and review the overall adequacy and effectiveness of system of internal controls and to ensure 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; and

(v) To review and receive Reporting of Internal Auditor in regards to Enterprise Risk Management matters of MTAG Group.

III. MEMBERS AND CHAIRMAN

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

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

   b) If the member of the Audit Committee 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 three (3) years before he/she is appointed as a member of the Audit Committee (as defined in Practice 9.2 of the MCCG 2021).

4. The Chairman of the Audit Committee 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 Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee will cease forthwith.

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

7. The terms of office and performance of the Audit Committee and, subsequently, each of its members shall be reviewed by the Nominating Committee annually.

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

IV. MEETINGS

1. The Audit Committee shall meet regularly and hold at least four (4) meetings in a year. In addition, the Chairman of the Audit Committee 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 Audit Committee members present must be Independent Non-Executive Directors.

3. The Chairman of the Audit Committee shall chair the Audit 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 Audit Committee present shall choose one of their number 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 Audit Committee. The Audit Committee shall convene meetings with the External Auditors ("EA") or the Internal Auditors or both, without the attendance of Executive Board members or employees, whenever deemed necessary and such meetings shall be held at least once (1) a year with the external auditors.

5. The minutes of the Audit Committee 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 Audit Committee, shall be as effectual as if it has been passed at a meeting of the Audit 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 Audit Committee, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Audit Committee meeting. When presenting any recommendation to the Board, the Audit 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 Audit Committee and shall be responsible, with the concurrence of the Chairman of the Audit 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 Audit Committee.

The minutes of the Audit Committee, when approved and signed by the Chairman of the Audit 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 (1) every year and to be recommended to the Board for approval.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year ended 30 June 2023, the Audit Committee held a total of five (5) meetings. The principal activities undertaken by the AC were summarised as follows:-

a) Financial Reporting

Reviewed and approved the quarterly unaudited financial results for the 4th quarter of 2022, 1st, 2nd and 3rd quarters of 2023 at its meetings held on 25 August 2022, 23 November 2022, 23 February 2023 and 25 May 2023 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 Auditors

1. Reviewed the audited financial statements for financial year ended 30 June 2023 to ensure the financial reports presented a true and fair view;
2. Reviewed and recommended to the Board the re-appointment of external auditors and reviewed their audit plan;
3. Reviewed and approved the external auditors' reports, audit timetable, and audit fees in relation to the financial year ended 30 June 2023 and had recommended to the Board for approval; and
4. Reviewed the results and issues arising from the external audit and discussed the areas of concern with the External Auditors in the absence of Management.

c) Internal Auditors

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

1. Internal Control Sales & Credit Control Review presented by the Internal Auditors in November 2022;
2. Management Information System Review presented by the Internal Auditors in February 2023;
3. Internal Audit follow-up review on Management Information System, Sales and Contract, Credit Control and Collection, Operation / Production and Maintenance, and Human Resources presented by the Internal Auditors in May 2023; and
4. Internal Audit Plan for financial year ending 30 June 2024 presented by the Internal Auditors in May 2023.

d) Reviewed the suitability and independence of External Auditors

Audit Committee assessed the performance of the External Auditors. In conducting the assessment, the Audit Committee had taken the following into consideration, among other criteria:-

- Independence, objectivity, and professional skepticism;
- Competency, quality of service, and non-audit services rendered by the External Auditors;
- Rigor and quality of the audit;
- Effectiveness and timeliness of communicating and reporting to the Audit Committee;
- Adequacy of resources used; and
- Appropriateness of audit fees and non-audit fees to support a quality audit.

Having assessed and deliberated on the matter, the Audit Committee was satisfied that the External Auditors continued to possess the competency, objectivity, independence, skill, and experience required to fulfil their duties effectively and agreed to recommend that the Board table the re-appointment of the External Auditors at the coming Sixth (6th) Annual General Meeting.

e) Related Party Transaction

Reviewed and discussed on any Related Party Transaction of the company that had been reported and recommended to the Board for approval.

f) Review of Statements to be made in Annual Report

Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report, and Statement on Risk Management and Internal Control to be disclosed in the Annual Report for the financial year ended 30 June 2023.

g) Other matters considered by the Audit Committee

During the financial year ended 30 June 2023, the Audit Committee also undertook the following:-

1. Reviewed the proposed interim dividends as well as the solvency tests undertaken by Management before making a dividend recommendation to the Board.

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 assistance to 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 2023 were stated in the Statement on Risk Management and Internal Control and particularly the following:-

1. Prepared the annual internal audit plan for review by the Audit Committee;
2. Prepared and presented the internal audit reports with the areas of concern, comments, recommendations, and responses of Management to the Audit Committee for review;
3. Updated internal audit follow-up status reports for the attention, consideration, and improvement of the Management and Audit Committee; and
4. Reviewed and presented the Enterprise Risk Management System Reporting to the Risk Management Committee and Audit Committee for review.

Audit Committee held one (1) private session with Internal Auditors without the presence of Management in November 2022 in connection with Internal Auditors' audit for financial year ended 30 June 2023.

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2023 was RM38,100.

This Report was reviewed and approved by the Audit Committee and Board on 22 September 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Rule 15.26(b) of the Bursa Malaysia Securities Berhad's ACE Market Listing requirements, the Board of Directors ("the Board") of MTAG Group Berhad ("MTAG" or "the Company") is pleased to report its Statement on 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 2023. This statement is guided by the latest Statement on 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 2021 ("MCCG 2021").

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 for 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 shareholders' 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 cover the financial aspects of the Group, but also 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 risks 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. 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 Audit Committee, and Risk Management Committee on a periodic basis.

The effectiveness of internal controls was reviewed by the Audit Committee 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 Audit Committee meetings. Minutes of the Audit Committee 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 with the Guidance for Directors of Public Listed Companies on Statement on 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 Risk Management Committee in relation to risk management are as follows:

1. To oversee and recommend the risk management policies and procedures;
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 Risk Management Committee on the effectiveness of management of its 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;
7. To identify corporate liability risks including bribery risks, corruption risks and compliance risks with the Malaysian Anti-Corruption Commission Act ("MACC Act") 2009;
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; and
10. To ensure that adequate and appropriate resources needed for the effective operation of the Anti-Corruption and Anti-Bribery Management System ("ABMS") are allocated to 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 Risk Management Committee 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 Risk Management Committee 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 Risk Management Committee and the Board.

The Board adopted a Risk Management Handbook which entails the following chapters: -

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 Risk Management Committee, 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 incidents that may arise. The risk categories of which the Group considered include possible business risks, financial risks, corporate liabilities risks, compliance risks, operational risks, reputation risks, and sustainability risks. During the financial year ended 30 June 2023, the Risk Management Committee deliberated and reviewed the Risk Profile presented by the Management on 25 May 2023.

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 Audit Committee in providing an independent assessment of the adequacy, efficiency, and effectiveness of the Group's internal control system.

The IA Firm acts as Internal Auditors and reports directly to the Audit Committee during the Audit Committee 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 firm does not have any direct operational responsibility or authority over any of the activities audited. The Audit Committee is of the opinion that the internal audit functions are effective and able to function independently.

Scheduled internal audits are carried out based on the annual audit plan approved by the Audit Committee. The internal auditors align their current internal audit practices with the Committee of Sponsoring Organisations 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 Audit Committee 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 improvement required. Concerned areas identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Internal Auditor 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 discussions with the Management team, reviewing of relevant established policies, procedures, and authority limits, as well as observing and testing of the internal controls on a sampling 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 said noted concerns. Identified enhancement opportunities are reported to the Audit Committee, 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 period ended 30 June 2023, 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
July - September 2022	November 2022	Toyo Sho Industrial Products Sdn. Bhd. Intag Industrial Suppliers Sdn. Bhd. Intag Steel Hardware Sdn. Bhd.	• Sales and Contract • Credit Control and Collection
October - December 2022	February 2023	Toyo Sho Industrial Products Sdn. Bhd. Intag Industrial Supplies Sdn. Bhd. Intag Steel Hardware Sdn. Bhd.	• Management Information System
January - March 2023	May 2023	MTAG Group Berhad MTAG Land Sdn. Bhd. Toyo Sho Industrial Products Sdn. Bhd. Intag Industrial Supplies Sdn. Bhd. Intag Steel Hardware Sdn. Bhd.	• Follow up actions on previously reported internal audit findings

All reports from the internal audit reviews carried out were submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by Management. Subsequently, the progress of these corrective actions was monitored and verified by IA on a regular basis and submitted to the Audit Committee. 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, and control processes being deliberately circumvented by employees, Management overriding controls, and the occurrence of unforeseeable circumstances.

The Management receives and reviews quarterly 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 the business operations are also highlighted to the Board's attention during Board meetings and any significant fluctuation or exception noted will be acted upon a timely manner.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 organisational structure with clear lines of authority, accountability, and responsibilities of the Management team;
- Clearly defined and formalised 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 Audit Committee;
- 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 Audit Committee; and
- Quarterly review of Group management accounts by the 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 quarterly reviews 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 is up to date as of this Statement.

Review of the Statement by External Auditors

As required under paragraph 15.23 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 30 June 2023. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

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 2023.

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DIRECTORS' REPORT

The Directors have 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 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities.

The principal activities of the subsidiary companies are disclosed in Note 5 to the Financial Statements.

There are no changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	30,070,983	20,577,367
Attributable to:-		
Owners of the Company	30,070,983	20,577,367

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 2023 and paid on 20 December 2022	6,816,174
Second interim single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 30 June 2023 and paid on 12 June 2023	13,632,348
	20,448,522

The Directors have not proposed, declared, or paid any final dividend in respect of the financial year ended 30 June 2023.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

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)

* Directors of the Company and its subsidiary companies.

DIRECTORS' (CONT'D)

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
Ng Jia Wen

DIRECTORS' INTERESTS

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 2022	**Bought**	**Sold**	**As at 30 June 2023**
Direct interest				
Lee Ting Kiat	888,600	-	-	888,600
Chaw Kam Shiang	346,151,970	850,000	-	347,001,970
Lau Cher Liang	99,282,244	-	-	99,282,244
Indirect interest				
Chaw Kam Shiang*	14,446,110	-	-	14,446,110

* 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' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM	**Incurred by the Subsidiaries RM**	**Total RM**
Directors of the Company:-			
Salaries	-	1,680,000	1,680,000
Defined contribution plans	-	683,312	683,312
Bonus	-	4,006,652	4,006,652
Fee	168,480	-	168,480
Other benefits	30,000	-	30,000
Social security costs	-	4,014	4,014
	198,480	6,373,978	6,572,458

DIRECTORS' REPORT

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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.

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 Company are covered for a total amount of indemnity coverage of RM5,000,000 and insurance premium paid for the Directors and Officers of the Company is RM20,150.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or 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 adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values 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 or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) 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, 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 DURING AND AFTER THE REPORTING PERIOD

Significant events during and after the reporting period are disclosed in Note 33 to the Financial Statements.

AUDITORS' REMUNERATION

The amount of audit and other fees paid to or receivable by Grant Thornton Malaysia PLT and its member firms by the Group and by the Company for the financial year ended 30 June 2023 amounted to RM202,300 and RM53,000 respectively. Further details are disclosed in Note 23 to the Financial Statements.

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 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 73 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of 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 2023

STATUTORY DECLARATION

I, Ng Boon Siang, 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 73 to 130 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 2023

…………………………………………
NG BOON SIANG
(MIA No. 45247)

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 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 130.

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

Impairment of inventories

The risk

Refer to Note 6 to the Financial Statements. The Group holds significant inventories and records allowance for impairment of inventories. As at 30 June 2023, the Group's inventories amounted to RM26,048,878. 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. We determined this to be a key audit matter as the assessment of recoverability of inventory involves significant judgement and estimates in determining the net realisable value.

Our response

We have performed the following procedures during the audit:

- Obtained an understanding of the nature of the inventories and factors for obsolescence such as shelf-life, expiry date and potential use and customers;
- Discussed with management on the basis applied to assess the recoverability of inventories, focusing especially on slow-moving inventories and inventories held for customers which are not taking deliveries. We evaluated the significant judgements involved and assumptions used to determine impairment of inventories;
- Reviewed subsequent events for orders placed and evidence of demand and its impact on net realisable value;
- Assesssed the adequacy of the disclosures in the financial statements.

The basis of management's judgement over the recoverability of inventories are disclosed in Notes 2.5.1, 3.5 and 6 to the Financial Statements.

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 (cont'd)

Allowance for impairment of trade receivables

The risk

Refer to Notes 7 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 associated risk is the recoverability of billed trade receivables and significant management judgement is required in estimating the expected credit losses ("ECLs"). 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 performed the following procedures during the audit:

- Obtained an understanding of the Group's policy on impairment of trade receivables;
- Evaluated management's judgement in calculating the expected credit losses for impairment of trade receivables;
- Reviewed ageing of receivables and tested the integrity of ageing by calculating the due date for samples selected from invoices;
- Checked the recoverability of outstanding receivables through examination of subsequent cash receipts.

The basis of management's judgement over the recoverability of billed trade receivables are disclosed in Notes 3.11.1.5 and 28(c) to the Financial Statements.

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 the Directors for the Financial Statements

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

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

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

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 the 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.

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 (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as Auditors, are disclosed in Note 5 to the Financial Statements.

Other Matters

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

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

WONG WEN TAK
(NO: 03043/04/2025 J)
CHARTERED ACCOUNTANT

Johor Bahru
22 September 2023

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	31,206,197	23,978,308	-	-
Investment in subsidiary companies	5	-	-	113,174,835	101,901,148
Total non-current assets		31,206,197	23,978,308	113,174,835	101,901,148
Current assets					
Inventories	6	26,048,878	27,429,603	-	-
Trade receivables	7	24,951,009	53,473,843	-	-
Other receivables	8	2,269,233	1,438,044	1,281,701	743,335
Amount due from subsidiary companies	5	-	-	25,397	16,150
Other investments	9	51,003,712	22,770,242	1,506,700	10,541,224
Tax recoverable		75,639	17,913	6,451	17,913
Fixed deposits with licensed banks	10	70,277,114	84,830,652	33,000,000	35,150,000
Cash and bank balances	11	23,139,099	19,971,509	119,284	234,159
Total current assets		197,764,684	209,931,806	35,939,533	46,702,781
Total assets		228,970,881	233,910,114	149,114,368	148,603,929
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	146,565,776	146,565,776	146,565,776	146,565,776
Merger deficit	13	(73,775,201)	(73,775,201)	-	-
Revaluation reserve	14	6,785,201	5,548,683	-	-
Unappropriated profit	15	133,944,212	124,202,937	1,842,684	1,713,839
Total equity		213,519,988	202,542,195	148,408,460	148,279,615
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	16	3,813,332	2,438,171	-	-
Lease liabilities	17	463,266	268,924	-	-
Term loan	18	66,690	-	-	-
Other payable	20	200,000	-	200,000	-
Total non-current liabilities		4,543,288	2,707,095	200,000	-
Current liabilities					
Trade payables	19	5,503,790	23,708,368	-	-
Other payables	20	4,362,956	3,405,176	505,906	324,312
Amount due to a related party	21	239	1,072	-	-
Amount due to a subsidiary company	5	-	-	2	2
Lease liabilities	17	291,805	140,513	-	-
Term loan	18	40,894	-	-	-
Tax payable		707,921	1,405,695	-	-
Total current liabilities		10,907,605	28,660,824	505,908	324,314
Total liabilities		15,450,893	31,367,919	705,908	324,314
Total equity and liabilities		228,970,881	233,910,114	149,114,368	148,603,929

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 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	22	153,912,270	180,162,535	20,448,548	20,448,548
Cost of sales		(103,484,679)	(129,218,393)	-	-
Gross profit		50,427,591	50,944,142	20,448,548	20,448,548
Other income		2,450,741	730,973	110,536	41,239
Finance income		2,996,492	2,376,588	1,164,951	1,005,248
Reversal of impairment loss of trade receivables		50,000	45,000	-	-
Selling and distribution expenses		(2,792,568)	(2,230,421)	-	-
Administrative expenses		(13,491,209)	(12,064,678)	(749,414)	(568,917)
Other expense		-	-	(132,542)	-
Finance cost		(58,628)	(28,790)	-	-
Profit before tax	23	39,582,419	39,772,814	20,842,079	20,926,118
Tax expense	24	(9,511,436)	(9,690,533)	(264,712)	(218,004)
Profit for the financial year		30,070,983	30,082,281	20,577,367	20,708,114
Other comprehensive income, net of tax :-					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and building		1,783,333	-	-	-
Tax effect on item that will not be reclassified subsequently to profit or loss	24	(428,001)	-	-	-
Realisation of revaluation reserve upon depreciation of revalued assets		118,814	118,814	-	-
Transfer of revaluation reserve to unappropriated profit		(118,814)	(118,814)	-	-
		1,355,332	-	-	-
Total comprehensive income for the financial year		31,426,315	30,082,281	20,577,367	20,708,114
Profit attributable to:-					
Owners of the Company		30,070,983	30,082,281	20,577,367	20,708,114
Profit for the financial year		30,070,983	30,082,281	20,577,367	20,708,114
Total comprehensive income attributable to:-					
Owners of the Company		31,426,315	30,082,281	20,577,367	20,708,114
Total comprehensive income for the financial year		31,426,315	30,082,281	20,577,367	20,708,114
Earnings per share attributable to owners of the Company					
Earnings per ordinary share					
- Basic (RM)	32	0.04	0.04	-	-
- Diluted (RM)	32	-	-	-	-

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

	Share capital RM	Merger deficit RM	Revaluation reserve RM	Unappropriated profit RM	Total equity RM
Group					
Balance at 1 July 2021	146,565,776	(73,775,201)	5,667,497	114,450,364	192,908,436
Transactions with owners:-					
First interim single tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2022	-	-	-	(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 2022	-	-	-	(13,632,348)	(13,632,348)
Total transactions with owners	-	-	-	(20,448,522)	(20,448,522)
Profit for the financial year	-	-	-	30,082,281	30,082,281
Other comprehensive income for the financial year	-	-	(118,814)	118,814	-
Total comprehensive income for the financial year	-	-	(118,814)	30,201,095	30,082,281
Balance at 30 June 2022	146,565,776	(73,775,201)	5,548,683	124,202,937	202,542,195
Transactions with owners:-					
First interim single tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2023	-	-	-	(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 2023	-	-	-	(13,632,348)	(13,632,348)
Total transactions with owners	-	-	-	(20,448,522)	(20,448,522)
Profit for the financial year	-	-	-	30,070,983	30,070,983
Revaluation surplus	-	-	1,355,332	-	1,355,332
Other comprehensive income for the financial year	-	-	(118,814)	118,814	-
Total comprehensive income for the financial year	-	-	1,236,518	30,189,797	31,426,315
Balance at 30 June 2023	146,565,776	(73,775,201)	6,785,201	133,944,212	213,519,988

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

Company	Share capital RM	Unappropriated profit RM	Total equity RM
Balance at 1 July 2021	146,565,776	1,454,247	148,020,023
Transactions with owners:-			
First interim single tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2022	-	(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 2022	-	(13,632,348)	(13,632,348)
Total transactions with owners	-	(20,448,522)	(20,448,522)
Profit for the financial year	-	20,708,114	20,708,114
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	20,708,114	20,708,114
Balance at 30 June 2022	146,565,776	1,713,839	148,279,615
Transactions with owners:-			
First interim single tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2023	-	(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 2023	-	(13,632,348)	(13,632,348)
Total transactions with owners	-	(20,448,522)	(20,448,522)
Profit for the financial year	-	20,577,367	20,577,367
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the financial year	-	20,577,367	20,577,367
Balance at 30 June 2023	146,565,776	1,842,684	148,408,460

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
OPERATING ACTIVITIES					
Profit before tax		39,582,419	39,772,814	20,842,079	20,926,118
Adjustments for:-					
Reversal of impairment loss of trade receivables		(50,000)	(45,000)	-	-
Allowance for impairment loss on investment in subsidiary companies		-	-	132,542	-
Bad debt written off		-	656	-	-
Depreciation of property, plant and equipment		2,697,845	2,678,583	-	-
Depreciation of right-of-use assets		509,829	470,615	-	-
Lease liability interest expense		44,823	28,790	-	-
Term loan interest expense		4,055	-	-	-
Gain on disposal of property, plant and equipment		(141,646)	(16,869)	-	-
Interest income		(2,996,492)	(2,376,588)	(1,164,951)	(1,005,248)
Dividend income		-	-	(20,448,548)	(20,448,548)
Gain on disposal of other investments		(96,238)	(45,000)	(5,250)	(30,000)
Gain on fair value of other investments		(1,009,542)	(20,242)	(105,226)	(11,224)
Gain on early termination of lease liabilities		(1,158)	-	-	-
Inventories written down		745,099	911,845	-	-
Unrealised gain on foreign exchange		(513,287)	(359,174)	-	-
Operating profit/(loss) before working capital changes		38,775,707	41,000,430	(749,354)	(568,902)
Changes in working capital:-					
Inventories		635,626	(3,173,039)	(538,366)	-
Receivables		28,229,801	(7,869,149)	-	125,931
Payables		(17,247,815)	10,072,783	181,594	10,626
Cash generated from/(used in) operations		50,393,319	40,031,025	(1,106,126)	(432,345)
Tax refunded		138,665	-	-	-
Tax paid		(9,458,441)	(10,052,887)	(253,250)	(293,250)
Net cash flows from/(used in) operating activities		41,073,543	29,978,138	(1,359,376)	(725,595)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(6,698,196)	(4,261,509)	-	-
Proceeds from disposal of property, plant and equipment		167,238	17,600	-	-
Withdrawal of fixed deposits with licensed banks		14,553,538	8,023,592	2,150,000	8,730,000
Placement of other investments		(110,084,963)	(40,655,000)	(20,581,548)	(21,030,000)
Proceeds from disposal of other investments		82,957,273	17,950,000	29,726,548	10,530,000
Acquisition of subsidiary, net of cash acquired	5 (b)(iii)	(1,248,616)	-	(1,300,000)	-
Interest received		2,996,492	2,105,774	1,164,951	1,005,248
Dividend received		-	-	20,448,548	20,448,548
Increase in investment in subsidiary companies	B	-	-	(9,906,229)	-
Net cash flows (used in)/from investing activities		(17,357,234)	(16,819,543)	21,702,270	19,683,796

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
FINANCING ACTIVITIES					
Lease interest paid		(44,823)	(28,790)	-	-
Term loan interest paid		(4,055)	-	-	-
Dividend paid		(20,448,522)	(20,448,522)	(20,448,522)	(20,448,522)
(Repayment to)/advance from a related party		(832)	1,072	-	-
Repayment of principal portion of lease liabilities		(256,776)	(112,210)	-	-
Repayment of term loan		(26,183)	-	-	-
Repayment to subsidiary companies		-	-	(9,247)	(5,968)
Net cash flows used in financing activities		(20,781,191)	(20,588,450)	(20,457,769)	(20,454,490)
CASH AND CASH EQUIVALENTS					
Net changes		2,935,118	(7,429,855)	(114,875)	(1,496,289)
Effect of exchange rate changes		232,472	242,482	-	-
At beginning of financial year		19,971,509	27,158,882	234,159	1,730,448
At end of financial year	E	23,139,099	19,971,509	119,284	234,159

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2023 RM	Group 2022 RM
Cash payments	6,698,196	4,261,509
Addition to right-of-use in exchange for increased lease liabilities	604,930	468,817
Amount due to vendor	156,800	-
Total purchase of property, plant and equipment	7,459,926	4,730,326

B. INVESTMENT IN SUBSIDIARY COMPANIES

During the financial year, the Company acquired 100% equity interest in Super Gold Industrial Sdn. Bhd. and made additional investment in Toyo Sho Industrial Products Sdn. Bhd.. Details of the investments are as follows:-

	Company 2023 RM	Company 2022 RM
Cash payment	9,906,229	-
Amount due to vendor	200,000	-
Total cost of investment (Note 5(a))	10,106,229	-

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2023

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM	Term loan RM	Total RM
Group			
At 1 July 2021	52,830	-	52,830
Addition	468,817	-	468,817
Repayment	(112,210)	-	(112,210)
At 30 June 2022/1 July 2022	409,437	-	409,437
Addition	177,892	-	177,892
Addition through acquisition of a subsidiary company	427,038	133,767	560,805
Repayment	(256,776)	(26,183)	(282,959)
Termination of lease liabilities	(2,520)	-	(2,520)
At end of financial year	755,071	107,584	862,655

D. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group	
	2023 RM	2022 RM
Included in net cash from operating activities		
- Payment relating to variable leases	106,206	4,087
Included in net cash used in financing activities		
- Interest paid in relation to lease liabilities	44,823	28,790
- Payment of principal portion of lease liabilities	256,776	112,210
At end of financial year	407,805	145,087

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	22,439,099	18,553,146	119,284	234,159
Short-term deposits with licensed banks	700,000	1,418,363	-	-
	23,139,099	19,971,509	119,284	234,159

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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. The principal place of business of the Company is located at PLO 226, Jalan Kencana Mas, Kawasan Perindustrian Tebrau III, 81100 Johor Bahru, Johor.

The Company is principally engaged in investment holding activities.

The principal activities of the subsidiary companies are disclosed in Note 5 to the Financial Statements. During the financial year, there is a change in the nature of business of one of the subsidiary companies.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 September 2023.

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.

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

2.2 Basis of Measurement (cont'd)

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.

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 Standards/Amendments/Improvements to MFRSs

The Group and the Company have applied the following amendments to published standards approved by the Malaysian Accounting Standards Board ("MASB") for the first time for the financial year beginning on 1 July 2022:-

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

The adoption of the above amendments to MFRSs does not have any material impact on the current and prior year financial statements of the Group and the Company.

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

2.4 MFRSs (cont'd)

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 2023 issued by MASB and they have not been early adopted by the Group and the Company. The Group and the Company intends to adopt these MFRSs, amendments to the published standards and interpretations, if applicable, when they become effective in the respective financial period.

(a) MFRSs and amendments effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*
- Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112 Income Taxes – International Tax Reform: Pillar Two Model Rules

(b) MFRSs and amendments effective for financial period beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS Presentation of Financial Statements – Non-Current Liabilities with Covenants
- Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

(c) MFRSs and amendments effective for financial period beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

(d) Amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* Not applicable to the Group's and the Company's operations.

The initial application of above 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 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 4 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.

Recoverability of inventories

During the financial year, the Group filed claims against two customers in the same group from which the Group had already received signed purchase orders and held significant inventories to fulfill the orders, but the customers have not taken delivery nor pay for the orders.

Management has estimated the recoverability of the cost of the inventory by assessing the likelihood that the inventory can be sold to other customers, and considering the risk of non-recoverability due to damage and obsolescence due to slow moving inventory. Such assessments require significant judgements 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 6 to the Financial Statements.

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

The Group undergoes a specific review of its trade receivables through an analysis of the customers' credit risk and the ageing of the trade receivables balances. Further details of how the credit risk is determined and managed is described in Note 28(c) to the Financial Statements.

The information about the ECL on the Group's trade receivables is disclosed in Note 7 to the Financial Statements.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

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.

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.

3.1.2 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 statements 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.

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)

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.

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 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.5 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 a financial asset depending on the level of influence retained.

3.1.6 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.

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

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. No depreciation is provided on freehold land as it has indefinite life.

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:-

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 on 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

<u>The Group as lessee</u>

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of 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 statements 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 and building are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leased assets (cont'd)

The Group as lessee (cont'd)

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

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. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land	46 years
Building	50 years
Hostel premises	1 – 5 years

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, amortisation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section 3.10 Impairment of non-fnancial assets.

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 Group'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 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.

3.6 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.

3.7 Income tax

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Income tax (cont'd)

Indirect taxes

Sales and Services Tax ("SST") was imposed 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 SST except:-

(i) where the SST incurred in a purchase of assets or services is not recoverable from the authority, in which case the 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 SST included.

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

3.8 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").

3.9 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Revenue recognition (cont'd)

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.

3.9.1 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. 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.

3.9.2 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.

3.9.3 Interest income

Interest income is accounted for on accrual basis.

3.9.4 Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

3.9.5 Dividend income

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 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.

3.11 Financial instruments

3.11.1 Financial assets

3.11.1.1 Classification

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

The Group and the Company classifies its financial assets in the following measurement categories:-

- Those to be measured at amortised cost;
- Those to be measured at fair value through profit or loss ("FVTPL"); and
- Those to be measured at fair value through other comprehensive income ("FVOCI").

During the financial year, the Group and the Company does not have any financial assets categorised as FVOCI.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial instruments (cont'd)

3.11.1 Financial assets (cont'd)

3.11.1.2 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.

3.11.1.3 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.

3.11.1.4 Subsequent measurement

Financial assets are subsequently classified into the following category:-

(i) Amortised cost

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 amount due from subsidiary companies, cash and bank balances, fixed deposits with licensed banks, trade and most of the other receivables.

(ii) FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Net changes in fair value is recognised in profit or loss in the period which it arises.

This category includes other investments of which the Group and the Company have not irrevocably elected to classify as FVOCI. Dividends on listed equity investments are also recognised in the statements of profit or loss when the right of payment has been established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial instruments (cont'd)

3.11.1 Financial assets (cont'd)

3.11.1.5 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 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 process to monitor the recoverability of trade receivables 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 FVOCI (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)

3.11 Financial instruments (cont'd)

3.11.2 Financial liabilities

3.11.2.1 Classification

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

- Those to be measured at amortised cost.

3.11.2.2 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 expired. 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.

3.11.2.3 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.

3.11.2.4 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 amount due to a subsidiary company, amount due to a related party, 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.

3.11.3 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.

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30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Equity instruments and reserves

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.

Unappropriated profit includes all current and prior period unappropriated profit.

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

3.13 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.

3.14 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.

3.15 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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).

3.18 Dividends

Interim dividends are simultaneously proposed and declared, because the Constitution 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.

3.19 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

3.20 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS
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4. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land RM	Long leasehold land RM	Building RM	Hostel premises 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 2021	-	8,500,000	9,500,000	104,875	1,820,496	20,953,411	1,552,868	3,110,892	45,542,542
Additions	-	-	-	468,817	203,009	4,017,500	41,000	-	4,730,326
Disposal	-	-	-	-	(41,721)	-	-	(82,000)	(123,721)
Written off	-	-	-	-	(5,149)	-	-	-	(5,149)
At 30 June 2022	-	8,500,000	9,500,000	573,692	1,976,635	24,970,911	1,593,868	3,028,892	50,143,998
Representing:-									
At cost	-	-	-	573,692	1,976,635	24,970,911	1,593,868	3,028,892	32,143,998
At valuation: 2018	-	8,500,000	9,500,000	-	-	-	-	-	18,000,000
At 1 July 2022	-	8,500,000	9,500,000	573,692	1,976,635	24,970,911	1,593,868	3,028,892	50,143,998
Addition through acquisition of a subsidiary company	-	-	-	-	78,690	1,000,110	125,150	15,308	1,219,258
Additions	5,072,084	-	-	177,892	58,247	549,525	1,202,083	400,095	7,459,926
Disposal	-	-	-	-	(22,700)	(416,057)	(25,778)	-	(464,535)
Full settlement of lease liabilities	-	-	-	(79,509)	-	-	-	-	(79,509)
Termination of lease liabilities	-	-	-	(19,988)	-	-	-	-	(19,988)
Revaluation	-	(1,000,000)	1,000,000	-	-	-	-	-	-
At 30 June 2023	5,072,084	7,500,000	10,500,000	652,087	2,090,872	26,104,489	2,895,323	3,444,295	58,259,150
Representing:-									
At cost	5,072,084	-	-	652,087	2,090,872	26,104,489	2,895,323	3,444,295	40,259,150
At valuation: 2023	-	7,500,000	10,500,000	-	-	-	-	-	18,000,000
At 30 June 2023	5,072,084	7,500,000	10,500,000	652,087	2,090,872	26,104,489	2,895,323	3,444,295	58,259,150

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

Group (cont'd)

	Freehold land RM	Long leasehold land RM	Building RM	Hostel premises 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 2021	-	499,999	570,000	67,027	1,436,178	17,110,883	1,139,561	2,320,983	23,144,631
Charge for the financial year	-	166,667	190,000	113,948	110,696	2,192,319	98,415	277,153	3,149,198
Disposal	-	-	-	-	(40,990)	-	-	(82,000)	(122,990)
Written off	-	-	-	-	(5,149)	-	-	-	(5,149)
At 30 June 2022	-	666,666	760,000	180,975	1,500,735	19,303,202	1,237,976	2,516,136	26,165,690
Charge for the financial year	-	166,667	190,000	153,162	136,964	2,211,279	106,946	242,656	3,207,674
Disposal	-	-	-	-	(17,944)	(416,058)	(4,941)	-	(438,943)
Full settlement of lease liabilities	-	-	-	(79,509)	-	-	-	-	(79,509)
Termination of lease liabilities	-	-	-	(18,626)	-	-	-	-	(18,626)
Revaluation	-	(833,333)	(950,000)	-	-	-	-	-	(1,783,333)
At 30 June 2023	-	-	-	236,002	1,619,755	21,098,423	1,339,981	2,758,792	27,052,953
Net carrying amount									
At 30 June 2023	5,072,084	7,500,000	10,500,000	416,085	471,117	5,006,066	1,555,342	685,503	31,206,197
At 30 June 2022	-	7,833,334	8,740,000	392,717	475,900	5,667,709	355,892	512,756	23,978,308

NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

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

The leasehold land is amortised over the leasehold period of 46 years (2022: 51 years) that is revalued on 30 June 2023 once every five years after the last revaluation was performed on 30 June 2018.

On 30 June 2023, the Group 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 valuation was incorporated in the financial statements for the financial year ended 30 June 2023.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in "Revaluation Reserve" under the equity.

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
2023		
Cost	3,367,418	8,539,940
Accumulated depreciation	(734,286)	(2,233,920)
Net carrying amount	2,633,132	6,306,020
2022		
Cost	3,367,418	8,539,940
Accumulated depreciation	(678,162)	(2,063,121)
Net carrying amount	2,689,256	6,476,819

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

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

Group

	Long leasehold land RM	Building RM	Hostel premises RM	Total RM
Net carrying amount				
At 1 July 2021	8,000,001	8,930,000	37,848	16,967,849
Addition	-	-	468,817	468,817
Depreciation charges	(166,667)	(190,000)	(113,948)	(470,615)
At 30 June 2022	7,833,334	8,740,000	392,717	16,966,051
Addition	-	-	177,892	177,892
Depreciation charges	(166,667)	(190,000)	(153,162)	(509,829)
Termination of lease liabilities	-	-	(1,362)	(1,362)
Revaluation	(166,667)	1,950,000	-	1,783,333
At 30 June 2023	7,500,000	10,500,000	416,085	18,416,085

5. SUBSIDIARY COMPANIES

5.1 Investment in subsidiary companies

	Company 2023 RM	2022 RM
Unquoted shares – At cost:-		
At beginning of financial year	101,901,148	101,901,148
Additional investments made	9,906,229	-
Acquisition of a subsidiary company	1,500,000	-
Less: Accumulated impairment loss	(132,542)	-
At end of financial year	113,174,835	101,901,148

The particulars of the subsidiary companies are as follows:-

Name of company	Country of incorporation	Effective equity interest 2023 %	2022 %	Principal activities
1. Intag Industrial Supplies Sdn. Bhd. *	Malaysia	100	100	Manufacture mesh, filter media, glass filter, tapes, label sticker, adhesive 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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

5. SUBSIDIARY COMPANIES (CONT'D)

5.1 Investment in subsidiary companies (cont'd)

Name of company	Country of incorporation	Effective equity interest 2023 %	2022 %	Principal activities
4. MTAG Land Sdn. Bhd.	Malaysia	100	100	Not yet commence its business operation
5. Super Gold Industrial Sdn. Bhd. #	Malaysia	100	-	Manufacturing of labels, stickers and tapes and related industrial supplies

* Change in the nature of principal activities during the financial year

\# Audited by a firm other than member firms of Grant Thornton International Ltd and Grant Thornton Malaysia PLT.

5.2 Acquisition of subsidiary

On 31 October 2022, the Company completed the acquisition of 100,000 ordinary shares, representing 100% equity interest in Super Gold Industrial Sdn. Bhd. ("SGI"). The initial purchase consideration was RM1,500,000. SGI is a non-Licensed Manufacturing warehouse ("LMW") label sticker company. The acquisition enables MTAG Group to broaden its customer base by penetrating non-LMW companies.

The purchase consideration for the acquisition consists of:

- Cash considerations of RM1,300,000 paid upon completion
- Retention sum of RM200,000 payable in cash by the Company to the vendor after the retention period of 2 years from the date of completion. The retention sum is to cover warranties, indemnities and tax covenants as set out in the sale and purchase agreement.

<u>Consideration transferred, assets recognised and liabilities assumed</u>

i) Fair value of consideration transferred

	Group 2023 RM
Consideration transferred	
Cash consideration	1,300,000
Consideration payable in cash	200,000
	1,500,000

5. **SUBSIDIARY COMPANIES (CONT'D)**

5.2 Acquisition of subsidiary (cont'd)

Consideration transferred, assets recognised and liabilities assumed (cont'd)

ii) Fair value of identifiable assets acquired and liabilities assumed

	Group 2023 RM
Property, plant and equipment	1,219,258
Inventories	652,926
Trade and other receivables	600,100
Tax recoverable	6,753
Cash and cash equivalents	51,384
Trade and other payables	(469,616)
Finance lease liabilities	(427,038)
Term loan	(133,767)
Total identifiable assets and liabilities	1,500,000

iii) Net cash outflow arising from acquisition of subsidiary

	Group 2023 RM
Purchase consideration settled in cash	(1,300,000)
- Cash and cash equivalent balances acquired	51,384
Net cash outflow	(1,248,616)

iv) No goodwill was recognised as a result of this acquisition.

v) Acquisition-related costs

The Group incurred acquisition-related costs of RM11,010 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

5.3 Impairment loss on investment in subsidiary

As at the reporting date, the Company assessed there is an indication of impairment on the carrying amount of investment in one of the subsidiaries. The Company conducted impairment assessment of its investment in a subsidiary by comparing its carrying amount with its recoverable amount. The recoverable amount was arrived at based on the fair value less cost to sell method which represents the Company's share of the adjusted net assets in this subsidiary and based on this, impairment of RM132,542 was recognised.

Details of the Level 3 fair value method used in obtaining the recoverable amount is as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities	Fair value of individual assets and liabilities	The higher the net assets, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

5. SUBSIDIARY COMPANIES (CONT'D)

5.4 Amount due from/to subsidiary companies

The amounts due from/to subsidiary companies are non-trade in-nature, unsecured, bear no interest and repayable upon demand.

The entire amounts due from/to subsidiary companies are denominated in Ringgit Malaysia.

	Company	
	2023 RM	**2022 RM**
Amount due from subsidiary companies		
Non-trade	25,397	16,150
Amount due to a subsidiary company		
Non-trade	2	2

6. INVENTORIES

	Group	
	2023 RM	**2022 RM**
Raw materials	23,114,691	25,371,652
Finished goods	353,624	320,043
Trading goods	2,580,563	1,737,908
Total inventories	26,048,878	27,429,603
Recognised in profit or loss:-		
Inventories written down to net realisable value	745,099	911,845

The allowance for inventories written down are included in cost of sales.

A total of RM94,107,067 (2022: RM114,654,541) of inventories was included in profit or loss as expense.

7. TRADE RECEIVABLES

	Group	
	2023 RM	**2022 RM**
Trade receivables	24,976,459	53,549,293
Less: Allowance for impairment loss of trade receivables	(25,450)	(75,450)
	24,951,009	53,473,843

Movement in allowance for impairment loss of trade receivables:-

	Group	
	2023 RM	**2022 RM**
At beginning of financial year	(75,450)	(120,450)
Reversal of impairment – payment received	50,000	45,000
At end of financial year	(25,450)	(75,450)

7. TRADE RECEIVABLES (CONT'D)

Trade receivables that are financial assets and denominated in foreign currencies at 30 June are as follows:-

	Group	
	2023 RM	2022 RM
Ringgit Malaysia	17,899,477	46,377,420
Singapore Dollar	36,667	36,782
United States Dollar	7,014,865	7,059,641
	24,951,009	53,473,843

Trade receivables comprise amounts receivable from sales of goods. The credit terms granted to the customers ranged from 30 days to 90 days (2022: 30 days to 90 days). Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

An impairment analysis is performed at each reporting date 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.

8. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade receivables	177,052	1,300	-	-
Deposits	1,018,397	148,404	851,000	3,000
Interest receivables	875,724	1,062,441	411,655	615,621
Prepayments	198,060	120,233	19,046	19,048
Prepayment – Stamp duty	-	105,666	-	105,666
	2,269,233	1,438,044	1,281,701	743,335

The entire other receivables balances are denominated in Ringgit Malaysia.

9. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At fair value through profit or loss:-				
Trust fund				
At beginning of financial year	22,770,242	-	10,541,224	-
Addition	110,084,963	40,655,000	20,581,548	21,030,000
Disposal	(82,861,035)	(17,905,000)	(29,721,298)	(10,500,000)
Fair value gain	1,009,542	20,242	105,226	11,224
At end of financial year	51,003,712	22,770,242	1,506,700	10,541,224

9. OTHER INVESTMENTS (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Recognised in profit or loss:-				
Gain on disposal of other investments	96,238	45,000	5,250	30,000
Gain on fair value of other investments	1,009,542	20,242	105,226	11,224

The fair value measurement of trust fund is categorised within Level 2 of the fair value hierarchy.

10. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits with licensed banks	70,277,114	84,830,652	33,000,000	35,150,000

The fixed deposits of the Group and of the Company are on fixed rate basis that are placed with licensed banks and with maturity tenure from 6 months to 12 months (2022: 6 months to 12 months) period.

The effective interest rate on fixed deposits with licensed banks of the Group and of the Company ranged from 2.85% to 3.95% and 3.78% to 3.95% (2022: 1.85% to 2.45% and 2.20% to 2.35%) per annum respectively.

Fixed deposits with a licensed bank amounting to RM1,693,029 (2022: RM1,662,277) are pledged to licensed bank as security for bank guarantee facilities granted to subsidiary companies.

The entire fixed deposits with licensed banks are denominated in Ringgit Malaysia.

11. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash on hand and at banks	22,439,099	18,553,146	119,284	234,159
Short term deposits with licensed banks	700,000	1,418,363	-	-
	23,139,099	19,971,509	119,284	234,159

The interest rates and the maturity of short term deposits were as follows:-

	Group		Company	
	2023	2022	2023	2022
Interest rate (%)	1.75 - 2.75	1.20 - 1.75	-	-
Maturity (days)	7 - 92	8 - 92	-	-

11. CASH AND BANK BALANCES (CONT'D)

The currency exposure profile of the cash and bank balances is as follows (foreign currency balances are unhedged):-

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Ringgit Malaysia	13,957,572	16,505,577	119,284	234,159
Singapore Dollar	8,819	8,082	-	-
United States Dollar	9,172,708	3,457,850	-	-
	23,139,099	19,971,509	119,284	234,159

12. SHARE CAPITAL

	2023 Unit	**2023 RM**	**2022 Unit**	**2022 RM**
Group and Company				
Issued and fully paid-up with no par value:-				
Ordinary shares				
At beginning and end of the financial year	681,617,400	146,565,776	681,617,400	146,565,776

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

The entire unappropriated profit of the Company is available for distribution as single-tier dividends to the shareholders of the Company.

16. DEFERRED TAX LIABILITIES

	Group	
	2023 RM	**2022 RM**
At beginning of financial year	2,438,171	2,443,021
Transferred to profit or loss (Note 24)	984,680	32,670
Change in revaluation assets (Note 24)	428,001	-
Realisation of liabilities upon depreciation of revalued assets (Note 24)	(37,520)	(37,520)
At end of financial year	3,813,332	2,438,171

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16. DEFERRED TAX LIABILITIES (CONT'D)

The balance in the deferred tax liabilities is made up of temporary differences arising from:-

	Group	
	2023 **RM**	**2022** **RM**
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,644,398	801,417
Unrealised gain on foreign exchange	128,239	27,960
Inventories written down	(102,000)	(143,422)
Revaluation of land and building	2,142,695	1,752,216
	3,813,332	2,438,171

17. LEASE LIABILITIES

17.1 Group as lessee

The Group has lease contracts for various items of land and hostel premises used in its operations. Leases of hostel premises generally has lease terms of 1 to 5 years with extension options of 1 to 3 years and leasehold land has remaining lease term of 46 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 equipment which is under variable lease payments type.

17.1.1 Lease liabilities are presented in the statements of financial position as follows:-

	Group	
	2023 **RM**	**2022** **RM**
Current	291,805	140,513
Non-current	463,266	268,924
	755,071	409,437

17.1.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:-

	Group	
	2023 **RM**	**2022** **RM**
At beginning of financial year	409,437	52,830
Addition	177,892	468,817
Addition through acquisition of a subsidiary company	427,038	-
Accretion of interest	44,823	28,790
Lease payments		
- principal portion	(256,776)	(112,210)
- interest portion	(44,823)	(28,790)
Termination of lease liabilities	(2,520)	-
At end of financial year	755,071	409,437

17. LEASE LIABILITIES (CONT'D)

17.1 Group as lessee (cont'd)

17.1.3 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 equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

The expense relating to payments not included in the measurement of the lease liabilities is as follows:-

	Group	
	2023 RM	**2022 RM**
Lease payments not recognised as liability:-		
- Variable lease payments	4,206	4,087
- Short-term lease payments	102,000	-
Total amount recognised in profit or loss	106,206	4,087

17.1.4 Lease information

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 assets recognised on statements of financial position:-

Type	**Number of right-of-use assets leased**	**Range of remaining term**	**Number of lease with extension options**
2023			
Leasehold land	1	46 years	-
Hostel premises	8	12 - 42 months	7

Type	**Number of right-of-use assets leased**	**Range of remaining term**	**Number of lease with extension options**
2022			
Leasehold land	1	47 years	-
Hostel premises	9	6 - 51 months	5

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18. TERM LOAN

	Group 2023 RM	Group 2022 RM
Secured:		
Non-current		
Term loan	66,690	-
Current		
Term loan	40,894	-
	107,584	-

The term loan of the Group is secured by:-

i) 70% guaranteed by the Government of Malaysia under Bank Negara Malaysia's Fund for Small and Medium Enterprise – All Economic Sectors Facility;
ii) Jointly and severally guaranteed by a director of a subsidiary of the Group for RM200,000.

19. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group ranged from cash terms to 120 days (2022: 14 days to 120 days).

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

	Group 2023 RM	Group 2022 RM
Ringgit Malaysia	4,448,393	5,999,572
United States Dollar	638,582	15,318,835
Singapore Dollar	55,085	1,749,401
Euro	-	154,641
Swiss Franc	361,730	485,919
	5,503,790	23,708,368

20. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Non-trade payable	200,000	-	200,000	-
Current				
Non-trade payables	1,157,119	804,302	404,786	11,042
Deposit received	336	18,778	-	-
Accrual of expenses	3,205,501	2,582,096	101,120	313,270
	4,362,956	3,405,176	505,906	324,312
	4,562,956	3,405,176	705,906	324,312

The entire other payables balances is denominated in Ringgit Malaysia.

21. AMOUNT DUE TO A RELATED PARTY

Related party is a company in which certain Directors have substantial financial interests.

The amount due to a related party is unsecured, bears no interest and repayable upon demand.

The entire amount due to a related party is denominated in Ringgit Malaysia.

22. REVENUE

22.1 Revenue for the Group

Revenue for the Group comprise of revenue from contract with customers.

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 follows:-

Group	2023 RM	2022 RM
Major products and services		
Filter media and mesh	70,657,208	103,648,261
General merchandise goods	37,534,623	33,455,914
Hardware products	10,545,452	11,503,106
Printing of labels and stickers and customised converting services	35,174,987	31,555,254
	153,912,270	180,162,535

NOTES TO THE FINANCIAL STATEMENTS
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22. REVENUE (CONT'D)

22.1 Revenue for the Group (cont'd)

Disaggregation of revenue from contract with customers (cont'd)

Revenue from contracts with customers is disaggregated by major products, primary geographical markets and timing of revenue recognition as follows:- (cont'd)

Group	2023 RM	2022 RM
Primary geographical markets of the customers		
Northern region	250,365	8,833
Central region	401,678	4,023
Southern region	130,839,580	163,600,916
Overseas (outside Malaysia)	22,420,647	16,548,763
	153,912,270	180,162,535
Timing of revenue recognition		
Products transferred at a point in time	153,912,270	180,162,535

Transaction prices allocated to the remaining obligations

The Company applies the practical expedient for exemption on disclosure of information on remaining performance obligations that have original expected durations of the one year or less.

22.2 Revenue for the Company

Company	2023 RM	2022 RM
Dividend income	20,448,548	20,448,548

23. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration related to:				
Statutory audits - current year				
- Grant Thornton Malaysia PLT	139,000	117,000	40,000	28,000
- Other auditors	9,000	-	-	-
Statutory audits - prior year				
- Other auditors	450	-	-	-
Assurance-related services - current year				
- Grant Thornton Malaysia PLT	10,000	10,000	10,000	13,000
Other services				
- Local affiliate of Grant Thornton Malaysia PLT	53,300	31,000	3,000	3,000
- Other auditors	9,950	-	5,000	-

23. PROFIT BEFORE TAX (CONT'D)

Profit before tax has been determined after charging/(crediting), amongst others, the following items:- (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Allowance for impairment loss on investment in subsidiary companies	-	-	132,542	-
Depreciation of property, plant and equipment	2,697,845	2,678,583	-	-
Depreciation of right-of-use assets	509,829	470,615	-	-
Directors' fee to Independent Non-Executive Directors	168,480	168,480	168,480	168,480
Short term lease payment	102,000	-	-	-
Variable lease payment	4,206	4,087	-	-
Gain on fair value of other investments	(1,009,542)	(20,242)	(105,226)	(11,224)
Gain on disposal of other investments	(96,238)	(45,000)	(5,250)	(30,000)
Gain on disposal of property, plant and equipment	(141,646)	(16,869)	-	-
Gain on early termination of lease liabilities	(1,158)	-	-	-
Realised (gain)/loss on foreign exchange	(684,823)	91,933	-	-
Unrealised gain on foreign exchange	(513,287)	(359,174)	-	-
Wage subsidies received	-	(216,000)	-	-

24. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current year's tax expense	9,602,912	9,939,600	273,000	247,000
Over provision of tax expense in prior financial year	(1,038,636)	(244,217)	(8,288)	(28,996)
Transferred from deferred tax liabilities (Note 16)	984,680	32,670	-	-
Realisation of deferred tax liabilities upon depreciation of revalued assets (Note 16)	(37,520)	(37,520)	-	-
	9,511,436	9,690,533	264,712	218,004

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the financial year.

Recognised in other comprehensive income

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revaluation of land and building	428,001	-	-	-
	428,001	-	-	-

24. TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	39,582,419	39,772,814	20,842,079	20,926,118
Tax expense at Malaysian statutory tax rate of 24% (2022: 24%)	9,499,781	9,545,475	5,002,099	5,022,268
Tax effects in respect of:-				
Expenses not deductible for tax purposes	498,323	414,670	205,081	132,384
Income not subject to tax	(228,177)	(56,474)	(4,934,180)	(4,907,652)
Deferred tax assets not recognised	201,857	72,183	-	-
Realisation of deferred tax liabilities upon depreciation of revalued assets	(37,520)	(37,520)	-	-
Overprovision of tax expense in prior financial year	(1,038,636)	(244,217)	(8,288)	(28,996)
Under/(Over) provision of deferred tax liabilities in prior financial year	615,808	(3,584)	-	-
	9,511,436	9,690,533	264,712	218,004

25. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023 RM	2022 RM
Staff costs	17,222,177	15,429,311

Employee benefits expense of the Group consists of, amongst others, the following items:-

	Group	
	2023 RM	2022 RM
Directors' remuneration		
- Salary	1,680,000	1,680,000
- EPF	683,312	685,769
- Employment Insurance Scheme ("EIS")	296	278
- Bonus	4,006,652	3,862,203
- Fee	168,480	168,480
- Other benefits	30,000	30,000
- Social Security Contribution ("SOCSO")	3,718	3,330
Defined contribution plan - Staff EPF	814,282	671,171
Other key management personnel remuneration		
- Salary, allowance and commission	1,207,642	885,817
- EPF, SOCSO and EIS	167,407	129,481
- Bonus	150,850	144,900

26. RELATED PARTY DISCLOSURES

(a) The transactions of the Group and of the Company with the related parties were as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Transactions with Directors' related companies:-				
- sales of goods	992	1,470	-	-
- services received	11,470	10,278	-	-
Transactions with subsidiary companies:-				
- expenses paid on behalf for	-	-	5,187,475	16,151
Transactions with key management personnel:-				
- rental of hostel charged by	48,500	36,000	-	-

(b) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 5 and 21 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		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Authorised and contracted for:-				
- Factory building	10,000,000	-	-	-

On 24 June 2023, the Group entered into a sale and purchase agreement for the acquisition of a factory building and the acquisition will result in an increase in property, plant and equipment for the year ending 30 June 2024.

(b) The corporate guarantees are as follows:-

	Company	
	2023 RM	2022 RM
Unsecured:-		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiary companies - limit	21,315,000	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.

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28. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of the financial instruments categorised as follows:-

a) Financial assets and financial liabilities measured at amortised cost ("AC")
b) Financial assets measured at fair value through profit or loss ("FVTPL")

	Carrying amount RM	FVTPL RM	AC RM
Group			
2023			
Financial assets			
Trade receivables	24,951,009	-	24,951,009
Other receivables	2,269,233	-	1,174,166
Other investments	51,003,712	51,003,712	-
Fixed deposits with licensed banks	70,277,114	-	70,277,114
Cash and bank balances	23,139,099	-	23,139,099
	171,640,167	51,003,712	119,541,388
Financial liabilities			
Trade payables	5,503,790	-	5,503,790
Other payables	4,562,956	-	4,562,956
Amount due to a related party	239	-	239
Term loan	107,584	-	107,584
	10,174,569	-	10,174,569
2022			
Financial assets			
Trade receivables	53,473,843	-	53,473,843
Other receivables	1,438,044	-	1,212,145
Other investments	22,770,242	22,770,242	-
Fixed deposits with licensed banks	84,830,652	-	84,830,652
Cash and bank balances	19,971,509	-	19,971,509
	182,484,290	22,770,242	159,488,149
Financial liabilities			
Trade payables	23,708,368	-	23,708,368
Other payables	3,405,176	-	3,405,176
Amount due to a related party	1,072	-	1,072
	27,114,616	-	27,114,616

28. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

	Carrying amount RM	FVTPL RM	AC RM
Company			
2023			
Financial assets			
Other receivables	1,281,701	-	411,655
Amount due from subsidiary companies	25,397	-	25,397
Other investments	1,506,700	1,506,700	-
Fixed deposits with licensed banks	33,000,000	-	33,000,000
Cash and bank balances	119,284	-	119,284
	35,933,082	1,506,700	33,556,336
Financial liabilities			
Other payables	705,906	-	705,906
Amount due to a subsidiary company	2	-	2
	705,908	-	705,908
2022			
Financial assets			
Other receivables	743,335	-	618,621
Amount due from subsidiary companies	16,150	-	16,150
Other investments	10,541,224	10,541,224	-
Fixed deposits with licensed banks	35,150,000	-	35,150,000
Cash and bank balances	234,159	-	234,159
	46,684,868	10,541,224	36,018,930
Financial liabilities			
Other payables	324,312	-	324,312
Amount due to a subsidiary company	2	-	2
	324,314	-	324,314

Net gains/(losses) arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net gains/(losses) on:-				
- Financial assets categorised as AC	3,733,267	2,820,137	1,164,951	1,005,248
- Financial assets categorised as FVTPL	1,105,780	65,242	110,476	41,224
- Financial liabilities categorised as AC	508,819	(131,964)	-	-
	5,347,866	2,753,415	1,275,427	1,046,472

28. FINANCIAL INSTRUMENTS (CONT'D)

Included in gains/(losses) on financial instruments categorised as amortised cost are:-

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Total interest income for financial assets at AC	2,996,606	2,376,588	1,164,951	1,005,248
Total interest expenses for financial liabilities at AC	(4,055)	-	-	-

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. 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.

(a) <u>Foreign currency risk</u>

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 United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR") 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**	**EUR RM**	**CHF RM**
Group				
2023				
Financial assets				
Trade receivables	7,014,865	36,667	-	-
Cash and bank balances	9,172,708	8,819	-	-
	16,187,573	45,486	-	-
Financial liability				
Trade payables	(638,582)	(55,085)	-	(361,730)
Net exposure	15,548,991	(9,599)	-	(361,730)

28. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Foreign currency risk (cont'd)

	USD RM	SGD RM	EUR RM	CHF RM
2022				
Financial assets				
Trade receivables	7,059,641	36,782	-	-
Cash and bank balances	3,457,850	8,082	-	-
	10,517,491	44,864	-	-
Financial liability				
Trade payables	(15,318,835)	(1,749,401)	(154,641)	(485,919)
Net exposure	(4,801,344)	(1,704,537)	(154,641)	(485,919)

The Company has no foreign currency risk as at 30 June 2023 and 30 June 2022 as all its financial instruments are denominated in Ringgit Malaysia.

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/EUR exchange rate and RM/CHF exchange rate with 'all other things are being equal'.

It assumes a +/- 12.63% (2022: 5.89%) change of the RM/USD, RM/SGD, RM/EUR 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, EUR and CHF by 12.63% (2022: 5.89%) respectively, this would have the following impact:-

	← Increase/(Decrease) on profit for the financial year →				
	USD RM	SGD RM	EUR RM	CHF RM	Total RM
Group					
2023	(1,963,842)	1,212	-	45,687	(1,916,943)
2022	282,724	100,370	9,106	28,613	420,813

If the RM had weakened against the USD, SGD, EUR and CHF by 12.63% (2022: 5.89%) 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
2023		
Fixed rate instruments		
Financial assets		
Fixed deposits with licensed banks	70,277,114	33,000,000
Short term deposits with licensed banks	700,000	-
	70,977,114	33,000,000
Financial liability		
Term loan	(107,584)	-
2022		
Fixed rate instruments		
Financial assets		
Fixed deposits with licensed banks	84,830,652	35,150,000
Short term deposits with licensed banks	1,418,363	-
	86,249,015	35,150,000

There is no interest rate sensitivity analysis presented as the Group's and the Company's financial instruments held at reporting date are not sensitive to changes in interest rate.

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Classes of financial assets - carrying amount:-				
Trade receivables	24,951,009	53,473,843	-	-
Other receivables	1,174,166	1,212,145	411,655	618,621
Amount due from subsidiary companies	-	-	25,397	16,150
Fixed deposits with licensed banks	70,277,114	84,830,652	33,000,000	35,150,000
Cash and bank balances	23,139,099	19,971,509	119,284	234,159
	119,541,388	159,488,149	33,556,336	36,018,930

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.

The ageing analysis of trade receivables of the Group is as follows:-

		Allowance for impairment loss			
	Gross RM	Expected credit loss (individually impaired) RM	Expected credit loss (collectively impaired) RM	Total RM	Net RM
2023					
Within terms	14,265,723	-	-	-	14,265,723
Past due 1 to 30 days	6,625,307	-	-	-	6,625,307
Past due 31 to 60 days	2,782,649	-	-	-	2,782,649
Past due 61 to 90 days	837,423	-	-	-	837,423
Past due 91 to 120 days	101,013	-	-	-	101,013
Past due more than 120 days	364,344	(25,450)	-	(25,450)	338,894
	24,976,459	(25,450)	-	(25,450)	24,951,009

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

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	← Allowance for impairment loss: Expected credit loss (individually impaired) RM	Expected credit loss (collectively impaired) RM →	Total RM	Net RM
2022					
Within terms	29,040,892	-	-	-	29,040,892
Past due 1 to 30 days	17,134,143	-	-	-	17,134,143
Past due 31 to 60 days	5,115,762	-	-	-	5,115,762
Past due 61 to 90 days	891,684	-	-	-	891,684
Past due 91 to 120 days	779,639	-	-	-	779,639
Past due more than 120 days	587,173	(75,450)	-	(75,450)	511,723
	53,549,293	(75,450)	-	(75,450)	53,473,843

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 concentration profile of the Group's trade receivables as at the reporting date are as follows:-

	2023 RM	2023 %	2022 RM	2022 %
Top 3 customers	8,727,712	35	35,664,555	67

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.

For other receivables, intercompany loans and advances, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. The Company provides unsecured loans and advances to subsidiary companies and monitors the results of the subsidiary companies regularly. As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary companies are not recoverable.

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)

(c) Credit risk (cont'd)

Financial guarantee contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowance was identified based on 12 months ECL.

	Company	
	2023	**2022**
	RM	**RM**
Corporate guarantee given to licensed financial institutions for the credit facilities granted to subsidiary companies	21,315,000	20,600,000

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for bank guarantee where the maximum credit risk exposure is the amount of bank guarantee utilised by the subsidiary companies. As at the end of the reporting period, there was no indication that the subsidiary companies would default in payment.

(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 Less than 1 year RM	**Non-current Between 1 to 5 years RM**	**Current Less than 1 year RM**	**Non-current Between 1 to 5 years RM**
2023				
Non-derivative financial liabilities and lease liabilities				
Trade payables	5,503,790	-	-	-
Other payables	4,362,956	200,000	505,906	200,000
Amount due to a related party	239	-	-	-
Amount due to a subsidiary company	-	-	2	-
Lease liabilities	390,020	542,904	-	-
Term loan	45,360	69,421	-	-
Total financial liabilities and lease liabilities	10,302,365	812,325	505,908	200,000
Financial guarantees*	21,315,000	-	21,315,000	-

28. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

The following table shows the areas where the Group and the Company are exposed to liquidity risk:- (cont'd)

	Group		Company	
	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM
2022				
Non-derivative financial liabilities and lease liabilities				
Trade payables	23,708,368	-	-	-
Other payables	3,405,176	-	324,312	-
Amount due to a related party	1,072	-	-	-
Amount due to a subsidiary company	-	-	2	-
Lease liabilities	159,000	283,500	-	-
Total financial liabilities and lease liabilities	27,273,616	283,500	324,314	-
Financial guarantees*	20,600,000	-	20,600,000	-

* 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 2023 and 2022.

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 and of the Company are as follows:-

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Total equity		213,519,988	202,542,195	148,408,460	148,279,615
Lease liabilities	17	755,071	409,437	-	-
Term loan	18	107,584	-	-	-
Total debt		862,655	409,437	-	-
Debt-to-equity ratio		0.004	0.002	-	-

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

	Quoted in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
Group				
2023				
Financial asset				
Other investments	-	51,003,712	-	51,003,712
	-	51,003,712	-	51,003,712
Company				
2023				
Financial asset				
Other investments	-	1,506,700	-	1,506,700
	-	1,506,700	-	1,506,700
Group				
2022				
Financial asset				
Other investments	-	22,770,242	-	22,770,242
	-	22,770,242	-	22,770,242
Company				
2022				
Financial asset				
Other investments	-	10,541,224	-	10,541,224
	-	10,541,224	-	10,541,224

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

31. 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.

31. OPERATING SEGMENT - GROUP (CONT'D)

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.

Business segments

	Converting		Distribution		Investment holding		Consolidation adjustments		Notes	Consolidated	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM		2023 RM	2022 RM
Revenue:-											
External customers	119,118,625	146,716,043	38,137,851	33,446,492	-	-	(3,344,206)	-		153,912,270	180,162,535
Inter-companies	3,342,306	2,882,646	1,900	9,423	20,448,548	20,448,548	(23,792,754)	(23,340,617)	A	-	-
	122,460,931	149,598,689	38,139,751	33,455,915	20,448,548	20,448,548	(27,136,960)	(23,340,617)		153,912,270	180,162,535
Results:-											
Interest income	1,281,414	1,167,459	550,127	203,881	1,164,951	1,005,248	-	-		2,996,492	2,376,588
Interest expense	(125,752)	(130,123)	(27,454)	(16,822)	-	-	94,578	118,155		(58,628)	(28,790)
Depreciation of property, plant and equipment	(2,708,980)	(2,614,584)	(126,536)	(63,999)	-	-	137,671	-		(2,697,845)	(2,678,583)
Depreciation of right-of-use assets	(875,315)	(863,515)	(92,639)	(65,225)	-	-	458,125	458,125		(509,829)	(470,615)
Tax expense	(7,178,879)	(7,935,688)	(2,067,845)	(1,536,841)	(264,712)	(218,004)	-	-		(9,511,436)	(9,690,533)
Other non-cash (expenses)/ income	1,651,424	(421,620)	(11,463)	(137,753)	110,476	41,224	-	-	B	1,750,437	(518,149)
Segment profit	23,467,364	25,026,330	6,463,293	4,764,513	20,461,976	20,702,146	(20,321,650)	(20,410,708)		30,070,983	30,082,281

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

31. OPERATING SEGMENT - GROUP (CONT'D)

Business segments (cont'd)

	Converting RM	Distribution RM	Investment holding RM	Consolidation adjustment RM	Notes	Consolidated RM
2023						
Assets						
Segment assets	152,698,363	36,957,150	154,180,003	(114,940,274)	C	228,895,242
Additions to non-current assets other than financial instruments	2,336,343	51,499	5,072,084	-	D	7,459,926
Liabilities						
Segment liabilities	8,045,908	1,739,671	732,305	(450,899)	E	10,066,985
2022						
Assets						
Segment assets	160,958,410	28,429,574	148,586,018	(104,081,801)	C	233,892,201
Additions to non-current assets other than financial instruments	4,725,088	5,238	-	-	D	4,730,326
Liabilities						
Segment liabilities	22,120,133	4,981,382	341,464	(328,363)	E	27,114,616

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)/income consist of the following items:-

	2023 RM	2022 RM
Reversal of impairment loss of trade receivables	50,000	45,000
Bad debt written off	-	(656)
Gain on disposal of property, plant and equipment	141,646	16,869
Gain on disposal of other investments	96,238	45,000
Gain on fair value of other investments	1,009,542	20,242
Allowance for slow moving inventories	(1,480,324)	(911,845)
Realised gain/(loss) on foreign exchange	684,823	(91,933)
Reversal of allowance for slowing moving inventories	735,225	-
Unrealised gain on foreign exchange	513,287	359,174
	1,750,437	(518,149)

31. 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)

C. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2023 RM	2022 RM
Segment assets	228,895,242	233,892,201
Tax recoverable	75,639	17,913
Total assets	228,970,881	233,910,114

D. Additions to non-current assets other than financial instruments consist of:-

	2023 RM	2022 RM
Property, plant and equipment	7,459,926	4,730,326

E. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	2023 RM	2022 RM
Segment liabilities	10,066,985	27,114,616
Lease liabilities	755,071	409,437
Term loan	107,584	-
Tax payable	707,921	1,405,695
Deferred tax liabilities	3,813,332	2,438,171
Total liabilities	15,450,893	31,367,919

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 customers with revenue equal or more than 10% of the Group's total revenue:-

	Segment	Revenue 2023 RM	Revenue 2022 RM
Customer A	Converting	58,576,071	94,692,391

NOTES TO THE FINANCIAL STATEMENTS
30 June 2023

32. 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	
	2023	**2022**
Profit after tax for the financial year attributable to owners of the Company (RM)	30,070,983	30,082,281
Weighted average number of ordinary shares in issue	681,617,400	681,617,400
Basic earnings per ordinary share (RM)	0.04	0.04

Diluted earnings per ordinary share

Diluted earnings per share is not disclosed as there are no potentially dilutive ordinary shares.

33. SIGNIFICANT EVENT DURING AND AFTER THE REPORTING PERIOD

33.1 On 26 April 2023, the Group and the Company entered into a share purchase agreement for the acquisition of a new subsidiary at a total consideration of RM8,500,000. As of the reporting date, deposit was placed, and the acquisition is yet to be completed as certain pre-determined conditions have yet to be fulfilled.

33.2 On 25 November 2021, ATA IMS Berhad ("ATA Group") announced that one of its subsidiary, ATA Industrial (M) Sdn Bhd ("ATA") received notices of termination from their major customers.

On 18 April 2023, the Group filed a claim against ATA for the sum of RM2,141,255, being the open purchase orders that ATA ordered from the Group pursuant to purchase orders placed which subsequently failed to take delivery and pay.

On 13 September 2023, the High Court has allowed the Group's application for summary judgement against ATA and granted the Group judgement for the sum of RM2,141,255, interest on that sum at the rate of 5% per annum from 9 February 2023 until the date of full settlement and costs of RM3,000 .

33.3 On 23 December 2022, ATA Group announced that two of its subsidiaries, Jabco Filter System Sdn. Bhd. ("Jabco") and Winsheng Plastic Industry Sdn. Bhd. ("WPI") received notices of termination from their major customers. Jabco is a major customer of the Group. As a result, ATA and Jabco were unable to take delivery and pay for purchase orders they had previously issued to the Group. Therefore, the Group proceeded to file claims against ATA and Jabco.

On 11 April 2023, the Group, represented by its solicitors, issued and served a notice of demand to Jabco, amounting to RM27,551,305.59 for purchase orders that have not yet been delivered and paid for. As of the financial statements' authorisation date, the litigation filed against Jabco has yet to finalise and the date of hearing is set on 27 September 2023.

LIST OF PROPERTIES OWNED BY GROUP

As at 30 June 2023

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 2023 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	13 years	18,000	30-Jun-23

ANALYSIS OF SHAREHOLDINGS

As at 3 October 2023

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	: 6,959

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	5	0.071	169	0.000
100 - 1,000	734	10.547	445,500	0.065
1,001 - 10,000	3,375	48.498	19,895,200	2.918
10,001 - 100,000	2,519	36.197	83,262,600	12.215
100,001 - 34,080,869 (*)	324	4.655	141,729,717	20.793
34,080,870 AND ABOVE (**)	2	0.028	436,284,214	64.007
TOTAL	**6,959**	**100.000**	**681,617,400**	**100.000**

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

DIRECTORS' INTERESTS IN SHARES AS AT 3 OCTOBER 2023

NAME OF DIRECTORS	HOLDINGS	%
CHAW KAM SHIANG	337,001,970	49.441
PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAW KAM SHIANG (E-TSA)	10,000,000	1.467
DYANA SOFYA BINTI MOHD DAUD	0	0.000
JASON TAN KIM SONG	0	0.000
LAU CHER LIANG	99,282,244	14.565
LEE TING KIAT	0	0.000
CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR LEE TING KIAT (PB)	888,600	0.130
SUBTOTAL	**447,172,814**	**65.604**

SUBSTANTIAL SHAREHOLDERS AS AT 3 OCTOBER 2023

NAME OF DIRECTORS	HOLDINGS	%
CHAW KAM SHIANG	347,001,970	50.908
LAU CHER LIANG	99,282,244	14.565
TOTAL	**446,284,214**	**65.473**

ANALYSIS OF SHAREHOLDINGS
As at 3 October 2023

LIST OF TOP 30 HOLDERS AS AT 3 OCTOBER 2023

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1	CHAW KAM SHIANG	336,151,970	49.316
2	LAU CHER LIANG	99,282,244	14.565
3	ANG YAM FUNG	14,446,110	2.119
4	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAW KAM SHIANG (E-TSA)	10,000,000	1.467
5	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR LIM KA KIAN (PB)	6,200,000	0.909
6	HUANG TIONG SII	3,466,400	0.508
7	TOH SIEW PAT	3,000,000	0.440
8	LAW KIING KIU	2,584,000	0.379
9	ONG KENG SENG	2,422,900	0.355
10	LAW XIN YEE	2,059,900	0.302
11	TAN KIM SUN	2,000,000	0.293
12	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR BUMA-UNIVERSAL-FONDS I	1,972,900	0.289
13	CARTABAN NOMINEES (ASING) SDN. BHD. SSBT FUND 0MK4 FOR TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS	1,648,400	0.241
14	TAN KIM SENG	1,500,000	0.220
15	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	1,480,100	0.217
16	LIM KA KIAN	1,300,000	0.190
17	NYEOW CHIN HOCK	1,281,600	0.188
18	ONG CHAN CHEANG	1,250,000	0.183
19	LAU WAI KOK	1,234,100	0.181
20	HO YENG HOOI	1,000,000	0.146
21	JEANETTE GOH II-SAN	1,000,000	0.146
22	TAN KIAN YIAN	1,000,000	0.146
23	WONG ZHI SIONG	1,000,000	0.146
24	HSBC NOMINEES (ASING) SDN. BHD. J.P. MORGAN SECURITIES PLC	987,100	0.144

ANALYSIS OF SHAREHOLDINGS

As at 3 October 2023

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
25	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOW CHIN CHUAN	919,900	0.134
26	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR LEE TING KIAT (PB)	888,600	0.130
27	CHAW KAM SHIANG	850,000	0.124
28	ONG CHIN KANG	850,000	0.124
29	PHUN CHIN TUNG	820,000	0.120
30	VANYONG SDN BHD	817,000	0.119
	TOTAL	**503,413,224**	**73.855**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 6th Annual General Meeting ("6th AGM") of MTAG Group Berhad will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at https://tiih.online on **Friday, 24 November 2023** at 10.00 a.m. or any adjournment thereof, for the following businesses:

AGENDA

ORDINARY BUSINESS	**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 2023 and the Reports of the Directors and Auditors thereon.	***(Please refer Explanatory Note 1)***
2. To approve the Directors' fees of RM64,800 payable to Lee Ting Kiat, the Independent Non-Executive Chairman for the financial year ending 30 June 2024.	**Ordinary Resolution 1** ***(Please refer Explanatory Note 2)***
3. To approve the Directors' fees of RM51,840 payable to Jason Tan Kim Song, the Independent Non-Executive Director for the financial year ending 30 June 2024.	**Ordinary Resolution 2** ***(Please refer Explanatory Note 2)***
4. To approve the Directors' fees of RM51,840 payable to Dyana Sofya Binti Mohd Daud, the Independent Non-Executive Director for the financial year ending 30 June 2024.	**Ordinary Resolution 3** ***(Please refer Explanatory Note 2)***
5. To approve the payment of Directors' benefits payable to the Directors of the Company up to an amount of RM40,000 from the close of 6th Annual General Meeting until conclusion of the 7th Annual General Meeting in year 2024.	**Ordinary Resolution 4** ***(Please refer Explanatory Note 3)***
6. To re-elect the following Directors who retire by rotation pursuant to Clause 128 of the Company's Constitution: -	
6.1 Mr. Chaw Kam Shiang	**Ordinary Resolution 5** ***(Please refer Explanatory Note 4)***
6.2 Mr. Jason Tan Kim Song	**Ordinary Resolution 6** ***(Please refer Explanatory Note 4)***
7. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2024 and to authorise the Board of Directors to fix their remuneration.	**Ordinary Resolution 7** ***(Please refer Explanatory Note 5)***

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions with or without modifications: -

8. **SPECIAL RESOLUTION**
WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016

Special Resolution
(Explanatory Note 6)

"THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Companies Act 2016 ("the Act"), read together with Clause 15 of the Constitution of the Company.

THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 8 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."

9. **AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

Ordinary Resolution 8
(Please refer Explanatory Note 7)

"THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 ("the Act") and pursuant to Sections 75 and 76 of the Act, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

10. **PROPOSED AUTHORITY FOR SHARE BUY-BACK** **Ordinary Resolution 9 (Please refer Explanatory Note 8)**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed five per centum (5%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;
ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
iv. To resell all or part of the treasury shares;
v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
vi. To transfer all or part of the treasury shares as purchase consideration;

NOTICE OF ANNUAL GENERAL MEETING

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board
MTAG GROUP BERHAD

YONG MAY LI (LS 0000295)
MAICSA Affiliate - AF: 000019
(SSM Practicing Certificate No. 202008000285)

WONG CHEE YIN (MAICSA 7023530)
(SSM Practicing Certificate No. 202008001953)
Company Secretaries

Johor Bahru
26 October 2023

NOTES:

1. *An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online platform located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.*

   *Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 6th AGM via the Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide for the 6th AGM and take note of procedure below in order to participate remotely via RPV.*

2. *For the purpose of determining who shall be entitled to participate at this 6th AGM via the RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 17 November 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate at this 6th AGM via RPV or appoint a proxy to participate on his/her/its behalf.*

3. *A member entitled to attend and vote at this 6th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his place. A proxy may but need not be a member of the Company.*

4. *A member of the Company who is entitled to attend and vote at the 6th AGM of the Company may appoint not more than two (2) proxies to participate instead of the member at the Annual General Meeting.*

NOTICE OF ANNUAL GENERAL MEETING

5. *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.*

6. *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.*

7. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*

8. *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 Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 6th AGM 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.*

9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at https://tiih.online 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.*

10. *For a corporate member who has appointed a representative instead of a proxy to participate this meeting must request authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the 6th AGM.*

11. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

12. *Last date and time for lodging the proxy form is **Wednesday, 22 November 2023** at 10.00 a.m.*

EXPLANATORY NOTES:

Ordinary Business:-

1. **<u>Item 1 of the Agenda - Audited Financial Statements for the year ended 30 June 2023</u>**

   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. **<u>Items 2 to 4 of the Agenda</u>**
   Ordinary Resolutions 1 to 3: Payment of Directors' Fees

   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 Ordinary Resolutions 1 to 3 are proposed to seek shareholders' approval for the payment of Directors' fees for the financial year ending 30 June 2024.

NOTICE OF ANNUAL GENERAL MEETING

3. **Item 5 of the Agenda**
   Ordinary Resolution 4: Payment of Directors' Benefits

   The estimated amount of Directors' Benefits under Ordinary Resolution 4 payable to the Directors from the close of 6th Annual General Meeting and until conclusion of the 7th Annual General Meeting 2024, amounting to RM40,000 comprises of meeting allowances for Non-Executive Directors which was calculated based on the number of scheduled Board's and Board Committees' meetings from the close of 6th Annual General Meeting until the 7th Annual General Meeting in year 2024.

4. **Items 6.1 and 6.2 of the Agenda**
   Ordinary Resolutions 5 and 6: Re-Election of Directors

   Please refer to the Statement Accompanying the Notice of AGM for information.

5. **Item 7 of the Agenda**
   Ordinary Resolution 7: Re-Appointment of Auditors

   The Board has through the Audit Committee, considered the re-appointment of Messrs. Grant Thornton Malaysia PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 6th Annual General Meeting are disclosed in the Audit Committee Report of the 2023 Annual Report.

Special Business:-

6. **Item 8 of the Agenda**
   Special Resolution – Waiver of Pre-Emptive Rights under Section 85 of the Companies Act 2016

   The Special Resolution pertains to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Companies Act 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

7. **Item 9 of the Agenda**
   Ordinary Resolution 8: Authority to Directors to Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

   Ordinary Resolution 8 proposed under item 9 of the Agenda is for the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). Subject to passing the Special Resolution on the waiver of pre-emptive rights under Section 85 of the Companies Act 2016, the Ordinary Resolution proposed under item 9, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company ("Proposed General Mandate").

   As at the date of this Notice, no new shares of the Company have been issued pursuant to the general mandate obtained at the 5th AGM of the Company held on 23 November 2022, and which will lapse at the conclusion of the 6th AGM.

8. **Item 10 of the Agenda**
   Ordinary Resolution 9: Proposed Authority for Share Buy-Back

   The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase up to 5% of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   For further information, please refer to the Statement to Shareholders dated 26 October 2023.

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):**

   No individual is seeking election as a Director at the 6th AGM of the Company.

2. **Further details of individuals who are standing for re-election as directors:**

   Mr. Chaw Kam Shiang and Mr. Jason Tan Kim Song ("Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 6th AGM. Their profiles can be found on page 9 and 10 of the Annual Report 2023.

   The Nominating Committee ("NC") conducts a Board Evaluation once a year to determine whether the Board, Board Committees and Directors are performing and discharging their duties effectively. The Board is satisfied with the overall results of the Board Evaluation conducted for the financial year ended 30 June 2023.

   The Retiring Directors meet the criteria prescribed under Rule 2.20A of the ACE Market Listing Requirement ("AMLR") of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. None of the Retiring Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries.

   The NC has conducted a review and assessment of the Retiring Directors in accordance with the Directors' Fit and Proper Policy and is satisfied that they have met the criteria prescribed by the said Policy.

   The NC and Board have also conducted an assessment on the independence of Mr. Jason Tan Kim Song, an Independent Director of the Company and are satisfied that he has complied with the criteria prescribed by the AMLR.

   The Board (save for the Retiring Directors who have abstained from deliberation on discussions relating to their own re-election) believes that the contribution, commitment and performance of the Retiring Directors continue to be valuable and effective, and strongly supports their re-election as Directors.

3. **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 5th Annual General Meeting held on 23 November 2022 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.

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MTAG

MTAG GROUP BERHAD
Registration No. : 201801000029 (1262041-V)

FORM OF PROXY

CDS Account No.	
No. of shares held	

I/We ______________________________ Contact Number: ______________
(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 (if more than one (1) proxy)

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 6th Annual General Meeting ("6th AGM") of MTAG Group Berhad will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at https://tiih.online on Friday, 24 November 2023 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	**Agenda**			
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2023 and the Reports of the Directors and Auditors thereon.			
Ordinary Business		**Resolution**	**For***	**Against***
2.	Payment of Directors' fees of RM64,800 to Lee Ting Kiat, the Independent Non-Executive Chairman for the financial year ending 30 June 2024.	Ordinary Resolution 1		
3.	Payment of Directors' fees of RM51,840 to Jason Tan Kim Song, the Independent Non-Executive Director for the financial year ending 30 June 2024.	Ordinary Resolution 2		
4.	Payment of Directors' fees of RM51,840 to Dyana Sofya Binti Mohd Daud, the Independent Non-Executive Director for the financial year ending 30 June 2024.	Ordinary Resolution 3		
5.	Payment of Directors' benefits up to an amount of RM40,000 from the close of 6th Annual General Meeting until conclusion of the 7th Annual General Meeting of the Company.	Ordinary Resolution 4		
6.	Re-election of the following Directors who retire by rotation in accordance with Clause 128 of the Company's Constitution:-			
	6.1 Mr. Chaw Kam Shiang	Ordinary Resolution 5		
	6.2 Mr. Jason Tan Kim Song	Ordinary Resolution 6		
7.	Re-appointment of Messrs. Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2024 and to authorise the Directors to fix their remuneration.	Ordinary Resolution 7		
Special Business				
8.	Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016.	Special Resolution		
9.	Authority for Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016.	Ordinary Resolution 8		
10.	Proposed Authority for Share Buy Back.	Ordinary Resolution 9		

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

____
Signature of member (s)/Common Seal**

** *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.*

NOTES:

1. *An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online platform located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.*
   *Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 6th AGM via the Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide for the 6th AGM and take note of procedure below in order to participate remotely via RPV.*
2. *For the purpose of determining who shall be entitled to participate at this 6th AGM via the RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 17 November 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate at this 6th AGM via RPV or appoint a proxy to participate on his/her/its behalf.*
3. *A member entitled to attend and vote at this 6th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his place. A proxy may but need not be a member of the Company.*
4. *A member of the Company who is entitled to attend and vote at the 6th AGM of the Company may appoint not more than two (2) proxies to participate instead of the member at the Annual General Meeting.*
5. *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.*

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AFFIX
STAMP

The Share Registrar

MTAG GROUP BERHAD
Registration No. : 201801000029 (1262041-V)

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

Please fold here

6. *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.*
7. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
8. *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 Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 6th AGM 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.*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at https://tiih.online 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.*
10. *For a corporate member who has appointed a representative instead of a proxy to participate this meeting must request authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the 6th AGM.*
11. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging the proxy form is **Wednesday, 22 November 2023** at 10.00 a.m.*

MTAG

MTAG GROUP BERHAD

Registration No. : 201801000029 (1262041-V)

MTAG GROUP BERHAD
PLO 226, Jalan Kencana Mas,
Kawasan Perindustrian Tebrau III,
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