

TechnoDex

EMBRACE THE FUTURE



ANNUAL
REPORT
2023

CONTENTS

- 2** Corporate Profile
- 3** Corporate Structure
- 4** Corporate Information
- 5** Management Discussion and Analysis
- 14** Profile of Directors
- 19** Profile of Key Senior Management
- 22** Corporate Governance Overview Statement
- 32** Statement on Risk Management and Internal Control
- 34** Audit Committee Report
- 36** Statement of Directors' Responsibility
- 37** Sustainability Statement
- 38** Additional Compliance Information
- 39** Financial Report
- 124** Analysis of Shareholdings
- 126** Notice of Nineteenth Annual General Meeting
- 130** Appendix A
- 132** Administrative Notes
- Proxy Form

CORPORATE PROFILE

TechnoDex Bhd (“TDex” or “the Company”), a MSC-Status company, is a leading eBusiness Enabler through providing technology, and transforming into eBusiness Service Provider in the region. The Company was established on 10 September 2003 and converted into a public limited company on 7 April 2005. TDex was listed on 23 August 2006 on the MESDAQ Market of Bursa Securities Malaysia Berhad, which is now the ACE Market of Bursa Securities Malaysia Berhad (ACE: TDEX 0132).

Traditional business models have changed over time, and they require an injection of new technological capabilities into innovative business delivery. With the ICT foundation of the Company and its subsidiaries (“the Group”), the Group is determined to incubate and transform bricks-and-mortar businesses into eBusiness in order to create synergistic values and profits.

The Group is led by a group of professionals and businessmen from cross-industries, and instilling vast knowledge and values to evolve and transform the Group into eBusiness service provider. The Group’s business expanded from traditional ICT solutions and services to recruitment & outsourcing services, eCommerce, IT hardware solutions and content businesses across the government and private sector to consumer market space.

OUR VALUES

For Our Clients:

Our mission is to create value through our eBusiness solutions and services. We strive to excel in excellence over and beyond the normal standards. We constantly challenge ourselves if the solutions and/or services can be taken to the next level. By doing so, we would bring synergistic values and profits to both the Clients and the Group.

For Shareholders and Employees:

We believe the people make up the key element of a successful corporation. We believe a true relationship is nurtured through sharing and growing together. Our mission is to become established among the Malaysian business community for our innovative eBusiness services and our rich knowledge to match the business. Through our innovation, we will create values and growth for our shareholders and employees.

OUR BUSINESSES

The Group offers a vast selection of value-added services through technological capabilities. Amongst them are: -

1) Hardware, Software and Professional Services

- i) **ICT Professional Services** comprises Application Development Service, Application Support and Maintenance Service and IT Consultation. It also comprises the design and development of AgriTech, Artificial Intelligence (AI) and Blockchain solutions.

- ii) **Cybersecurity Solutions** to safeguard digital systems, networks & data from various threats. We ensure confidentiality, integrity & availability of information.

iii) IT Hardware Solutions, Managed Services, and Fulfillment Services

This comprehensive set of services includes the development and support of IT hardware solutions, encompassing Automatic Identification and Data Capture (AIDC) and Point of Sale (POS) hardware solutions, Managed Services, Srls Solutions, and the trading of IT-related hardware and peripherals for consumer and commercial use, along with fulfillment services to meet various customer needs.

2) Manpower Outsourcing and Recruitment Services

ICT Recruitment and Outsourcing Services that focus on sourcing, selecting, and outsourcing to fill human resource needs.

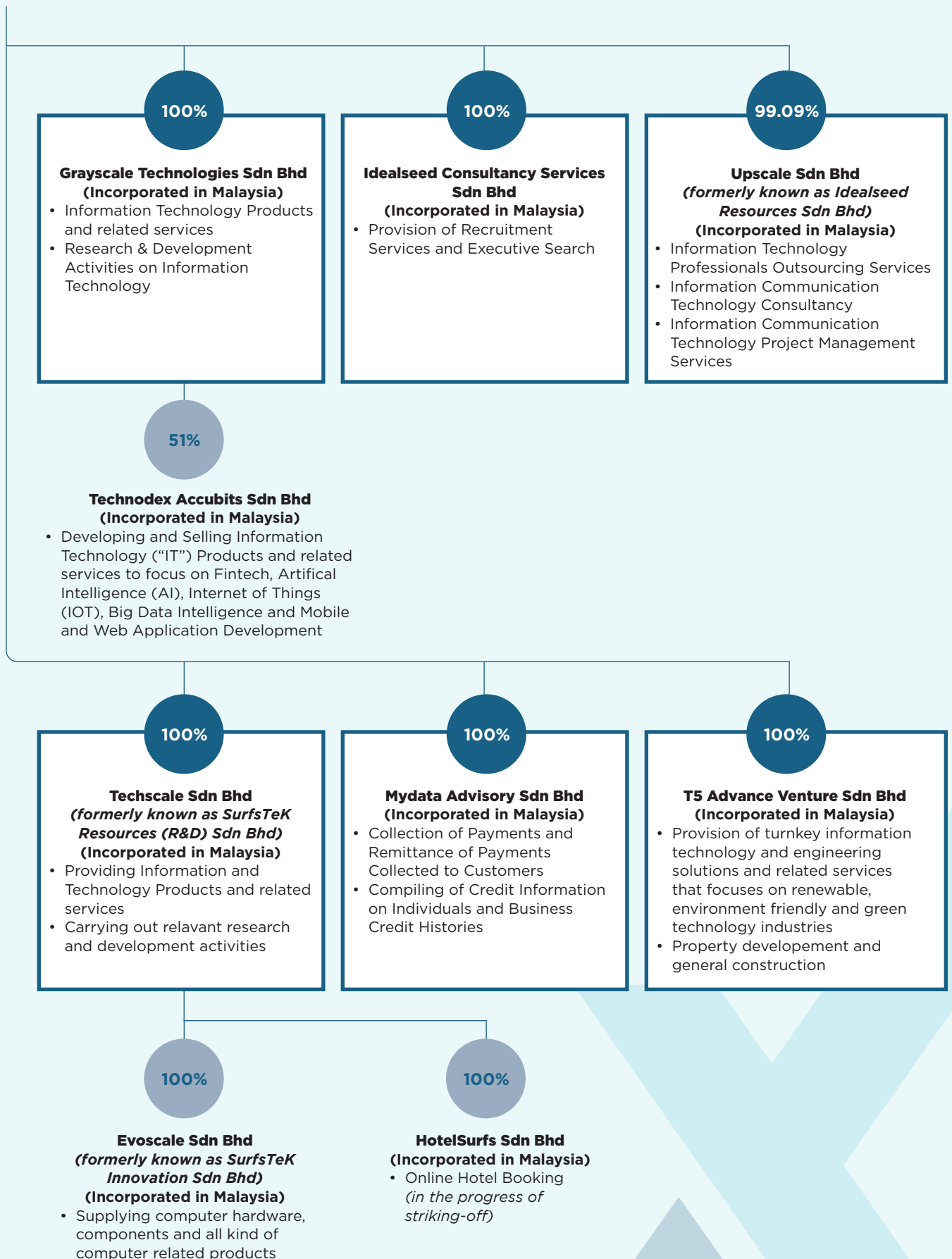
3) E-Commerce and Specified Application Services

SurfsTek rSupport Intelligent Solution (Srls)

Srls is a cloud based remote support solution based on Internet of Things (IoT) architecture. It facilitates support or helpdesk team to fix, solve and pre-empt issues and failures from intelligent data gathered from Cloud connected devices in their customers’ premises, without the need for a phone or on-site support.

CORPORATE STRUCTURE

TechnoDex Bhd (MSC)



CORPORATE INFORMATION

BOARD OF DIRECTORS

**YTM DATO' SERI DIRAJA TAN SRI TENGKU ABDUL HAMID
THANI IBNI ALMARHUM SULTAN BADLISHAH**

Non-Independent Non-Executive Chairman
(Redesignated on 22 September 2023)

PEH LIAN HWA

Non-Independent Non-Executive Deputy Chairman

TAN SZE CHONG

Executive Director

KOAY XING BOON

Executive Director

TAN BOON WOOI

Non-Independent Non-Executive Director

DATUK ABD HAMID BIN ABU BAKAR

Independent Non-Executive Director

SAIFULRIZAM BIN ZAINAL

Independent Non-Executive Director

FAIRUZ KARTINI BINTI AHMAD

Independent Non-Executive Director
(Appointed on 31 May 2023)

AUDIT COMMITTEE

Saifulrizam Bin Zainal, Chairman

Datuk Abd Hamid Bin Abu Bakar, Member

Fairuz Kartini Binti Ahmad, Member (Appointed on 31 May 2023)

NOMINATION AND REMUNERATION COMMITTEE

Datuk Abd Hamid Bin Abu Bakar, Chairman

Saifulrizam Bin Zainal, Member

Fairuz Kartini Binti Ahmad, Member (Appointed on 31 May 2023)

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

Stock Name: TDEX

Stock Code: 0132

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya, Selangor Darul Ehsan
Tel: 603-7725 1777
Fax: 603-7722 3668
Email: cms_cospec@yahoo.com

CORPORATE OFFICE

Unit E-07-03, Menara Suezcap 2, KL Gateway
No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari
59200 Kuala Lumpur
Tel: 603-7932 0111
Fax: 603-7932 0222
E-mail: general@technodex.com
Website: www.technodex.com

AUDITORS

CAS MALAYSIA PLT (201606003206)

LLP0009918-LCA & AF 1476
Chartered Accountants
B-5-1, IOI Boulevard
Jalan Kenari 5, Bandar Puchong Jaya
47170 Puchong, Selangor Darul Ehsan
Tel: 603-8075 2300
Fax: 603-8600 5463

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7890 4700
Fax: 603-7890 4670
Email: bsr.helpdesk@boardroomlimited.com

COMPANY SECRETARIES

Tea Sor Hua (MACS 01324) (SSM PC NO. 201908001272)

Loo Hui Yan (MAICSA 7069314) (SSM PC NO. 202308000290)
(Appointed on 10 May 2023)

PRINCIPAL BANKERS

AmBank (M) Berhad
AmBank Islamic Berhad
CIMB Bank Berhad
CIMB Islamic Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

MANAGEMENT DISCUSSION AND ANALYSIS

1 OVERVIEW OF THE GROUP'S BUSINESS

Technodex Bhd (“TDEX”) since its inception in 2003, has been focusing on the provision of Information Communication Technology (“ICT”) solutions and services and has an industry-leading track record of on-time, on-budget projects, aligning our teams with clients’ business strategies to achieve top-to-bottom line results. TDEX and its subsidiaries (“Group”) offers a wide range of ICT solutions and services to Government and private sectors, as well as to consumers through the Group strong technological, data analytics and consulting capabilities in the following key business segment as below: -

TechnoDex KEY BUSINESS SEGMENTS & SUBSIDIARIES

Hardware,
Software and
Professional
Services

ICT Professional
Services



grayscale

GRAYSCALE TECHNOLOGIES SDN BHD
(Incorporated in Malaysia) 100%

- Application Development
- IT Solutions & Consultation
- Cybersecurity Solutions
- AgriTech
- Artificial Intelligence
- Blockchain Development

Manpower
Outsourcing and
Recruitment
Services

ICT recruitment and
Outsourcing Services



Upscale

UPSCALE SDN BHD
(F.K.A Idealseed Resources Sdn Bhd)
(Incorporated in Malaysia) 99.09%

- Recruitment & Outsourcing Services
- Human Resources & ICT Consultancy & Services
- Payroll Outsourcing Services

IT Hardware Solutions, Managed
Services, and Fulfillment Services

EVOSCALE

EVOSCALE SDN BHD
(F.K.A SurfsTeK Innovation Sdn Bhd)
(Incorporated in Malaysia) 100%

- Automatic Identification and Data Capture (AIDC) and Point of Sale (POS) hardware solutions
- Manage Services & Sris Solutions
- Trade of IT related hardware & peripherals



E-Commerce
and Specified
Application
Services

SurfsTeK rSupport
Intelligence Solutions (Srls)



Techscale

TECHSCALE SDN BHD
(F.K.A SurfsTeK Resources (R&D) Sdn Bhd)
(Incorporated in Malaysia) 100%

- Research & Development
- SurfsTeK rSupport Intelligent Solution (Srls)

We aim to enhance profitability and strengthen our market presence in order to support our long-term sustainability and growth. Thus, we will remain committed to provide quality solutions and services, as well as continuously improving our solution and services to expand our customer base and grow our business in the local and regional markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2 ECONOMY OVERVIEW

In Malaysia, the economy expanded moderately in the second quarter of 2023 ("2Q 2023") as compared to 5.6% in the preceding quarter ("1Q 2023"), weighed mainly by slower external demand amid global technology downcycle. For the remainder of 2023, growth to remain moderate amid external headwinds but continues to be supported by resilient domestic demand. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects.

Headline inflation during the quarter continued to moderate to 2.8% (1Q 2023: 3.6%). For the second half of 2023, both headline and core inflation are projected to trend lower within expectations, partly due to the higher base in the corresponding period last year.

The global economy is expected to grow at a slower pace in 2023, headwinds from persistently elevated inflation and higher interest rates remain. Global financial market sentiments were dampened by concerns over a slower global economic outlook, and weaker-than-expected rebound in China's economy. This was further compounded by concerns over the United States debt ceiling crisis during the first two months of the quarter, alongside ongoing financial market expectations of continued monetary policy tightening in advanced economies. The ringgit depreciated by 5.8% in the second quarter of 2023. However, the ringgit has appreciated by 1.1% so far over the third quarter (as at 15 August 2023), amid growing expectations that monetary policy tightening in the United States is nearing its end.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2023, Bank Negara Malaysia)

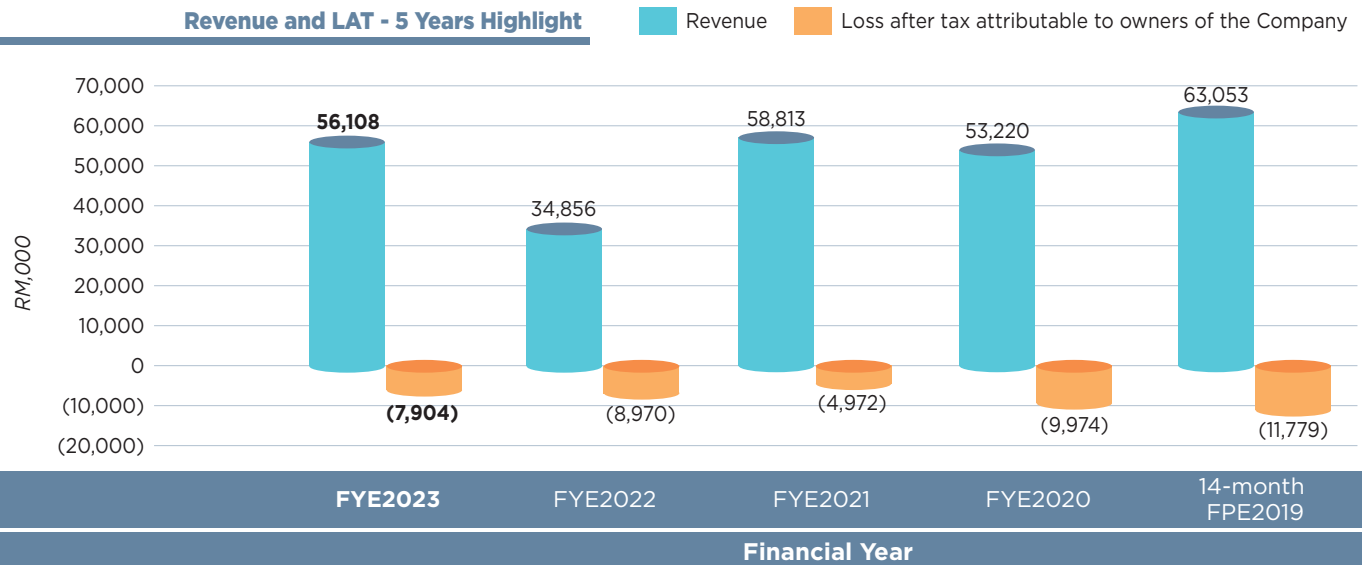
3 GROUP FINANCIAL HIGHLIGHTS

	FYE2023	FYE2022	FYE2021	FYE2020	14-month FPE2019
	RM'000	RM'000	RM'000	RM'000	RM'000
5 years key financial highlights					
Revenue	56,108	34,856	58,813	53,220	63,053
Loss after tax attributable to owners of the Company	(7,904)	(8,970)	(4,972)	(9,974)	(11,779)
Basic Loss per share attributable to owners of the Company (Sen)	(0.94)	(1.09)	(0.64)	(1.60)	(2.05)
Net assets per share (Sen)	2.41	3.35	4.15	3.83	5.73
Total finance lease, loan and borrowing	4,639	7,395	11,039	18,644	5,065
Total equity attributable to owners of the Company	20,378	28,282	33,479	30,313	34,413
Gearing Ratio	23%	26%	33%	62%	15%
Return on equity attributable to owners of the Company	-39%	-32%	-15%	-33%	-34%
Dividend per share	-	-	-	-	-

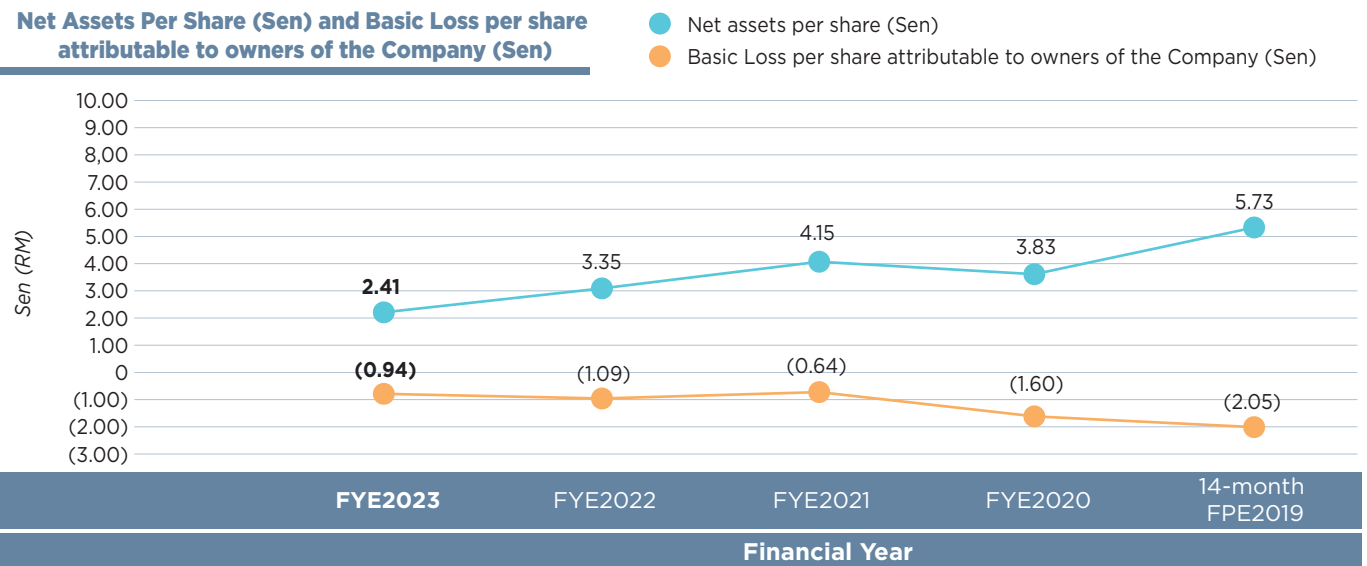
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

3 GROUP FINANCIAL HIGHLIGHTS (CONT'D)

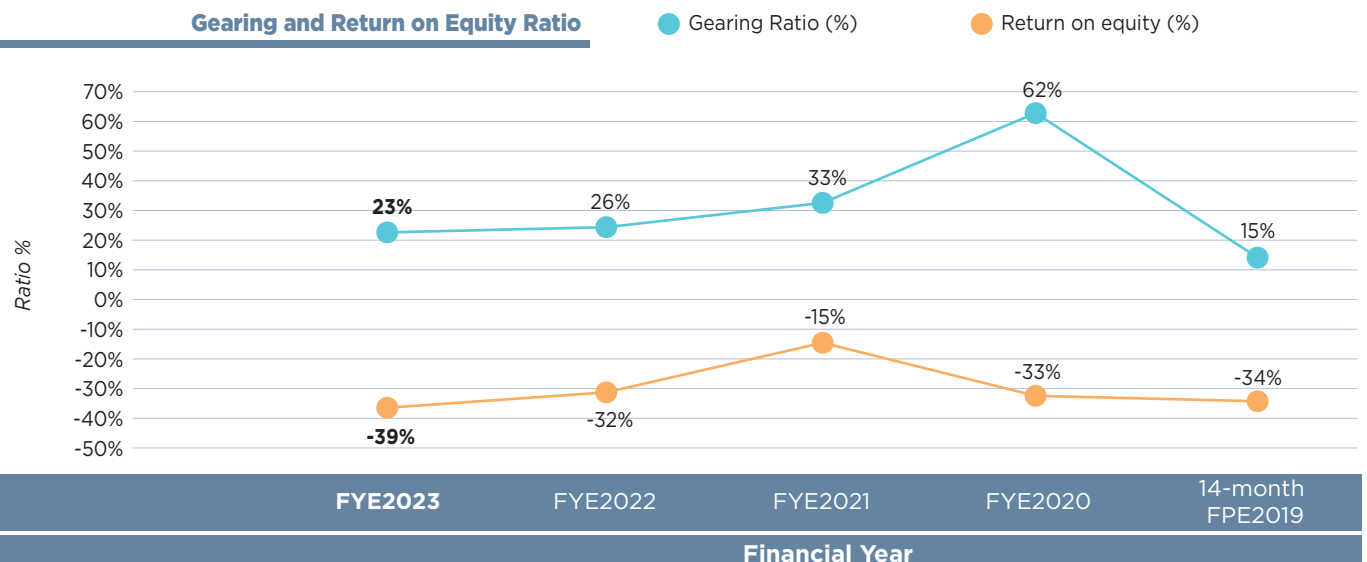
Revenue and LAT - 5 Years Highlight



Net Assets Per Share (Sen) and Basic Loss per share attributable to owners of the Company (Sen)



Gearing and Return on Equity Ratio



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**4 FINANCIAL REVIEW FYE2023 vis-à-vis FYE2022**

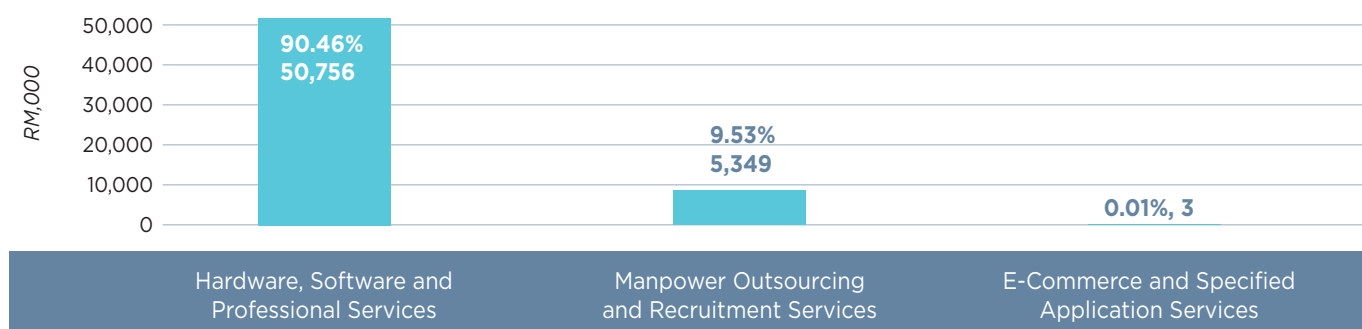
Certain key financial indicators pertaining to our financial performance and position for the financial year ended 30 June 2023 ("FYE2023") vis-à-vis the financial year ended 30 June 2022 ("FYE2022") are as follows:-

	FYE2023	FYE2022	Variance	
	RM'000	RM'000	RM'000	%
Our financial performance				
Revenue	56,108	34,856	21,252	61.0%
Gross profit	3,800	2,561	1,239	48.4%
Other operating income	345	786	(441)	-56.1%
Employment benefits and key management personnel's remuneration	(5,532)	(4,697)	(835)	17.8%
Depreciation & amortisation	(1,887)	(2,314)	427	-18.5%
Fair value loss on investment in quoted shares	(247)	(670)	423	-63.1%
Other expenses	(4,059)	(4,456)	397	-8.9%
Finance costs	(344)	(262)	(82)	31.3%
Loss before tax for the financial year ("LBT")	(7,924)	(9,052)	1,128	-12.5%
Taxation	-	50	(50)	-100.0%
Loss after tax for the financial year ("LAT")	(7,924)	(9,002)	1,078	-12.0%
Our financial position				
Non-current asset	3,704	5,315	(1,611)	-30.3%
Current assets	24,373	33,128	(8,755)	-26.4%
Total assets	28,077	38,443	(10,366)	-27.0%
Non-current liability	661	594	67	11.3%
Current liabilities	7,067	9,575	(2,508)	-26.2%
Total Liabilities	7,728	10,169	(2,441)	-24.0%
Non controlling interest	(29)	(8)	(21)	262.5%
Total equity attributable to owners of the Company	20,378	28,282	(7,904)	-27.9%

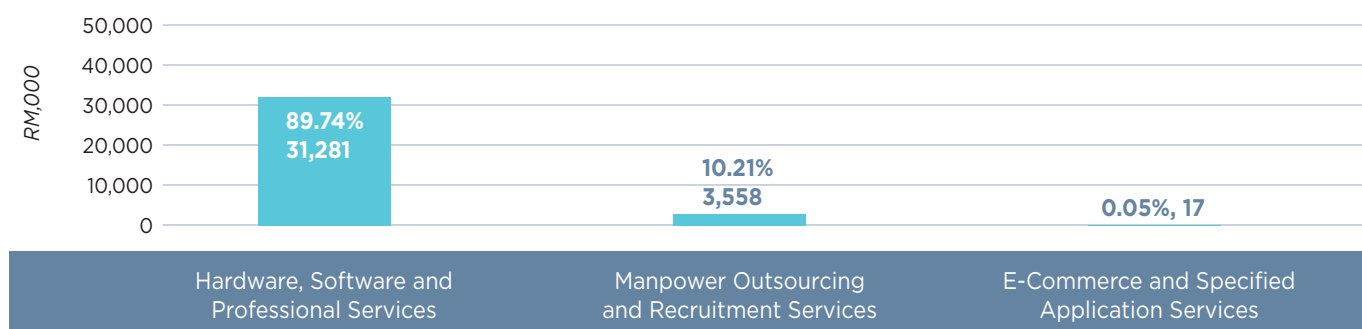
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

4 FINANCIAL REVIEW FYE2023 vis-à-vis FYE2022 (CONT'D)

FYE2023 Revenue RM56,108 ('000) - Segmental Breakdown



FYE2022 Revenue RM34,856 ('000) - Segmental Breakdown



Review of Financial Performance

For the FYE2023, our Group recorded a revenue of RM56.10 million as compared to RM34.85 million recorded in the FYE2022, representing an increase of RM21.25 million or +61%. For the current year under review, revenue from the hardware, software and professional services increased by RM19.48 million or +62% (FYE2023: RM50.76 million, FYE2022: RM31.28 million) which was mainly attributed to higher contribution from hardware project sales order. In addition, revenue from manpower outsourcing and recruitment services also increased by RM1.80 million or + 50% (FYE2023: RM5.35 million, FYE2022: RM3.55 million) as a result of higher contribution from outsourcing contract and placement services.

For the year under review, the Group reported lower loss before tax ("LBT") of RM7.92 million as compared to LBT RM9.05 million in FYE2022.

The decrease in LBT was mainly due to the following:-

- Improved in gross profit by RM 1.23 million as a result of increased revenue for the year under review as explained above.
- Decreased in amortisation and depreciation cost by RM0.42 million for the FYE2023 due to lower carrying amount of intangible assets.
- Lower fair value loss by RM0.42 million on investment in quoted shares.
- Lower other operating expenses by RM0.40 million due to the absence of impairment of goodwill for the FYE 2023 (FYE 2022: RM1.00 million).

However decrease in LBT was partially offset by lower other operating income, which was mainly due to lower interest income and foreign exchange gain, and higher employee benefits & key management remuneration as a result of increase in business development, sales and marketing activities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

4 FINANCIAL REVIEW FYE2023 vis-à-vis FYE2022 (CONT'D)

Review of Financial Position and Liquidity

The Group's financial position remained healthy during the year under review, with total assets of RM28.07 million and the total equity attributable to the owner of the Company of RM20.38 million.

Non-current assets comprising property, plant and equipment, right of use assets, intangible assets, goodwill on consolidation as well as other investment, current year amount reduced by RM1.61 million (FYE2023: RM3.70 million, FYE2022: RM5.31 million). This was due to a significant lower intangible assets value of RM1.55 million as a result of amortisation and impairment of intangible assets, as well as decreased in investment in quoted shares due to fair value loss.

Total current assets reduced by RM8.75 million (FYE2023: RM24.37 million, FYE2022: RM33.12 million), mainly due to decreased in fixed deposit and cash at bank by RM2.43 million used in operating activities, decrease in lease receivable by RM1.88 million and decrease in trade and other receivables by RM6.10 million attributed to the efforts of collection from trade debtors. On the other hand, the inventories increased by RM1.78 million which in tandem with higher revenue reported, to ensure sufficient trading stocks to meet customers' orders.

Non-current liabilities increased by RM0.06 million (FYE2023: RM0.66 million, FYE2022: RM0.60 million) mainly for financing liabilities of right of use assets.

Current liabilities decreased by RM2.51 million (FYE2023: RM7.06 million, FYE2022: RM9.57 million) mainly due to settlement of lease liabilities (current) of RM2.35 million. Meanwhile, bank overdraft was decreased by RM0.40 million to FYE2023 RM3.30 million as compared to FYE2022 RM3.70 million.

The equity attributable to the owners of the Company stands at RM20.38 million as at 30 June 2023 as compared to RM28.28 million as at 30 June 2022 after the loss after taxation attributable to the owners of the Company of RM7.90 million in the current financial year.

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while the external source of funds comprises loans and borrowings and credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 to 60 days. The principal uses of these funds are for working capital requirements, operating, administrative, selling and distribution expenses.

The management believes that after taking into account our cash and bank balances as well as the funds envisaged to be generated from our business operations, we will have an adequate working capital to meet our present and foreseeable day-to-day business operations requirements.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

5

OPERATING ACTIVITIES & FORWARD-LOOKING

According to the ICT Satellite Account 2022 released by the Department of Statistics Malaysia on 13 October 2023, the contribution of ICT to the economy remained double-digit increased by 14.8% in 2022 (2021: 12.1%), valued at RM412.3 billion (2021: RM359.3 billion).

This positive growth is in line with the government's main focus on empowering the digital economy.

The ICT industry contributed 23% (2021: 23.2%) to the country's gross domestic product (GDP), comprising gross value added of ICT industry (GVAICT) at 13.6% (2021: 14%) and e-commerce of other industries at 9.4% (2021: 9.2%).

Exports of ICT products increased to RM444.5 billion (2021: RM356.0 billion) with a growth of 24.9% in 2022 compared to 13.1% in the previous year. The ICT goods (90.9%) influenced the overall exports performance of ICT products. Exports of ICT products constituted 32.2% of total national exports.

In light of the government's initiative in pushing Digital Economy, the Group sees positive outlook in government spendings in the next few years. On the contrary, the market sentiment on the private sector, is moving towards prudence in the coming years. There is a trend in foreign-owned companies that has slowed down in hiring and purchasing.

On the international arena, the weakening ringgit actually creating a demand for export of hardware, that includes desktop, laptop, tablets, and accessories. The Group sees increased demand from overseas.

The Group observed the market conditions, and believe the ICT spenders will likely to come from the government sector, and for private sector will be spending more on essential services such as cyber security services. The Group see both threats and opportunities in ICT spending in Malaysia for the next few years.

In responding to our assessment, the Group formulated the following strategies: -

a) Strengthen sales in government contracts focusing on hardware, solution, IT professional services, and cyber security services as the Group's focal as over the years, the Group has built up track record in the government sector.

b) Strive to increase our market share in the IT hardware and related peripherals and services sector. Operating within our Evoscale distribution division, our company supplies essential hardware equipment that streamlines the digitalization of business operations, particularly in sectors like hospitality, retail, and commercial enterprises. Evoscale is widely acknowledged as a leading distributor specializing in Point of Sale (POS) systems, Mobile Computers, Mobile POS, Automatic Identification and Data Capture (AIDC), complemented by our robust Managed services and Virtual Support.

Evoscale has established strategic partnerships with reputable Industry Brand Partners, offering a diverse range of AIDC & POS solutions to cater for the varied needs of our clientele. In the foreseeable future, Evoscale will persistently prioritize order fulfillment, managed services, and Device as a Service. We plan to achieve this by expanding our distribution network, strengthening our sales and service teams, and expanding our footprint in Malaysia. Our ultimate objective is to establish a comprehensive one-stop distribution center, delivering holistic solutions that go beyond conventional offerings, all driven by our unwavering commitment to meeting the needs of our valued customers.

c) Enhance sales within the commercial project channel and expand into the export market. Within our commercial project channel, we offer ICT products to customers such as extensive retail chains. The depreciation of the local currency on the international market presents an opportunity to export our products and services. Additionally, with the growing adoption of digitalization, the global ICT sector has become a critical support for businesses across the world. Typically, our sales orders to these channels are substantial, which bodes well for our hardware sales and profitability.

In the future, our group is committed to intensifying our sales and marketing efforts to capitalize on these opportunities. We aim to secure more IT sales orders from the commercial project and export channels, leveraging the global trend toward digitalization and the favorable currency exchange rates.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

5 OPERATING ACTIVITIES & FORWARD-LOOKING (CONT'D)

- d) Diversify manpower sourcing services to training and non-IT talents outsourcing services.

For the Group's manpower outsourcing and recruitment services arm Upscale Sdn. Bhd., (formerly known as Idealseed Resources Sdn. Bhd.), the Group anticipates gradual improvement in hiring from conglomerates/local companies, but we see potential in outsourcing service as the customers can utilise manpower resources, without committing to long term employment with employees.

The need for recruitment services is often linked to gross domestic product. Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. The recruitment industry is expected to remain growth moderate for the remainder of the year 2023.

At the same time, as part of the government initiative, there are more foreign companies setting up their bases in Malaysia, and this created demand for local talents both on short-term and/or long-term needs.

The Group is aiming to grow our clientele by diversify to non-IT talents outsourcing and recruitment in financial and manufacturing industries by collaboration with associations such as Malaysia Investment Development Board ("MIDA"), SEMICON Southeast Asia, Persatuan Industri Komputer dan Multimedia Malaysia ("PIKOM") and EU-Malaysia Chamber of Commerce and Industry ("EUROCHAM MALAYSIA") which can provide insights and guidance on acquiring clients and recruitment of emerging technologies and in-demand skills talents. This enabling the Group to align the efforts with the evolving needs of the Fintech, ICT and semiconductor industry.

- e) Looking for avenues and business opportunities that will, amongst others, improve or broaden the Group's earnings base.

In addition, the Group will continue to adopt the strategy of emphasizing investment on higher growth and profit margin business. Forward-looking, the Group is also eyeing mergers and acquisitions or joint ventures and diversification opportunities to achieve the Group's objective.

Barring any unforeseen circumstances, our Board of Directors is confident that that the Group will weather oncoming challenges and is cautiously positive about the Group's prospects for the next financial year ending 30 June 2024.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

6 ANTICIPATED OR KNOWN RISKS

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below:-

(i) Technological obsolescence

We are subject to inherent risks associated with the rapid changes in customer requirements, constant technological development as well as evolving industry standards. Failure to manage and respond to these changes will render our solutions obsolete. Our existing market position may also be weakened by the introduction of new or enhanced solutions by competitors.

As such, we seek to limit such risks by actively engaging in research and development activities. Our Group constantly strives to upgrade our existing infrastructure and computing equipment to ensure that we can cater to rapidly changing market demands.

The Group will place its priority on constantly adapting to rapidly changing market demands, and developing new business software solutions in a timely and cost-effective manner.

(ii) Competition

The ICT solutions industry is highly competitive and fragmented as there are numerous industry players in Malaysia. Competitive pressures are expected to further increase in the future, and this could have an adverse effect on our pricing position and profitability.

Although our Group has established long-term relationships with key customers, there can be no assurance that the emergence of new competitors will not have an adverse impact on our Group's operations. Notwithstanding this, our Board is of the opinion that our new technology framework platform, coupled with our continuous emphasis on research and development, will enable us to remain relevant in the industry.

(iii) Credit and Liquidity Risk

The Group's exposure to credit risk mainly arises from its trade receivables. Credit risk is minimised by constantly monitoring the financial standing of the debtors on an ongoing concern basis to mitigate the risk of long outstanding debts. The Group does not have any major concentration of credit risks related to any individual customer and counterparty. For bank deposits, the Group minimises credit risk by dealing exclusively with the reputable financial institution.

7 DIVIDEND POLICY

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board of Directors. No dividends were paid, declared or proposed by the Company since the end of the previous financial year. The Directors also do not recommend any final dividend in respect of the FYE 2023.

As our Company is an investment holding company, our income, and our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will depend on distributable profits, operating results, financial condition, capital expenditure plans and other factors that our Board of Directors deems relevant.

PROFILE OF DIRECTORS

YTM DATO' SERI DIRAJA TAN SRI TENGKU ABDUL HAMID THANI IBNI ALMARHUM SULTAN BADLISHAH

Malaysian, Aged 72, Male

Non-Independent Non-Executive Chairman

YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah ("Tengku Abdul Hamid") was appointed to the Board on 26 October 2020 as the Independent Non-Executive Chairman and subsequently re-designated to Non-Independent Non-Executive Chairman on 22 September 2023. He is also a substantial shareholder of the Company.

Tengku Abdul Hamid graduated in 1971 with a Diploma in Hotel Management from the Mara Institute of Technology.

He is the Executive Chairman of THB group of companies whose core business is federal road maintenance in Penang, Kedah and Perlis, State JPS roads, development and construction in Kedah, Malaysia. He has more than 32 years of experience in the business sector.

Tengku Abdul Hamid is also the Executive Chairman of THB Power Sdn Bhd, a large-scale power plant in Kedah, Malaysia. He also holds the position of Chairman in Gurun Power Generation Sdn Bhd, a service provider in the power energy segment.

He does not hold directorship in other public companies and listed corporations but holds directorship in several private limited companies.

He is the father of Tunku Izzudin Shah Bin Tengku Abdul Hamid Thani, who is a Director of Grayscale Technologies Sdn. Bhd., a subsidiary of the Company.

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

PROFILE OF DIRECTORS (CONT'D)

PEH LIAN HWA

Malaysian, Aged 60, Male

Non-Independent Non-Executive Deputy Chairman

Mr. Peh Lian Hwa ("Mr. Peh") was appointed to the Board on 26 October 2020 as the Non-Independent Non-Executive Deputy Chairman. Mr. Peh is also a major shareholder of the Company.

Mr. Peh completed his tertiary education in 1984. He is a self-made entrepreneur, mostly involved in entrepreneurial activities throughout his career. He has over 39 years of experience and expertise in the property development and construction industry.

Mr. Peh is the founder of Teguh Harian Sdn. Bhd. group of companies ("Teguh Harian Group"), one of the established property developers in the northern region of Malaysia. He started to delve into the building materials trading and construction business in 1984. Since then, he led the expansion of Teguh Harian Group actively involved in the development of commercial, industrial, residential properties, special projects of hotels, retail malls, specialist medical centres, and controlling a 5-star hotel and quarry.

He is responsible to provide leadership to the Board, and assisting the Chairman to evaluate the contributions, effectiveness and the performance of the Board.

Currently, Mr. Peh is also the Managing Director of Waja Konsortium Berhad, a company listed on ACE Market of Bursa Malaysia Securities Berhad and he holds directorships in several private limited companies.

He is the father of Mr. Peh Yueh Han, who is a Director of Grayscale Technologies Sdn. Bhd. and T5 Advance Venture Sdn. Bhd., subsidiaries of the Company.

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

TAN SZE CHONG

Malaysian, Aged 54, Male

Executive Director

Mr. Tan Sze Chong ("Mr. Tan") joined the Board on 22 December 2011, as a Non-Independent Non-Executive Director. He was re-designated as the Executive Director and assumed the position as the Group Managing Director of the Company on 20 September 2013. He was subsequently re-designated as an Executive Director of the Company on 26 October 2020.

Mr. Tan holds a Bachelor of Business in Marketing and Business Management and a Master of Business Administration from the University of North Florida, USA, earned in 1991 and 1992, respectively. With over 30 years of experience in credit information and market research, his career began in 1993 as a Research Analyst at New Strait Times Technology, followed by roles as Research Manager at Taylor Nelson Sofres in 1994. In 1997, he founded InfoCredit International Sdn. Bhd., specializing in credit research, information, and ratings.

In 2000, InfoCredit formed a joint venture with Dun & Bradstreet USA, where Mr. Tan served as Managing Director, overseeing Dun & Bradstreet Malaysia's growth. During his tenure, he introduced credit training modules, ventured into independent market research for IPOs in 2003, and led the creation of Credit Bureau Malaysia through a joint venture with Credit Guarantee Corporation and Association of Banks Malaysia, serving as CEO from 2011 to 2013.

During his tenure as Group Managing Director, Mr. Tan spearheaded multiple joint ventures and diversified revenue streams for the Group. He directs the Group's strategic vision, emphasizing corporate planning, strategic development, and financial strategy.

Mr. Tan does not hold directorship in other public companies and listed corporations but holds directorship in several private limited companies.

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

PROFILE OF DIRECTORS (CONT'D)

KOAY XING BOON

Malaysian, Aged 41, Male
Executive Director

Mr. Koay Xing Boon (“Mr. Dennis”) was assumed the role of Executive Director on the Board as of 8 July 2022. Mr. Dennis is a substantial shareholder of the Company.

Mr. Dennis holding a Bachelor’s degree in Law from the University of Northumbria. Mr. Dennis is a self-made entrepreneur who initiated his career in property investment in 2005. Over the years, he diversified his business ventures across various sectors.

In 2014, he became a shareholder and took on the position of Chief Financial Officer at THB Power Sdn. Bhd., a substantial power plant in Kedah, Malaysia. His involvement in the power energy segment expanded in 2021 with his participation in Gurun Power Generation Sdn. Bhd.

In 2019, Mr. Dennis invested in bioplantation, partnering with Sinoterra Capital Berhad. The year 2020 saw him investing in OSG Security Services Sdn. Bhd., a licensed security firm, and engaging in Pantheon Assets Sdn. Bhd., an investment holding company.

His entrepreneurial journey also led him into consulting services for project development and government relations under Providence Group Consulting Group in 2021.

Mr. Dennis holds the prestigious title of Ahli Mahkota Kedah (A.M.K) as a Royal Member of Kedah since 2015.

Additionally, he currently serves as the Vice President of the One Belt One Road Economic Friendship Association (OBOR), a global infrastructure development initiative launched by the Chinese Government in 2013, spanning nearly 70 countries and organizations.

Mr. Dennis is currently an Independent Non-Executive Director of Stella Holdings Berhad, a company listed on Main Market of Bursa Malaysia Securities Berhad and he also holds directorships in several private limited companies.

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

TAN BOON WOUI

Malaysian, Aged 50, Male
Non-Independent Non-Executive Director

Mr. Tan Boon Woui (“Mr. Tan”) was appointed to the Board on 8 January 2014 as a Non-Independent Non-Executive Director. He was re-designated as an Executive Director on 29 June 2016. Subsequently, he was re-designated as a Non-Independent Non-Executive Director of the Company on 26 January 2021.

Mr. Tan graduated from the University of Southern Queensland, Australia with a Bachelor of Business in Accountancy in 1994.

Mr. Tan, a trained accountant and entrepreneur, commenced his career with an international accounting firm. He is a member of the Malaysian Institute of Accountants (MIA) and director of several private companies in logistics, property development and business advisory.

Mr. Tan is also an Independent Non-Executive Director of Jade Marvel Group Berhad, a company listed on Main Market of Bursa Malaysia Securities Berhad and he holds directorships in several private limited companies.

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

PROFILE OF DIRECTORS (CONT'D)

FAIRUZ KARTINI BINTI AHMAD

Malaysian, Aged 56, Female

Independent Non-Executive Director

Pn. Fairuz Kartini Binti Ahmad (“Pn. Fairuz”), an Independent Non-Executive Director, joined the Board on 31 May 2023 serving as a member on both the Audit Committee and the Nomination and Remuneration Committee of the Company.

With a distinguished 30-year career in finance, Pn. Fairuz brings valuable insights and leadership to the organisation. She holds a Bachelor of Arts with Honors in Finance with Accounting from the University of East London, Essex, UK, earned in 1990.

Pn. Fairuz’s commitment to professional growth is evident through her qualifications, including Association of Chartered Certified Accountants (ACCA) certification from Emile Woolf College of Accountancy in 1993 and membership in the Malaysian Institute of Accountants in 2001. In 2002, she was awarded ACCA fellowship, showcasing her advanced financial knowledge.

Her career began at a local audit firm, where she gained insights into financial practices. Joining the Sime Darby Group in September 1994, she progressed from Finance Executive to Accountant, playing key roles in Finance Management, Operational Leadership, Procurement, and Governance with a focus on sustainability.

In addition to her corporate roles, Pn. Fairuz served as an Independent Non-Executive Director at Syarikat Perumahan Negara Berhad from February 2015 to February 2021, contributing to strategic direction and corporate governance. Currently, she serves as an Independent Non-Executive Director in the Company, fostering growth, innovation, and responsible leadership.

She does not hold directorship in other public companies and listed corporations but holds directorship in several private limited companies.

Pn. Fairuz does not attend any Board Meetings held during the financial year ended 30 June 2023 as she was appointed on 31 May 2023.

DATUK ABD HAMID BIN ABU BAKAR

Malaysian, Aged 68, Male

Independent Non-Executive Director

Datuk Abd Hamid Bin Abu Bakar (“Datuk Abd Hamid”) was appointed to the Board on 20 December 2016 as a Non-Independent Non-Executive Director and re-designated as an Independent Non-Executive Director on 27 June 2019. Datuk Abd Hamid is a member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee of the Company.

Datuk Abd Hamid graduated from the University of Technology Malaysia, with a Bachelor of Surveying in Property Management in 1979. He started his career as a Valuation Officer in the same year at The Valuation and Property Services Department (JPPH), Ministry of Finance Malaysia. During Datuk Abd Hamid’s years of service, Datuk Abd Hamid has completed his Post Graduate Diploma in Property Valuation and Management from Sheffield Hallam University, the United Kingdom in 1997. He is a Registered Valuer certified by The Board of Valuers, Appraisers and Estate Agents Malaysia in 1982.

Since 1979, Datuk Abd Hamid had held numerous designations while he was in JPPH, he was the District Valuer, State Valuer and the Deputy Director General of Valuation and Property Services (Operation). At the peak of Datuk Abd Hamid’s career, Datuk Abd Hamid was appointed as the Director General of The Valuation and Property Services Department, Ministry of Finance Malaysia from November 2012 till March 2015. During the same period, Datuk Abd Hamid was the President of The Board of Valuers, Appraisers and Estate Agents Malaysia.

Datuk Abd Hamid has more than 28 years of experience in the Property Management industry and hence, Datuk was invited to be the Adjunct Professor at the University of Technology Malaysia from 2013 to March 2015.

He does not hold directorship in other public companies and listed corporations but holds directorship in several private limited companies.

He attended four (4) out of five (5) Board Meetings held during the financial year ended 30 June 2023.

PROFILE OF DIRECTORS (CONT'D)

SAIFULRIZAM BIN ZAINAL

Malaysian, Aged 47, Male

Independent Non-Executive Director

En. Saifulrizam Bin Zainal (“En. Saifulrizam”) was appointed to the Board on 15 December 2017 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company.

En. Saifulrizam holds a Master in Business Administration and Finance from the International Islamic University of Malaysia and a Bachelor of Business Administration and Finance (Honour) from the University Technology MARA both under the Bank Negara Malaysia Scholarship.

En. Saifulrizam has more than 24 years of experience in the financial services industry, oil and gas as well as IT industry. He started his career with Bank Negara Malaysia (“BNM”) in 1998. He spent stint number of years with BNM involving various National Projects Committee such as Technology Taskforce Committee, Financial Stability Working Group, Financial Sectors Working Group and Malaysia Accounting Standard Board for GP-8 under FRS 139. In 2006, he was assigned to setup a new established organisation under BNM purview namely Perbadanan Insurans Deposit Malaysia or PIDM, a new regulatory and supervisory framework under Deposit Insurance until March 2014.

After leaving PIDM in 2014, he joined Basra Oil Sdn Bhd as the Chief Financial Officer, the first PETRONAS Premium Dealer for the marine industry in Malaysia. He then moved on to BaseNET Technology Sdn. Bhd. as the Group Chief Financial Officer in 2015. He oversees the IT and Telecommunication sectors until October 2017. He was the Chairman of Koperasi Maal Nizami Negeri Selangor Berhad since 2018 until 2020. He is also the former Chief Executive Officer for ACE Investment Bank Labuan Limited from January 2020 to January 2021.

He does not hold directorship in other public companies and listed corporations but holds directorship in several private limited companies.

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

Notes

1. None of the Directors have family relationships with any Director and/or major shareholder of the Company except for the following:
 - a) Mr. Peh Lian Hwa is the father of Mr. Peh Yueh Han, who is a Director of Grayscale Technologies Sdn. Bhd. and T5 Advance Venture Sdn. Bhd., subsidiaries of the Company.
 - b) YTM Dato’ Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah is the father of Tunku Izzudin Shah Bin Tengku Abdul Hamid Thani, who is a Director of Grayscale Technologies Sdn. Bhd., a subsidiary of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2023.

PROFILE OF KEY SENIOR MANAGEMENT

CHUA KEONG LOONG

Malaysian, Aged 46, Male
Chief Executive Officer

Techscale Sdn. Bhd. (formerly known as Surfstek Resources (R&D) Sdn. Bhd.)

Evoscale Sdn. Bhd. (formerly known as Surfstek Innovation Sdn. Bhd.)

Mr. Chua Keong Loong (“Mr. Chua”) was appointed as the Chief Executive Officer on 1 January 2019, overseeing the business operations of Surftek Resources (R&D) Sdn. Bhd. (now known as Techscale Sdn. Bhd.) (“Techscale”) and Surftek Innovation Sdn. Bhd. (now known as Evoscale Sdn. Bhd.) (“Evoscale”).

Mr. Chua started his career in the IT industry in 1997, he progressively covered Sales and Technical-Marketing roles obtaining outstanding results. His commendable sales abilities in the Technology sector allowed him to achieve ambitious results in the industry that induced him to start and successfully grow his own IT Distribution Company in 2003. In 2015, upon merger with TechnoDex Group, Mr. Chua was appointed as the General Manager to Evoscale.

He was mostly involved in entrepreneurial activities throughout his career and always receive unanimous consensus and admiration for his achievements from the market, including the most prestigious 2010 Golden Bull business award and in the same year, the “Best top-100 of SMEs” in Malaysia. In 2011, he was confirmed through the SME Golden Bull as a recognition for his great Sales performances. In the same year, Mr. Chua received the Top SME Young Entrepreneur 2011 award and two years later he achieved the best top 100 of SMEs prize and the SME Excellent Eagles - Golden Eagle.

Currently, Mr. Chua is responsible for managing the overall operations and management of Techscale and Evoscale.

TAM YUN KIAM

Malaysian, Aged 50, Male
Group Financial Controller

TechnoDex Bhd.

Mr. Tam Yun Kiam (“Mr. Tam”) was appointed as the Group Financial Controller in July 2019. He is responsible for the financial management, human resources and administration management of the Group.

Mr. Tam is a qualified Chartered Accountant and Chartered Management Accountant. He is a member of the Malaysian Institute of Accountants and The Chartered Institute of Management Accountant, England.

He joined the Group on 5 June 2017 and has more than 26 years of working experience covering auditing, taxation, business advisory, corporate finance, human resource management, financial and management accountancy. He had work exposure in the sectors of chartered accountants and consultancy firms, professionally manage medium enterprises and public listed company covering the fast-moving consumer goods, manufacturing, trading, retailing, system integration, project management and consultancy businesses.

He has been working closely with the Executive Directors. Mr. Tam has successfully and effectively implemented various corporate exercises inclusive of fund raising and mergers & acquisitions. He also participated in Technodex Group’s strategic planning and execution.

Mr. Tam attended every Board meeting and assisted the Board of Directors to implement its policies and decisions in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, risk management framework, management and financial reporting practices of the Group in compliance with the corporate directive and the statutory and legal requirements for public announcements to the stock exchange.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

WONG YEN JEEN

Malaysian, Aged 43, Female

Chief Executive Officer

Upscale Sdn. Bhd. (formerly known as IdealSeed Resources Sdn. Bhd.)

Ms. Wong Yen Jeen ("Ms. Wong") was appointed as the Chief Executive Officer ("CEO") on 1 June 2022, leading and overseeing its business operations at Upscale Sdn. Bhd. (formerly known as Idealseed Resources Sdn. Bhd.) ("Upscale").

Ms. Wong began her career in 2000 as a Flight Stewardess in the transport industry for Singapore Airlines, where she spent over 11 years taking pride and relentless pursuit of customer service with utmost humility.

In 2011 Ms. Wong ventured into entrepreneurship and founded Vimake Autocare Sdn. Bhd., she has demonstrated leadership abilities through contribution to the success in production of high-quality car care products. In addition to that, she also manages portfolio for 10 apartments and has positioned KLCC Short Stay as a leader in the stay apartment rental industry.

Continuing her career progression, Ms. Wong assumed the position of Marketing Director at BCL Spa Malaysia in 2018, whereby she contributed to the brand's growth and played a pivotal role in expanding its product offerings.

Prior to her CEO role at Upscale, she served as the Director of Business Development, where she integrated sustainability and corporate responsibility into the company's recruitment partnerships. During this tenure, she has also shown great strength in leadership skills with pursuit of governance, assisted in opening new market in various vertical industries.

Currently, Ms. Wong is leading business operations and driving Upscale growth with a team of 10 people supporting her.

SAMUEL QUEK LENG BENG

Malaysian, aged 44, Male

Chief Technology Officer

Grayscale Technologies Sdn Bhd

Mr. Samuel Quek Leng Beng ("Mr. Samuel Quek") was appointed as the Chief Technology Officer on 1 December 2022, overseeing the business operations of Grayscale Technologies Sdn Bhd.

Mr. Samuel Quek is a seasoned IT professional, specializing in pragmatic project management, and holds a Master's degree in IT from Charles Sturt University. With over two decades of experience, he has demonstrated his expertise in Banking Services, Insurance, Telecommunications, and Outsourcing facilities. Samuel excels in leading teams, adeptly navigating challenges, and has mentored numerous individuals towards successful project deliveries.

His extensive portfolio encompasses a diverse range of projects, from top-tier telecommunication companies to large-scale banking deployments. Samuel's technical prowess is evident in his development of solutions spanning traditional banking customer service and sales, to cutting-edge digital banking strategies. In sales and pre-sales, he has delved into areas such as security management and smart city planning.

A fervent advocate of leveraging Information Technology for diversified solutions, Mr. Samuel Quek views it as the pivotal bridge towards enhanced governance, efficiency, and productivity. He places significant emphasis on adaptability and continuous personal growth, urging others to master a spectrum of skills and set ambitious goals. His pivotal roles at Lambda Technologies, Aims Technologies, and AsiaOnAir underscore his unwavering commitment to digital engagement and transformative leadership.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

TUNKU IZZUDIN SHAH BIN TENGGU ABDUL HAMID THANI

Malaysian, aged 26, Male
Chief Marketing Officer

TechnoDex Bhd.

Tunku Izzudin Shah Bin Tengku Abdul Hamid Thani ("Tunku Izzudin") was appointed as the Chief Marketing Officer on 1 July 2023, overseeing the business operations of TechnoDex Bhd.

He assumed the role of Group Chief Marketing Officer at TDEX, catapulting his career from Head of IT in a digital advertising company, where he managed a network of more than 10,000 devices and partners. Within a year, he rose to the CEO position, overseeing the entire operation.

His tenure was marked by impressive achievements, including cost reductions, streamlined workflows, and a focus on individual employee growth. He championed internal products and services through demand-generation strategies, bolstering the company's success.

Transitioning to Grayscale Technologies Sdn. Bhd. ("Grayscale"), his focus shifted to sculpting a sustainable business model that extended beyond the core. This strategic expansion into various IT sectors drove Grayscale's dynamic growth.

His leadership style emphasizes trust and empowerment, eschewing micromanagement in favor of prioritizing time and task management. He believes in allowing each individual to shine unless proven otherwise. Providing opportunities for leadership and nurturing the unique strengths of every team member are central to his approach.

Involvement in two significant joint ventures bolstered Grayscale's service offerings, including tech workshops for government agencies and demand-driven product development to resolve governmental challenges.

Beyond work, golf offers a monthly respite, a pastime he aspires to pursue more frequently. The serene greens provide a welcome escape and an opportunity for reflection.

The vision for Grayscale and TechnoDex is resolute: to lead Malaysia's tech revolution, equipping businesses with state-of-the-art solutions. He takes pride in robust financial performance, innovation, and ethical business practices, extending heartfelt thanks to stakeholders for their unwavering support.

Grayscale played a pivotal role in assisting friends in their journey to be listed on the prestigious Gartner Quadrant, a testament to their dedication to fostering growth and innovation in the IT industry. In this ever-evolving market, his commitment to ethical business conduct, growth, and innovation remains unwavering.

He is the son of YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah, the Non-Independent Non-Executive Chairman of the Company.

Notes

1. Saved as disclosed above, none of the Key Senior Management has any family relationships with any Director and/or major shareholder of the Company.
2. None of the Key Senior Management has any conflict of interest with the Company.
3. None of the Key Senior Management has been convicted of any offence in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2023, other than traffic offence (if any).
4. None of the Key Senior Management holds any directorship in public companies and listed issuers.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of Technodex Bhd (“TDex” or “the Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties to enhance shareholders’ value, consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance (“MCCG”), the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Corporate Governance Guide.

The Board is pleased to set out below the Corporate Governance Overview Statement which describes the manner in which the Group has applied the following principles of the MCCG during the financial year ended 30 June 2023 (“FYE 2023”):

- A. Board leadership and effectiveness;
- B. Effective audit and risk management; and
- C. Integrity in corporate reporting and meaningful relationships with stakeholders.

This Corporate Governance Overview Statement should be read together with the Corporate Governance Report for the FYE 2023 which is available on the Company’s corporate website at www.technodex.com, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.1 Board and Board Committee

The Board collectively leads and is responsible for the performance and affairs of the Group, including practicing a high level of good governance. All Board members are expected to show good stewardship and act professionally as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realising long-term objectives and increasing shareholders’ value. The Board retains full and effective control of the Group’s strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group’s system of internal control.

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting a strategic plan for the Group, including addressing the Group’s business strategies for promoting sustainability.
- Overseeing the conduct of the Group’s business, and evaluating whether or not its businesses are being properly managed.
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks.
- Ensuring that all candidates appointed to the Board are of sufficient calibre, including having in place a process to provide for the orderly succession of the members of the Board.
- Overseeing the development and implementation of an investor relations programme and stakeholder communications policy.
- Reviewing the adequacy and integrity of the Group’s internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has also delegated certain responsibilities to the following committees to assist in the execution of its responsibilities:

- a. Audit Committee
- b. Nomination and Remuneration Committee
(Collectively referred to as “Board Committees”)

The Board Committees’ Terms of Reference can be accessed via the Company’s corporate website, www.technodex.com.

Each Board Committee operates in accordance with its respective Terms of Reference approved by the Board. The Board upon the recommendation of the Nomination and Remuneration Committee (“NRC”), appoints the members and chairman of each Board Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The role of the Board Committees is to advise and make recommendations to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of various committees provide a verbal report on the outcome of their committee meetings to the Board, and any further deliberation is made at the Board level, if required.

1.2 The Chairman of the Board

The Board is led by its Chairman, YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah who holds the Non-Independent Non-Executive position and is primarily responsible for the leadership, effectiveness, conduct and governance of the Board. The roles of the Chairman are set out in the Board Charter.

1.3 The Chairman and Executive Directors

In line with good corporate practices, the roles of the Chairman and Executive Directors are distinct and separate to ensure that there is a balance of power and authority.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Executive Directors have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The detailed roles and responsibilities of the Chairman and Executive Directors are set out in the Board Charter.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) qualified and experienced Company Secretaries, who are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 and are also registered holders of the Practising Certificate issued by the Companies Commission of Malaysia.

The new joint Secretary was appointed by the Board on 10 May 2023 for better management of the Company's secretarial and administrative duties.

The Company Secretaries play an advisory role in supporting the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company, particularly the Companies Act 2016, Listing Requirements, MCGG, Company's Constitution and Board Charter. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their Terms of Reference and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretaries have been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to their profession and enable them to provide the necessary advisory role to the Board.

During the FYE 2023, all Board and Board Committees meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the service and support rendered by the Company Secretaries to the Board in the discharge of their duties and functions.

1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretaries. The meeting calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealing in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

The Directors receive notices of meetings, typically at least five (5) working days prior to the date of meetings. This provides sufficient details of matters to be deliberated during the meeting and the information provided therein is not confined to financial data but includes also non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at a sound and informed decision.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

1.6 Board Charter

The Board has formalised and adopted a Board Charter which sets out the composition and balance, roles and responsibilities, operations and processes of the Company. The Board Charter is published on the Company's corporate website at www.technodex.com and will be reviewed from time to time to ensure it remains consistent with the Board's objectives, current law and practices.

1.7 Code of Ethics and Conduct

The Board has adopted a Code of Ethics and Conduct which was incorporated in the Board Charter of the Company.

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and will be reviewed by the Board from time to time to ensure that it continues to remain relevant and appropriate.

1.8 Whistleblowing Policy

The Board has adopted a Whistle Blowing Policy to provide an avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group so that it can take appropriate action to resolve them effectively.

The Board will review and update the Whistle Blowing Policy when necessary to ensure it continues to remain relevant and appropriate.

The Whistle Blowing Policy is published on the Company's corporate website at www.technodex.com.

1.9 Anti-Bribery and Corruption Policy

The Board has also adopted an Anti-Bribery and Corruption Policy which will be reviewed from time to time to ensure it continues to remain relevant and appropriate.

The Anti-Bribery and Corruption Policy is published on the Company's corporate website at www.technodex.com.

1.10 Directors' Fit and Proper Policy

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

The Directors' Fit and Proper Policy shall be reviewed by the Board from time to time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices.

The Directors' Fit and Proper Policy is published on the Company's corporate website at www.technodex.com.

1.11 Sustainability Governance

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – COMPOSITION OF THE BOARD

2.1 Board Composition

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

Name	Designation
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah <i>(Redesignated on 22 September 2023)</i>	Non-Independent Non-Executive Chairman
Peh Lian Hwa	Non-Independent Non-Executive Deputy Chairman
Tan Sze Chong	Executive Director
Koay Xing Boon	Executive Director
Tan Boon Wooi	Non-Independent Non-Executive Director
Datuk Abd Hamid Bin Abu Bakar	Independent Non-Executive Director
Saifulrizam Bin Zainal	Independent Non-Executive Director
Fairuz Kartini Binti Ahmad <i>(Appointed on 31 May 2023)</i>	Independent Non-Executive Director

This current composition of the Board complies with Rule 15.02(1) of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors.

The Board had on 31 May 2023 appointed Pn. Fairuz Kartini Binti Ahmad as the Independent Non-Executive Director, which reflects the Board's commitment towards achieving a more gender diversified Board.

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

2.2 Tenure of Independent Directors

The Board acknowledges the recent amendments to the Listing Requirements of Bursa Securities on 19 January 2022. According to the new regulations, the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years effective on or after 1 June 2023. Furthermore, if the Board intends to retain an Independent Non-Executive Director who has served the Board a cumulative term of more than nine (9) years, it must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting as recommended by the MCCG.

During the financial period under review, none of our Directors has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

The Company has not adopted a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years. Notwithstanding that, the Company conducts an annual evaluation of their independence through the Annual Evaluation of Independence of Directors. This evaluation ensures that the Independent Non-Executive Directors remain free from any business or other relationship that could compromise their independent judgement or their ability to act in the best interests of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

2.3 Appointment of Board and Senior Management

Appointment of the Board and recruitment of Senior Management are based on objective criteria, merit and besides gender diversity, due regard is placed for a required mix of skills, experience, independence, age, integrity, core competencies and cultural background.

The members of the Board are appointed in a formal and transparent practice as endorsed by the MCCG. The NRC scrutinises the candidates and recommends the same for the Board's approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate shall bring to complement the Board.

In searching for suitable candidates, the NRC may receive suggestions from existing Board Members, Management and major shareholders. The NRC is also open to referrals from external sources or independent search firms.

2.4 Gender Diversity

The Company has adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at the Board and senior management level. The Gender Diversity Policy does not set any specific target on the composition in terms of gender, age or ethnicity of its Board members. However, the Board is well-represented by individuals drawn from distinctly diverse professional backgrounds. Presently, the Board consists of one (1) female Director, namely Pn. Fairuz Kartini Binti Ahmad.

2.5 NRC

The NRC comprises the following members, all being Independent Non-Executive Directors:

Name	Designation
Datuk Abd Hamid Bin Abu Bakar (Chairman)	Independent Non-Executive Director
Saifulrizam Bin Zainal (Member)	Independent Non-Executive Director
Fairuz Kartini Binti Ahmad (Member) (Appointed on 31 May 2023)	Independent Non-Executive Director

The NRC of the Company is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis.

The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

In searching for suitable candidates, the NRC may leverage on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and major shareholders, the NRC also refers to the potential candidates from the industry taking into consideration their education, skills and experience background.

The Terms of Reference of the NRC is published on the Company's corporate website at www.technodex.com.

The activities carried out by the NRC during the FYE 2023 are as follows: -

- (i) Reviewed and assessed the Executive Directors and Non-Executive Directors' Annual Performance Evaluation Forms.
- (ii) Evaluated the balance of skills, knowledge and experience of the Board and in the light of this evaluation, reviewed the role of the Non-Independent Non-Executive Chairman and Executive Directors respectively, to ensure a balance of power and authority, and a clear division of responsibilities.
- (iii) Reviewed and assessed the performance of the Audit Committee ("AC").
- (iv) Reviewed the independence of the Independent Directors.
- (v) Reviewed and recommended to the Board for consideration, the re-election of YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah, Mr. Peh Lian Hwa and Datuk Abd Hamid Bin Abu Bakar as Directors who retired by rotation pursuant to Clause 85 of the Constitution of Company at the Eighteenth Annual General Meeting held on 9 December 2022.
- (vi) Reviewed and recommended to the Board for consideration, the re-election of Mr. Koay Xing Boon as Director who retired pursuant to Clause 91 of the Constitution of the Company at the Eighteenth Annual General Meeting held on 9 December 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

- (vii) Reviewed and evaluated the independence of an Independent Director who has served the Board for a term of more than nine (9) years pursuant to the MCCG.
- (viii) Reviewed the remuneration package of all the Directors of the Company.
- (ix) Reviewed, considered and recommended to the Board for consideration the nominees for appointment as Director of the Company.
- (x) Reviewed and recommended to the Board for approval, the changes in the composition of the AC and NRC.

2.6 Annual Assessment of Effectiveness of the Board and Board Committees as whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Board Committees. The NRC has entrusted the task of reviewing and evaluating the individual Director's performance and the effectiveness of the Board and the Board Committees on an annual basis.

The NRC is required to report annually to the Board an assessment of the performance of the Board and the Board Committees. This will be discussed with the Board. The NRC will also evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees.

In evaluating the performance of Non-Executive Directors, certain criteria were established and adopted, amongst others, attendance at Board and/or Board Committee meetings, adequate preparation for Board and/or Board Committee meetings, regular contribution to Board and/or Board Committee meetings, personal input to the role and other contributions to the Board and/or Board Committee as a whole.

In evaluating the performance of Executive Directors, the assessment was carried out against diverse key performance indicators, amongst others, financial performance, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, employee training and development, succession planning and personal input to the role.

2.7 Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. All the Directors have attended more than 50% of the total Board Meetings held during the FYE 2023 and complied with the requirement on attendance at Board meetings as stipulated in the Listing Requirements of Bursa Securities.

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2023 are as follows:

Type of Meetings Name of Directors	Board of Directors	Audit Committee	Nomination and Remuneration Committee
	No. of Meetings Attended		
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah	5/5	N/A	N/A
Peh Lian Hwa	5/5	N/A	N/A
Tan Sze Chong	5/5	N/A	N/A
Koay Xing Boon	5/5	N/A	N/A
Tan Boon Wooi	5/5	N/A	N/A
Datuk Abd Hamid Bin Abu Bakar	4/5	4/4	1/1
Saifulrizam Bin Zainal	5/5	4/4	1/1
Fairuz Kartini Binti Ahmad ⁽¹⁾	N/A	N/A	N/A
Heng Ling Jy ⁽²⁾	3/3	N/A	N/A
Steven Wong Chin Fung ⁽³⁾	5/5	4/4	1/1

Notes:

- (1) Pn. Fairuz Kartini Binti Ahmad was appointed as an Independent Non-Executive Director of the Company and member of AC and NRC on 31 May 2023.
- (2) Ms. Heng Ling Jy resigned as Executive Director of the Company on 15 December 2022.
- (3) Mr. Steven Wong Chin Fung resigned as Independent Non-Executive Director of the Company and ceased as a member of AC and NRC on 26 May 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

To facilitate the Directors' time planning, the meetings calendar was prepared in advance for each new year by the Company Secretaries. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting.

2.8 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual Directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes.

The Directors will continue to undergo annually other relevant training programmes, courses, talks, conferences and seminars to keep abreast of relevant changes in laws and regulations, and development in the industry in order to further enhance their skills and knowledge.

During FYE 2023, the Company Secretaries briefed all the Directors of the Company on the latest updates/ amendments to the Listing Requirements of Bursa Securities relating to the Enhanced Sustainability Reporting Framework.

Part III - REMUNERATION

3.1 Remuneration Policy

The Board through NRC aims to set remuneration at levels that are sufficient to attract and retain Directors.

The Board has established a formal and transparent Remuneration Policy as a guide for the Board and the Remuneration Committee to determine the remuneration of Directors and/or Senior Management of the Company, which takes into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is available at the Company's corporate website at www.technodex.com.

3.2 Remuneration of Directors

The Board determines the remuneration of Executive Directors and Non-Executive Directors by taking into consideration the recommendations of the NRC. Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration. The aggregate amounts of Directors' fees to be paid to the Directors are subject to the approval of the shareholders at the Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The remuneration of the Directors of the Company and the Group for the FYE 2023 are as follows: -

The Company

Name of Directors	RM'000						
	Fees	Allowance	Salaries	Bonus	Benefits in Kind	Other Emoluments	Total
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah	120	-	-	-	-	-	120
Peh Lian Hwa	120	-	-	-	-	-	120
Tan Sze Chong	-	-	240	-	-	-	240
Koay Xing Boon	-	-	220	-	-	-	220
Tan Boon Wooi	30	-	-	-	-	-	30
Datuk Abd Hamid Bin Abu Bakar	30	-	-	-	-	-	30
Saifulrizam Bin Zainal	30	-	-	-	-	-	30
Fairuz Kartini Binti Ahmad <i>(Appointed on 31 May 2023)</i>	2.5	-	-	-	-	-	2.5
Steven Wong Chin Fung <i>(Resigned on 26 May 2023)</i>	27.5	-	-	-	-	-	27.5
Heng Ling Jy <i>(Resigned on 15 December 2022)</i>	-	-	140	-	-	-	140
TOTAL	360	-	600	-	-	-	960

The Group

Name of Directors	RM'000						
	Fees	Allowance	Salaries	Bonus	Benefits in Kind	Other Emoluments	Total
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah	120	-	-	-	-	-	120
Peh Lian Hwa	120	-	-	-	-	-	120
Tan Sze Chong	-	-	240	-	-	-	240
Koay Xing Boon	-	-	220	-	-	-	220
Tan Boon Wooi	30	-	-	-	-	-	30
Datuk Abd Hamid Bin Abu Bakar	30	-	-	-	-	-	30
Saifulrizam Bin Zainal	30	-	-	-	-	-	30
Fairuz Kartini Binti Ahmad <i>(Appointed on 31 May 2023)</i>	2.5	-	-	-	-	-	2.5
Steven Wong Chin Fung <i>(Resigned on 26 May 2023)</i>	27.5	-	-	-	-	-	27.5
Heng Ling Jy <i>(Resigned on 15 December 2022)</i>	-	-	140	-	-	-	140
TOTAL	360	-	600	-	-	-	960

3.3 Remuneration of Senior Management

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board views that the disclosure of the remuneration of Senior Management would not be in the best interest of the Company given the competitive human resources environment and may give rise to recruitment and talent retention issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AC

4.1 Effective and Independent AC

The AC is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the AC are financially literate. The AC has full access to both the internal and external auditors, who, in turn, have access at all times to the Chairman of the AC.

The AC comprises three (3) members. The composition of the AC complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of MCGG whereby all three (3) AC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

None of the members of AC were former key audit partners and to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the AC.

The works carried out by the AC during the FYE 2023 are outlined in the AC Report in this Annual Report.

The Board maintains a transparent and professional relationship with the Group's external auditors through the AC. The criteria for the external auditors' assessment include quality of services, the sufficiency of resources, communication and interaction, audit planning, independence, objectivity and professional scepticism. In determining the independence of the external auditors, the AC reviewed and assessed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and the external auditors relating to audit independence. The AC also reviewed and assessed the external auditor's performance and independence.

The AC meets with the external auditors to review the scope and adequacy of the audit process, updates on the financial reporting standards, the financial statements and their audit findings. In addition, the external auditors are invited to attend the Company's Annual General Meeting so that they are available to answer any questions from shareholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements.

The AC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and the proposed audit fees before recommending to the Board for approval.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control

The Board acknowledges its overall responsibilities for maintaining a sound system of internal controls which includes financial controls, operational and compliance controls and risk management to safeguard shareholders' interests and the Company's assets. The Group's system of internal control is regularly reviewed to ensure its effectiveness. While acknowledging its responsibility for the system of internal control, the Board is aware that such a system cannot eliminate risks and thus can never be an absolute assurance against the Group's failure to achieve its objectives. The Group's Statement on Risk Management and Internal Control for the FYE 2023 is as set out in this Annual Report.

5.2 Internal Audit Function

The internal audit function is outsourced to an independent professional consulting firm namely Vaersa Advisory Sdn. Bhd. ("IA") to carry out internal audit services for the Group. The IA is precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.

To ensure that the responsibilities of IA are fully discharged, the AC had evaluated the performance of the IA for the FYE 2023. The AC concluded its assessment that the IA has sufficient experience and resources to satisfy their terms of reference and adequately deliver quality services to the Company and its subsidiaries.

The details of the internal audit function and activities are set out in the AC Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I - COMMUNICATION WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Board is committed to provide effective communication to its shareholders and the general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements. Shareholders will receive regular communication from the Company through the release of announcements, quarterly reports, annual reports and circulars to Bursa Securities.

The Company's corporate website at www.technodex.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news, events, and announcements to Bursa Securities relating to the Group.

The Board has also created an investor relation section on the Company's corporate website at www.technodex.com for information on corporate, financial, corporate governance and stock prices, which is accessible to the public.

6.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and the general public regarding the business, operations and financial performance of the Group and where necessary, that information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Board has formalised and adopted a Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosure pertaining to the Company and the Group to regulators, shareholders and stakeholders.

PART II - CONDUCT OF GENERAL MEETINGS

7.1 Annual General Meeting ("AGM")

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode of shareholders' communication. These include the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The AGM remains a principal forum used by the Group for communication with its shareholders. The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group.

The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group.

The notice of AGM is given to shareholders at least 28 days before the AGM which gives shareholders sufficient time to read through the Annual Report and make the necessary attendance and voting arrangements. The Notice for the Nineteenth AGM of the Company which is scheduled to be held on 5 December 2023 was sent to the shareholders on 31 October 2023, which is more than 28 days before the date of the AGM.

7.2 Directors' Attendance at General Meetings

All the Directors attended the Eighteenth AGM of the Company held on 9 December 2022 and provided a response to questions posed by the shareholders.

The Board had ensured that the required infrastructure and tools were in place to enable the smooth broadcast of the Eighteenth AGM and meaningful engagement with the shareholders. The summary of the key matters discussed at the Eighteenth AGM was also published on the Company's corporate website for the shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Company has in all material aspects satisfactorily complied with the principles and practices set out in the Code, except for the departures set out in the Corporate Governance Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors (“the Board”) of Technodex Bhd (“TDex” or “the Company”) is committed towards maintaining a sound system of internal control and risk management and is pleased to provide this Statement on Risk Management and Internal Control (“this Statement”) which outlines the scope and nature of internal controls and risk management of TDex and its subsidiaries (“the Group”) for the financial year ended 30 June 2023 (“FYE 2023”).

For the purpose of disclosure, this Statement is prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“Listing Requirement”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Responsibility for Risk Management and Internal Control

The Board recognises the importance of risk management and risk-based internal audit to establish and maintain a sound system of risk management and internal control. The Board affirms its overall responsibility for the Group’s systems of internal control and for reviewing the adequacy and integrity of those systems. Because of the limitations that are inherent in any system of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

The Board has received assurance from the Executive Directors that the Group’s risk management and internal control have operated adequately and effectively in all material aspects, based on the risk management and internal control system of the Group during the financial year under review.

Risk Management Framework

The Board regards the Management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enable the Group to make cautious, mindful and well-informed decisions through the formulation and implementation of requisite action plans and monitoring regimes which are imperative in ensuring the accomplishment of the Group’s objectives.

Internal Control System

The Key Elements of the Group’s Internal Control System include:

- a. Clearly defined Terms of Reference of the Board Committee, i.e. Audit Committee and Nomination and Remuneration Committee.
- b. Organisational structure with clearly defined lines of responsibility, authority and accountability.
- c. Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements.
- d. Clearly defined authorisation limits at appropriate levels are set out for controlling and approving capital expenditures and expenses.
- e. Clearly defined Internal Policies, Standard Operating Procedures and Personnel Manual as the key framework for good internal control practices.
- f. Regular Management and Operation meetings were conducted to ensure activities and risk mitigation actions were executed as proposed.
- g. Key information covering financial performance and key business aspects are provided to the Senior Management and Board of Directors on a regular and timely basis.
- h. There has been active participation by the Executive Directors in the day-to-day running of business operations and regular dialogue and reporting to the Board of Directors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal Audit Functions

The Board acknowledges the importance of the internal audit function. The Board has outsourced its internal audit function to an independent professional consulting firm as part of its efforts to provide adequate and effective internal control systems. The internal audit function is carried out in accordance with the internal audit plan as reviewed by the Audit Committee. The internal audit function adopts accepted auditing practices in addition to independent and objective reporting on the state of the Group's internal control system.

During the financial year under review, the outsourced Internal Auditors reviewed critical business processes, identifying risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the key subsidiary and recommended possible improvements to the internal control systems. This is to provide reasonable assurance that such a system continues to operate satisfactorily and effectively within the Group. The Board continuously takes measures to strengthen the control environment.

During the financial year under review, there were no material losses incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report. The Board will continue to improve and enhance the existing system of risk management and internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

The total cost incurred for the internal audit function was RM14,000 for the FYE 2023.

Review of Statement by External Auditors

Pursuant to Rule 15.23 of the Listing Requirement of Bursa Securities the External Auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the FYE 2023. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management process and system of internal control. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with the material internal control aspects of significant problems, if any, disclosed in this Annual Report will, in fact, remedy the problems.

Based on their review, the external auditors reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

For the FYE 2023 under review up to the date of this Statement, the Board is of the view that the risk management and internal control system is sound and adequate to safeguard the Group's operations and assets at the existing level of operations of the Group. No material weakness and/or reported shortfall in the risk management and internal control system has resulted and/or given rise to any material loss, contingency and/or uncertainty.

This Statement is made in accordance with the resolution of the Board dated 23 October 2023.

AUDIT COMMITTEE REPORT

OBJECTIVE OF THE AUDIT COMMITTEE

The principal objective of the Audit Committee is to assist the Board of Directors (“the Board”) of Technodex Bhd (“TDex” or “the Company”) in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, risk management framework, management and financial reporting practices of the Company and its subsidiaries (“the Group”) and to ensure proper disclosure to the shareholders of the Company.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members, all of them being Independent Non-Executive Directors:-

Name	Designation
Saifulrizam Bin Zainal , Chairman	Independent Non-Executive Director
Datuk Abd Hamid Bin Abu Bakar , Member	Independent Non-Executive Director
Fairuz Kartini Binti Ahmad , Member (<i>Appointed on 31 May 2023</i>)	Independent Non-Executive Director

The authorities and duties of the Audit Committee are clearly governed by its Terms of Reference. The Terms of Reference of the Audit Committee is available at the Company’s corporate website at www.technodex.com.

During the financial year under review, the Audit Committee convened four (4) meetings and the attendance of each Audit Committee member is as follows:

Name	Attendance
Saifulrizam Bin Zainal , Chairman	4/4
Datuk Abd Hamid Bin Abu Bakar , Member	4/4
Fairuz Kartini Binti Ahmad , Member (<i>Appointed on 31 May 2023</i>)	Not Applicable

SUMMARY OF WORKS DURING THE FINANCIAL YEAR

The following is a summary of the works carried out by the Audit Committee during the financial year under review:

- i. Reviewed the unaudited quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto before recommending to the Board for approval and release of the Group’s results to Bursa Securities.
- ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Group’s financial statements for the financial year ended 30 June 2023 before the audit commences to ensure the scope of the external audit is comprehensive.
- iii. Reviewed with External Auditors, the Audit Status Report upon completion of the annual audit, covering findings on the results and issues arising from their audit of the financial statements of the Group and their resolutions of such issues highlighted in their report to the Audit Committee.
- iv. Considered and recommended the re-appointment of CAS Malaysia PLT as External Auditors of the Company and their audit fees to the Board for consideration based on the competency, efficiency and independence as demonstrated by the External Auditors during their audit.
- v. Evaluated the performance of the External Auditors and Internal Auditors of the Company.
- vi. Reviewed the reports for the internal audit function and considered the findings of internal audit investigations and the Management responses thereon, and ensured that appropriate actions were taken on the recommendations raised by the Internal Auditors.
- vii. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were on at arm’s length basis and on normal commercial terms.

AUDIT COMMITTEE REPORT (CONT'D)

- viii. Reviewed the Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement and Additional Compliance Information as well to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report.
- ix. Reviewed and assessed the performance of the Audit Committee collectively and tabled the Audit Committee self-evaluation form for the Nomination and Remuneration Committee's evaluation.

INTERNAL CONTROL REVIEW AND INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Vaersa Advisory Sdn. Bhd., an independent professional services firm, to conduct an independent review of the Group's systems of internal control.

The internal audit assignment is led by Mr. Quincy Gan Hoong Huat, the Executive Director of Vaersa Advisory Sdn Bhd. The internal audit review is staffed by 6 internal audit personnel including a Senior individual. The Internal Auditors team is free from any relationships with the Company or conflicts of interest. This will ensure that the internal audit function does not impair their objectivity and independence.

The internal audit function has adopted the International Professional Practices Framework set by the Institute of Internal Auditors and ensures that staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.

The activities carried out by the Internal Auditors of the Group during the financial year under review were as summarised below: -

- i. Conducted an internal audit on the adequacy and effectiveness of the Company's subsidiaries (namely Evoscale Sdn. Bhd. (*formerly known as Sursftek Innovation Sdn. Bhd.*) ("Evoscale"), Grayscale Technologies Sdn. Bhd. ("Grayscale Technologies") and Upscale Sdn. Bhd. (*formerly known as Idealseed Resources Sdn. Bhd.*) ("Upscale")) system of internal control and compliance with the Company's policies and procedures on the following business process/ areas:

Evoscale

- (a) Review of Standard Operating Procedures ("SOP")
- (b) Pre-Qualification of Suppliers
- (c) Period Assessment of Existing Suppliers
- (d) Procurement Process
- (e) Delivery Process
- (f) Stock Take Process
- (g) Monitoring of Open Purchase Orders ("PO")

Grayscale Technologies

- (a) Review of SOP
- (b) Tender Purchase Process
- (c) Monitoring of Current Projects
- (d) Project Budget Management

Upscale

- (a) Review of SOP
- (b) Client Engagement Process
- (c) Recruitment Process

- ii. Conducted an internal audit on the adequacy and effectiveness of the Company and its subsidiaries (namely Evoscale, Grayscale Technologies and Upscale) system of internal control and compliance with the Company's policies and procedures on the Finance Management Review, Fixed Asset and Capital Expenditure Control Management and Enterprise Risk Management.
- iii. Presentation of the internal audit findings at the Audit Committee meeting. The results of the audit together with the Management's response and proposed action plans were reviewed by the Audit Committee.

The internal audit reviews did not reveal any weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

The Audit Committee was satisfied with the competency, experience and resources of the internal audit function for discharging its role and responsibilities.

The fees incurred during the financial year ended 30 June 2023 in relation to the internal audit function were RM14,000.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("the Board") is required by the Companies Act 2016 to ensure that the financial statements prepared for each financial year have been made in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") at the end of the financial year and to the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors are responsible for ensuring that the Group have maintained accounting records which disclose with reasonable accuracy, the financial position of the Group, which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2023, the Group have used the appropriate accounting policies and consistently applied and supported by reasonable prudent judgement and estimates, that measures have been taken to ensure that accounting records are properly kept in accordance with the law and that the preparation of the financial statements is on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group have adequate resources to continue in operations for the foreseeable future.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.



SUSTAINABILITY STATEMENT

Technodex Bhd. (“TDex” or “Company”) is committed in delivering long-term sustainable values with a view to develop and maintain a successful business for all stakeholders, including shareholders, employees and among others, our customers and suppliers.

Aside from ensuring the long-term profitability of our core business, our sustainability initiatives are focused on the workplace, marketplace, environment and community.

Marketplace – Customers’ Satisfaction

The Company and its subsidiaries (“the Group”) are committed to see that not only our shareholders’ interests are taken care of but also our stakeholders who are customers and suppliers. It is fundamental to our Group that all products and services are delivered to customers with the required quality that meets or exceeds the customers’ expectations. The Group also gathers customers’ feedback during the course of conducting our business operations. These also promote a culture of open communication, trust and reliability.

Environment

The Group does not operate in an environmentally sensitive business, but we recognise our duty to be mindful of the environment we live in and minimise our carbon footprint to the environment.

We have identified opportunities to reduce or reuse the resources we consume as we believe in the efficiency of the reuse of resources. These steps include reducing our energy consumption through switching off unused lights and air conditioning and our paper management initiative to print only when necessary and where possible, recycling of used printed paper. Instead of discarding unwanted documents, we sent these documents for secure shredding after which the shredder papers are sent to be recycled into other paper-based products.

Community care

The Group understands that a responsible organisation should not neglect its social obligation towards the community that the well-being of the community has a significant bearing on the long-term sustainability and progression of our business. We have constant engagement with universities by providing internships for university students in our Group. We will convey a long-term value to the community by being the region’s most impactful corporate citizen.

Workplace

Our dedicated employees are important to the effective functioning of all the departments within the Group as human capital is pivotal to the Group’s continuing success. The safety and well-being of our employees remain an important aspect of our overall strategy. We encourage internal activities for the employees to ensure that our working place is a happy place and employees’ motivation is consistently high and well maintained.

We strive to upgrade our employees’ skills and knowledge by conducting training sessions, both internally and externally. The training programs aim to equip our employees with key skills to support their career goals and improve work productivity.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

Placement up to 10% of the Total Number of Issued Shares of Technodex Bhd. (“Private Placement”)

The Company had placed out a total of 76,708,700 new ordinary shares pursuant to the Private Placement which raised total proceeds of RM11.894 million.

The Group has fully utilised the proceeds from the Private Placement, details are as follows: -

Details of Utilisation	Proceed raised (RM'000)	Deviation ⁽³⁾ (RM'000)	Actual Utilisation (RM'000)	Unutilised proceed (RM'000)	Timeframe for Utilisation of proceeds ⁽²⁾
Information Technology contracts and orders	11,594.00	157.00	(11,751.00)	-	Within 18 months
Expenses for the Private Placement	300.00	(157.00)	(143.00)	-	Within 1 month
TOTAL	11,894.00	-	(11,894.00)	-	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and its subsidiaries (“Group”) for the financial year ended 30 June 2023 are as follows: -

	Company RM	Group RM
Audit Fee	42,000	124,000
Non - Audit Fee	7,000	7,000

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the Directors’ and major shareholders’ interest during the financial year ended 30 June 2023.

4. RECURRENT RELATED PARTY TRANSACTION (“RRPT”)

The details of the RRPTs that occurred during the financial year ended 30 June 2023 are disclosed in Note 30 to the Financial Statements for the financial year ended 30 June 2023 set out on page 112 of this Annual Report.

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

40 Directors' report

44 Statement by directors

44 Statutory declaration

45 Independent auditors' report

49 Statements of financial position

51 Statements of profit or loss and other comprehensive income

52 Statements of changes in equity

53 Statements of cash flows

57 Notes to financial statements

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the investment holding and provision of information technology products and related services, and carrying out relevant research and development activities.

The information on the name, place of incorporation, principal activities and percentage of effective equity interest held by the Company in each subsidiary are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group	Company
	2023	2023
	RM	RM
Loss for the financial year	(7,924,847)	(4,458,498)
Attributable to:		
Owners of the Company	(7,904,097)	(4,458,498)
Non-controlling interests	(20,750)	-
	<u>(7,924,847)</u>	<u>(4,458,498)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in the notes to the financial statements.

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared during the financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Group and the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The name of the directors of the Company in office during the financial year and the period from the end of the financial year to the date of this report are:

YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah

Peh Lian Hwa

Tan Sze Chong

Tan Boon Wooi

Saifulrizam bin Zainal

Datuk Abd Hamid bin Abu Bakar

Koay Xing Boon (Appointed on 08 July 2022)

Fairuz Kartini binti Ahmad (Appointed on 31 May 2023)

Heng Ling Jy (Resigned on 15 December 2022)

Steven Wong Chin Fung (Resigned on 26 May 2023)

The names of the directors of the subsidiaries of the Company during the financial year and the period from the end of the financial year to the date of this report, not including those directors listed above are:

Peh Yueh Han

Mohammad Azizuddin Bin Shahrudin

Jithin Vijayan Geetha

Shameer Thaha

Tunku Izzudin Shah Bin Tengku Abdul Hamid Thani (Appointed on 30 January 2023)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year were as follows:

	Date of appointment/ As at	Number of Ordinary Shares		Date of resigned/ As at
		Acquired	Sold	
Shareholdings in the name of directors	01.07.2022			30.06.2023
Direct interest				
YTM Dato'Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah	35,300,000	10,400,000	-	45,700,000
Peh Lian Hwa	137,482,600	-	-	137,482,600
Tan Sze Chong	24,029,066	-	-	24,029,066
Tan Boon Wooi	33,065,000	-	-	33,065,000
Heng Ling Jy (Resigned on 15 December 2022)	8,766,666	-	-	8,766,666
Koay Xing Boon	47,096,100	3,700,000	-	50,796,100
Indirect interest				
Tan Sze Chong#	8,766,666	-	-	8,766,666
Heng Ling Jy*	24,029,066	-	-	24,029,066
Tan Boon Wooi@	-	9,316,300	-	9,316,300

Deemed interest by virtue of his spouse, Ms. Heng Ling Jy's shareholdings in the Company.

* Deemed interest by virtue of her spouse, Mr. Tan Sze Chong's shareholdings in the Company.

@ Deemed interest by virtue of his interest in Lian Soon Express Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

DIRECTORS' REPORT (CONT'D)

By virtue of their interest in the shares of the Company, the above directors are also deemed to have interests in the shares of the subsidiary companies to the extent the directors have their interests.

Other than disclosed above, the other directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATIONS

The details of the directors' remuneration paid or payable to the directors or past directors of the Group and of the Company during the financial year are disclosed in Note 29 to the financial statements.

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

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

INDEMNITY AND INSURANCE COSTS

During the financial year, total amount of indemnity given to or insurance premium paid for the directors and officers of the Company is RM13,200 per annum.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During the financial year, the fees and other benefits received and receivables by the directors or past directors of the Group and of the Company are as follows:

	Group 2023 RM	Company 2023 RM
Non-executive directors:		
Fees	360,000	360,000
Overprovision in prior years	(68,000)	(68,000)
	<u>292,000</u>	<u>292,000</u>
Executive directors:		
Other emoluments:		
- Salaries, bonuses and allowance	852,000	600,000
- Employment Provident Fund (EPF) and Social Security Organization (SOCSSO)	106,276	74,512
- Employment Insurance System (EIS)	461	287
	<u>1,250,737</u>	<u>966,799</u>

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and
- (ii) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (i) which would render the amount written off for bad debts inadequate to any substantial extent or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; or
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) 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
- (iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Significant events during and subsequent to the financial year is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, CAS Malaysia PLT, Chartered Accountants have indicated their willingness to continue in office.

Auditors' remuneration of the Group and the Company for the financial year ended 30 June 2023 were as follows:

	Group	Company
	RM	RM
Statutory audit	124,000	42,000
Non-statutory audit	7,000	7,000
	131,000	49,000

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 23 October 2023.

TAN SZE CHONG

Director

KOAY XING BOON

Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, TAN SZE CHONG and KOAY XING BOON, being two of the directors of TECHNODEX BHD., do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 49 to 123 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 its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 23 October 2023.

TAN SZE CHONG

Director

KOAY XING BOON

Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, TAN SZE CHONG, being the director primarily responsible for the accounting records and financial management of TECHNODEX BHD., do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 123 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by

TAN SZE CHONG

at Puchong in the state of Selangor Darul Ehsan

on 23 October 2023

TAN SZE CHONG

Before me,

TAN KAI YONG

Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHNODEX BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of TECHNODEX BHD., which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 123.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

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

Key audit matters	How our audit addressed the key audit matters
(a) Impairment assessment of trade receivables	
<p>Refer to Note 3.8, 3.9, 4.7 and 12 to the financial statements.</p> <p>Trade receivables of the Group amounting to RM5,206,963 are significant to the Group as these represent approximately 19% of the total assets.</p> <p>The key associated risk is the recoverability of the invoiced trade receivables as the recoverability of these receivables required management judgement in determining the adequacy of the impairment losses associated with each individual trade receivables.</p>	<p>Our audit procedures included:</p> <ol style="list-style-type: none"> circularisation of receivables for confirmation of balances; reviewed ageing of trade receivables and check for adequacy of allowance for impairment; evaluated the basis and evidence used by management for the impairment test and adequacy of allowance for impairment made; assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period and recoverability of outstanding trade receivables;

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

Key audit matters (cont'd)	How our audit addressed the key audit matters (cont'd)
(a) Impairment assessment of trade receivables (cont'd)	
	<ul style="list-style-type: none"> v. assessed the reasonableness of the Group's expected credit loss ("ECL") model by reviewing the probability of default using historical data and forward-looking information adjustment applied by the Group; vi. identified any loss events subsequent to the end of reporting period for indications of increase in credit risk; vii. made inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and viii. evaluated the adequacy of the Group's disclosure for trade receivables.
(b) Impairment assessment of investment in subsidiary companies	
<p>Refer to Note 3.5, 4.5 and 8 to the financial statements.</p> <p>As at 30 June 2023, the net carrying amount of investment in subsidiary companies of the Company amounted to RM22,942,695 which representing for approximately 60% of the Company's total assets.</p> <p>We focused on this area and considered impairment on investment in subsidiary companies as key audit matter as the determination of recoverable amounts of subsidiaries based on value-in-use calculations by management involved a significant degree of judgements and assumptions.</p>	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> i. enquired management on latest development and status of the subsidiary companies; ii. assessed the appropriateness and reasonableness of cash flows forecast and projections by comparison to future outlook, reviewing business plans and through discussion with management; iii. assessed the management's determination of the discount rate by evaluating the appropriateness of the models used and the reasonableness of the inputs thereon; and iv. performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, which we obtained prior to the date of this auditors' 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 do 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 Group and the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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.

CAS MALAYSIA PLT

[201606003206 (LLP0009918-LCA) & AF 1476]

Chartered Accountants

CHEN VOON HANN

[No. 02453/07/2025(J)]

Chartered Accountant

Date: 23 October 2023

Puchong

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
NON-CURRENT ASSETS					
Property, plant and equipment	5	798,818	754,002	463,252	424,483
Right-of-use assets	6.1	1,292,864	1,148,370	361,961	444,368
Intangible assets	7	-	1,552,433	-	-
Investment in subsidiary companies	8	-	-	22,942,695	23,777,432
Goodwill on consolidation	9	1,154,149	1,154,149	-	-
Other investment	10	458,900	706,000	458,900	706,000
		3,704,731	5,314,954	24,226,808	25,352,283
CURRENT ASSETS					
Inventories	11	5,620,977	3,837,590	-	-
Lease receivables	6.3	-	1,878,787	-	-
Trade receivables	12	5,206,963	10,574,521	1,219,345	692,249
Other receivables	13	2,117,490	2,857,134	227,616	152,788
Amount due from subsidiary companies	14	-	-	8,784,099	9,580,840
Tax recoverable		300,747	414,152	10,304	10,304
Fixed deposits with licensed banks	15	7,009,619	3,876,948	3,458,642	408,469
Cash and bank balances		4,117,300	9,689,079	268,928	5,570,381
		24,373,096	33,128,211	13,968,934	16,415,031
TOTAL ASSETS		28,077,827	38,443,165	38,195,742	41,767,314

STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	58,630,672	58,630,672	58,630,672	58,630,672
Accumulated losses	17	(38,253,031)	(30,348,934)	(22,186,974)	(17,728,476)
Total equity attributable to owners of the Company		20,377,641	28,281,738	36,443,698	40,902,196
Non-controlling interest	8	(28,809)	(8,059)	-	-
TOTAL EQUITY		20,348,832	28,273,679	36,443,698	40,902,196
NON-CURRENT LIABILITIES					
Lease liabilities	6.2	661,793	593,577	12,600	89,748
Deferred taxation	18	-	-	-	-
		661,793	593,577	12,600	89,748
CURRENT LIABILITIES					
Trade payables	19	1,917,546	1,763,250	-	-
Other payables	19	1,172,912	946,853	391,388	225,820
Amount due to subsidiary companies	14	-	-	984,776	181,404
Bank overdraft	20	3,313,832	3,782,580	-	-
Lease liabilities	6.2	662,912	3,018,980	363,280	368,146
Deferred income	21	-	64,246	-	-
		7,067,202	9,575,909	1,739,444	775,370
TOTAL LIABILITIES		7,728,995	10,169,486	1,752,044	865,118
TOTAL EQUITY AND LIABILITIES		28,077,827	38,443,165	38,195,742	41,767,314

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	56,108,416	34,856,461	861,600	983,280
Less: Cost of sales	24	(52,308,257)	(32,295,202)	-	-
GROSS PROFIT		3,800,159	2,561,259	861,600	983,280
Add: Other operating income		345,116	774,848	769,415	963,053
Add: Reversal of impairment on trade receivables		-	11,894	-	-
Less: Employment benefits		(3,406,462)	(2,978,482)	(842,263)	(781,609)
Less: Key management personnel's remuneration	29	(2,125,907)	(1,719,006)	(1,310,414)	(1,227,886)
Less: Depreciation and amortisation		(1,887,306)	(2,314,239)	(515,541)	(475,713)
Less: Fair value loss on investment in quoted shares		(247,100)	(670,700)	(247,100)	(670,700)
Less: Impairment on amount due from subsidiary companies		-	-	(28,854)	(8,335)
Less: Impairment on trade receivables		(6,420)	-	-	-
Less: Other expenses		(4,052,960)	(4,455,289)	(3,106,790)	(13,692,445)
LOSS FROM OPERATIONS		(7,580,880)	(8,789,715)	(4,419,947)	(14,910,355)
Less: Finance costs	25	(343,967)	(262,200)	(38,551)	(22,841)
LOSS BEFORE TAXATION	26	(7,924,847)	(9,051,915)	(4,458,498)	(14,933,196)
Less: Taxation	27	-	50,380	-	-
LOSS AFTER TAXATION		(7,924,847)	(9,001,535)	(4,458,498)	(14,933,196)
Other comprehensive income for the financial year/period, net of tax		-	-	-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR, NET OF TAX		(7,924,847)	(9,001,535)	(4,458,498)	(14,933,196)
LOSS AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		(7,904,097)	(8,970,538)		
Non-controlling interest	8	(20,750)	(30,997)		
		(7,924,847)	(9,001,535)		
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR, NET OF TAX ATTRIBUTABLE TO:					
Owners of the Company		(7,904,097)	(8,970,538)		
Non-controlling interest	8	(20,750)	(30,997)		
		(7,924,847)	(9,001,535)		
Basic and diluted loss per share attributable to owners of the Company (sen)	28	(0.94)	(1.09)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group	Attributable to owners of the Company				
	Non-distributable			Non-Controlling Interest	Total Equity
	Share Capital	Accumulated Losses	Total		
RM	RM	RM	RM	RM	
Balance as at 1 July 2022	58,630,672	(30,348,934)	28,281,738	(8,059)	28,273,679
Loss and total comprehensive expense for the financial year	-	(7,904,097)	(7,904,097)	(20,750)	(7,924,847)
Balance as at 30 June 2023	58,630,672	(38,253,031)	20,377,641	(28,809)	20,348,832
Balance as at 1 July 2021	54,857,018	(21,378,396)	33,478,622	22,791	33,501,413
Contribution by Owners of the Company					
- Issuance of shares	16	3,773,654	-	-	3,773,654
Investment in subsidiary companies		-	-	147	147
Loss and total comprehensive expense for the financial year	17	-	(8,970,538)	(30,997)	(9,001,535)
Balance as at 30 June 2022		58,630,672	(30,348,934)	(8,059)	28,273,679

Company	Attributable to owners of the Company			
	Non-distributable			
	Share Capital	Accumulated Losses	Total Equity	
Note	RM	RM	RM	
Balance as at 1 July 2022		58,630,672	(17,728,476)	40,902,196
Loss and total comprehensive expense for the financial year		-	(4,458,498)	(4,458,498)
Balance as at 30 June 2023		58,630,672	(22,186,974)	36,443,698
Balance as at 1 July 2021		54,857,018	(2,795,280)	52,061,738
Contribution by Owners of the Company				
- Issuance of shares	16	3,773,654	-	3,773,654
Loss and total comprehensive expense for the financial year		-	(14,933,196)	(14,933,196)
Balance as at 30 June 2022		58,630,672	(17,728,476)	40,902,196

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(7,924,847)	(9,051,915)	(4,458,498)	(14,933,196)
Adjustments for:					
Amortisation					
Intangible assets	7	956,508	1,379,742	-	-
Depreciation					
Property, plant and equipment	5	202,459	183,179	120,539	94,742
Right-of-use assets	6.1	728,339	751,318	395,002	380,971
Impairment loss					
Goodwill on consolidation	9	-	1,039,643	-	-
Investment in a subsidiary companies	8	-	-	1,534,737	12,723,735
Amount due from subsidiary companies	14	-	-	28,854	8,335
Intangibles assets	7	595,925	429,379	-	-
Trade receivables	12	6,420	-	-	-
Bad debts written off					
Other receivables	26	-	15,950	-	-
Reversal of impairment losses for trade receivables	12	-	(11,894)	-	-
Loss on disposal of property, plant and equipment		224	-	-	-
Finance cost					
Bank overdraft interest	25	270,451	186,763	-	-
Lease liabilities interest	24,25	115,409	380,068	11,389	22,841
Late payment interest	25	-	142	-	-
Inter-company interest	25	-	-	27,162	-
Interest income	26	(135,929)	(261,066)	(70,737)	(205,576)
Lease receivable interest income	26	(14,214)	(266,271)	-	-
Gain on disposal of					
property, plant and equipment	5	(5,634)	-	-	-
right-of-use asset	26	(67,999)	-	-	-
Gain on derecognition of lease	26	-	(6,536)	-	-
Inventories written off	11	-	132,275	-	-
Fair value loss on other investment	10	247,100	670,700	247,100	670,700
Provision for slow-moving inventories	11	248,108	16,425	-	-
Unrealised loss/(gain) on foreign exchange	26	113,481	(40,062)	-	-

STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING					
ACTIVITIES (continued)					
Operating loss before working capital changes		(4,664,199)	(4,452,160)	(2,164,452)	(1,237,448)
(Increase)/decrease in inventories		(2,031,495)	385,491	-	-
Decrease/(increase) in receivables		5,987,301	(2,278,012)	(601,924)	76,924
Increase/(decrease) in payables		459,731	(1,526,410)	165,568	(91,783)
Decrease in deferred income		(64,246)	(49,604)	-	-
Cash used in operations		(312,908)	(7,920,695)	(2,600,808)	(1,252,307)
Interest received		135,929	261,066	70,737	205,576
Interest paid		(385,860)	(566,973)	(38,551)	(22,841)
Income tax refund		79,000	43,140	-	-
Income tax paid		(44,973)	(188,777)	-	-
Net cash used in operating activities		(528,812)	(8,372,239)	(2,568,622)	(1,069,572)
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in fixed deposits with maturity of more than 3 months		25,129	7,979,460	-	5,800,000
Fixed deposit placed as security value		(4,596)	(39,055)	-	-
Additional investment in subsidiary companies	8	-	-	-	(100)
Repayment from lease receivables		1,893,001	5,679,003	-	-
Proceed from disposal of:					
non-controlling interest	8	-	49	-	49
property, plant and equipment		11,907	-	-	-
right-of-use asset		68,000	-	-	-
Purchase of investment in quoted shares	10	-	(1,376,700)	-	(1,376,700)
Addition of right-of-use asset	6	-	(47,864)	-	-
Purchase of property, plant and equipment	5	(253,771)	(152,683)	(159,308)	(137,662)
Net cash generated from/(used in) investing activities		1,739,670	12,042,210	(159,308)	4,285,587

STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares	16	-	3,773,654	-	3,773,654
Repayment of lease liabilities	6.2	(3,160,685)	(5,714,593)	(394,609)	(371,961)
Repayment from/(Advance to) subsidiary companies		-	-	871,259	(9,435,172)
Net cash (used in)/generated from financing activities		(3,160,685)	(1,940,939)	476,650	(6,033,479)
Net (decrease)/increase in cash and cash equivalents		(1,949,827)	1,729,032	(2,251,280)	(2,817,464)
Cash and cash equivalents as at beginning of the financial year		7,340,984	5,611,952	5,978,850	8,796,314
Cash and cash equivalents as at end of the financial year		5,391,157	7,340,984	3,727,570	5,978,850
Cash and cash equivalents comprise of:					
Fixed deposits with licensed banks	15	7,009,619	3,876,948	3,458,642	408,469
Cash and bank balances		4,117,300	9,689,079	268,928	5,570,381
		11,126,919	13,566,027	3,727,570	5,978,850
Fixed deposits with maturity of more than 3 months*	15	(2,190,269)	(2,215,398)	-	-
Bank overdraft	20	(3,313,832)	(3,782,580)	-	-
Deposits held as security value	15	(231,661)	(227,065)	-	-
		5,391,157	7,340,984	3,727,570	5,978,850

* Included in fixed deposits with maturity of more than 3 months was an amount of RM2,190,269 (2022: RM2,215,398) which has been pledged to licensed banks as security for banking facilities of the Group.

STATEMENTS OF CASH FLOWS (CONT'D)**Reconciliation of movement of liabilities to cash flows arising from financing activities**

Group	At 1 July 2022 RM	Net changes from financing activities RM	Drawdown of lease liabilities RM	Other changes RM	At 30 June 2023 RM
Lease liabilities	3,612,557	(3,160,685)	872,833	-	1,324,705

Group	At 1 July 2021 RM	Net changes from financing activities RM	Drawdown of lease liabilities RM	Other changes RM	At 30 June 2022 RM
Lease liabilities	8,425,266	(5,714,593)	982,533	(80,649)	3,612,557

Company	At 1 July 2022 RM	Net changes from financing activities RM	Drawdown of lease liabilities RM	Other changes RM	At 30 June 2023 RM
Lease liabilities	457,894	(394,609)	312,595	-	375,880

Company	At 1 July 2021 RM	Net changes from financing activities RM	Drawdown of lease liabilities RM	Other changes RM	At 30 June 2022 RM
Lease liabilities	682,680	(371,961)	147,175	-	457,894

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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

The Company's registered office is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Unit E-07-03, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements of the Company as at and for the financial year ended 30 June 2023 do not include other entities.

The Company is principally engaged in the business of investment holding and providing information technology products and related services, and carrying out relevant research and development activities.

The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 October 2023.

2. BASIS OF PREPARATION OF 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 ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("CA 2016") in Malaysia.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year.

2.2 Going concern

The Group's and the Company's management have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

2.3 Adoption of Amendments to MFRSs and Annual Improvements

At the beginning of the financial year, the Group and the Company have adopted the following Amendments to MFRSs and Annual Improvements which are mandatory for the financial periods beginning on or after 1 July 2022:

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 141	Agriculture
Amendments to Annual Improvements to MFRS Standards 2018-2020	

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and of the Company.

2.4 Standards issued but not yet effective

The Group and the Company have not adopted the following Standards, Amendments and Annual Improvements that have been issued but are not yet effective by the Malaysian Accounting Standards Board ("MASB").

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 112	Income Taxes

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 16	Leases
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 107	Statement of Cash Flows

Effective for financial periods beginning on or after 1 January 2025

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

Effective date to be determined by Malaysian Accounting Standards Board

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

The Group and the Company will adopt the above mentioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The directors do not expect any material impact to the financial statements upon adoption of the above pronouncements.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

2.6 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information are presented in RM, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023.

The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

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 fair value on the date of acquisition and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets at the acquisition date. Acquisition-related costs are expensed as incurred 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, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss or OCI.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

(b) Non-controlling interests

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. 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. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Depreciation on the property, plant and equipment is calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Computer and software	20% - 40%
Electrical and equipment	20%
Furniture and fittings	10% - 20%
Machineries	14%
Office equipment	10% - 20%
Tele-communication equipment	15%
Renovation	10% - 20%

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.5 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

3.3 Intangible assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Intangible assets (cont'd)

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets that have been capitalised are amortised on a straight line basis over the period of their expected benefit, but not exceeding 5 years commencing from the period when the intangible assets are available for use.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill on acquisition of joint ventures and associates is included as part of the cost of investments in joint ventures and associates. Such goodwill is tested for impairment as part of the overall net investment in each joint venture and associate.

3.4 Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects relating to the design and testing of new or improved products or process are recognised as intangible assets if, and only if an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the assets under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the assets under development.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Research and development expenditure (cont'd)

Capitalised development expenditures are measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

Development expenditures are amortised on a straight-line basis over its useful life. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at the end of each reporting period. See accounting policy Note 3.5 on impairment of non-financial assets.

3.5 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill, property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or ("CGU").

In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent year.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are determined on the first-in-first-out basis.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in management of their short term funding requirements. These also include bank overdrafts that form an integral part of the Group's cash management.

3.8 Financial assets

(i) Classification

Financial assets are 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 financial instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

(ii) Initial recognition and measurement

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's business model for managing them. 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, transaction costs. 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.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(iii) Subsequent measurement

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

3.8.1 Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") 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 includes trade and other receivables, lease receivables, cash and bank balances, fixed deposits with licensed banks and amount due from subsidiary companies balances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial assets (cont'd)

(iii) Subsequent measurement (cont'd)

3.8.2 Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if both of the following conditions are met:

- (a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company do not hold any debt instruments at FVOCI in the current and previous financial year.

Equity instruments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

The Group and the Company do not hold any equity instruments at FVOCI in the current and previous financial year.

3.8.3 Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets categorised as fair value through profit or loss are measured in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial assets (cont'd)

(iii) Subsequent measurement (cont'd)

3.8.3 Financial assets at FVTPL (cont'd)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- (a) the economic characteristics and risks are not closely related to the host;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Group's and the Company's financial assets at FVTPL includes other investment.

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the statements of financial position) when:

- (a) the rights to receive cash flows from the asset have expired; or
- (b) the Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.9 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate.

The Group and the Company measure loss allowance at an amount equal to lifetime ECL, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECL. For trade receivables, contract assets and lease receivables, loss allowance are measured based on lifetime ECL at each reporting date. The Group and the Company estimate the ECL on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of financial assets (cont'd)

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset, while the 12-month ECL are the portion of the ECL that result from default events that are possible within the 12 months after the reporting date.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities carried at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(a) Simplified approach for trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information such as:

- internal credit rating/assessment;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor (where available);
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements and;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of financial assets (cont'd)

- (a) Simplified approach for trade receivables (cont'd)

Grouping of instruments for ECL measured on collective basis

Collective assessment

To measure ECL, trade receivables are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group considers the expected loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Note 12 set out the measurement details of ECL.

- (b) General 3-stages approach for other receivables and advances to subsidiaries

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Note 13 and 14 set out the measurement details of ECL.

3.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The categories of financial liabilities at an initial recognition are as follows:

3.10.1 Financial liabilities at FVTPL

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel; or
- (c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial liabilities (cont'd)

3.10.1 Financial liabilities at FVTPL (cont'd)

Financial liabilities categorised as FVTPL are subsequently measured at fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

The Group and the Company do not have financial liabilities at FVTPL in the current and previous financial year.

3.10.2 Amortised cost

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.

3.10.3 Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (a) the amount of the loss allowance; and
- (b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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 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 Leases

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases (cont'd)

3.11.1 The Group and the Company as a lessee

(a) Right-Of-Use Assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset comprises of the amount of lease liabilities adjusted for the lease payments that are paid at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred for dismantling and removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received. If the Group and the Company are reasonably certain that the ownership of the underlying asset will be transferred to them by the end of the lease term, the right-of-use asset are depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset are depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Depreciation on the right-of-use assets are calculated using straight-line basis over the earlier of the estimated useful lives of the right-of-use assets of the end of the lease term. The lease terms of right-of-use assets are as follows:

Building	12 - 36 months
Motor vehicles	20%
Computer and software	1 to 3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease Liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases (cont'd)

3.11.1 The Group and the Company as a lessee (cont'd)

(c) Short-term leases and leases of low-value assets

The Group and the Company elected to apply exemption to those short term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

(d) Lease term

The lease term includes non-cancellable period of a lease together with periods covered by:

- (a) an option to extend if the Group and the Company are reasonably certain to exercise the option.
- (b) an option to terminate if the Group and the Company are reasonably certain not to exercise the option.

Under some of the leases, the Group and the Company are offered with the option to extend the lease term for additional one to three years. The Group and the Company apply judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or not to terminate.

3.11.2 Leases in which the Group is a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on straight-line basis over the leases terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.12 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre- tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Contingencies

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the Statements of Financial Position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current financial year end and previous financial year end.

3.14 Foreign currency

3.14.1 Functional and presentation currency

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the Group and the Company operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s and the Company’s functional currency.

3.14.2 Foreign currency transactions

Transactions in currencies other than the Group’s and the Company’s functional currency (“foreign currencies”) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Fair value 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 based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, 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 the fair value measurement as a whole) at the financial year end.

3.16 Share capital

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Profit, interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue recognition and other income

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 standard:-

- (i) Identify contracts with a customer.
- (ii) Identify performance obligations in the contract.
- (iii) Determine the transaction price.
- (iv) Allocate the transaction price to the performance obligation in the contract.
- (v) Recognise revenue when the Group and the Company satisfy a performance obligation.

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) Provided benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions not 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 for the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:-

3.18.1 Sale of goods

Revenue from sales of goods is recognised at the point in time when the customer obtains control of goods, which is generally at the time of delivery. Revenue is measured at the fair value of the consideration received or receivables, net of discounts and taxes applicable to the revenue.

3.18.2 Rendering of services

Revenue for the services rendered will recognised over time measured using output method on a monthly basis. The customers simultaneously receives and consumes the benefit as the Group provides the services and the services do not create an alternative use to the Group and have an enforceable right to payment for performances completed to-date.

3.18.3 Management fees

Management fee is recognised on an accrual basis when service is rendered.

3.18.4 Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

3.18.5 Rental income

Rental income is recognised on a straight-line basis over the term of the tenancy agreement subject to revision of rental rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax

3.19.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.19.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (a) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- (a) when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax (cont'd)

3.19.2 Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group and the Company offset deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.20 Related parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associated of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v);
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity; or
- (viii) the party it is a part provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Employee benefits

3.21.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expense in the financial period in which the associated services are rendered by employees of the Group and of the Company. 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.

3.21.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions 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 periods. The contributions are charged as an expense in the financial period in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services and the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3.23 Earnings per ordinary 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 by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from convertible securities.

During the financial year, the Group and the Company do not have any convertible securities, therefore, no diluted earning per share is calculated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

4.1 Depreciation of property, plant and equipments and right-of-use assets

The costs of property, plant and equipments and right-of-use assets are depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipments and right-of-use assets to be within a range of 1 to 10 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipments and right-of-use assets at the reporting date are disclosed in Note 5 and Note 6.1 to the financial statements.

4.2 Amortisation of intangible assets

The costs of intangible assets are amortised on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these intangible assets to be not exceeding 5 years begin from the period when the intangible assets are available for use. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future amortisation charges could be revised. The carrying amounts of the Group's intangible assets at the reporting date are disclosed in Note 7 to the financial statements.

4.3 Impairment of non-financial assets

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

4.4 Impairment of goodwill

The Group and the Company perform an annual assessment of the carrying value of its goodwill against the recoverable amount of the CGUs to which the goodwill have been allocated. The measurement of the recoverable amount of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's ongoing operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and reflect management's view of future performance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.5 Impairment of investment in subsidiaries

Investment in subsidiaries are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment required the directors to make estimates of the recoverable amount. Impairment loss is recognised for the amount by which the carrying amount of the assets exceed its recoverable amount, which is higher of an asset's fair value less cost to sell and its value in use. The carrying amounts of investment in subsidiaries are disclosed in Note 8 to the financial statements.

4.6 Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Reviews are made periodically by management to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 11.

4.7 Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 12.

4.8 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group and of the Company are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.9 Income taxes

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

4.10 Determining the lease term of contracts with renewal options – the Group and the Company as lessee

The Group and the Company determine the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group and the Company have several lease contracts that include extension option. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group and the Company included the renewal period as part of the lease term for leases of building with shorter non-cancellable period (i.e., one to two years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on profit if a replacement building for rent is not readily available.

4.11 Leases - Estimating the incremental borrowing rate

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Computer and software and software RM	Electrical and equipment RM	Furniture and fittings and fittings RM	Machineries RM	Office communication equipment RM	Tele- equipment RM	Renovation RM	Total RM
2023								
At cost								
Balance as at 1 July 2022	746,815	45,735	421,912	350,500	250,971	30,049	532,314	2,378,296
Additions	2,650	32,649	23,568	-	14,398	-	180,506	253,771
Write off	(3,415)	-	-	-	-	-	-	(3,415)
Disposal	(8,060)	-	-	-	(1,961)	-	-	(10,021)
Balance as at 30 June 2023	737,990	78,384	445,480	350,500	263,408	30,049	712,820	2,618,631
Less: Accumulated depreciation								
Balance as at 1 July 2022	639,702	28,204	164,899	233,083	169,430	30,023	241,536	1,506,877
Charge for the financial year	45,777	10,780	39,896	-	13,132	-	92,874	202,459
Write off	(3,415)	-	-	-	-	-	-	(3,415)
Disposal	(3,492)	-	-	-	(33)	-	-	(3,525)
Balance as at 30 June 2023	678,572	38,984	204,795	233,083	182,529	30,023	334,410	1,702,396
Less: Accumulated impairment losses								
Balance as at 1 July 2022	-	-	-	117,417	-	-	-	117,417
Balance as at 30 June 2023	-	-	-	117,417	-	-	-	117,417
Net carrying amount								
Balance as at 30 June 2023	59,418	39,400	240,685	-	80,879	26	378,410	798,818

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company	Computer and software RM	Electrical and equipment RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
2023						
At cost						
Balance as at 1 July 2022	56,220	45,735	293,146	116,962	279,891	791,954
Additions	1,023	32,649	-	-	125,636	159,308
Balance as at 30 June 2023	57,243	78,384	293,146	116,962	405,527	951,262
Less: Accumulated depreciation						
Balance as at 1 July 2022	25,414	28,204	85,692	93,068	135,093	367,471
Charge for the financial year	7,237	10,780	30,500	3,480	68,542	120,539
Balance as at 30 June 2023	32,651	38,984	116,192	96,548	203,635	488,010
Net carrying amount						
Balance as at 30 June 2023	24,592	39,400	176,954	20,414	201,892	463,252
2022						
At cost						
Balance as at 1 July 2021	21,415	45,735	262,879	116,962	207,301	654,292
Additions	34,805	-	30,267	-	72,590	137,662
Balance as at 30 June 2022	56,220	45,735	293,146	116,962	279,891	791,954
Less: Accumulated depreciation						
Balance as at 1 July 2021	21,129	19,057	56,581	89,588	86,374	272,729
Charge for the financial year	4,285	9,147	29,111	3,480	48,719	94,742
Balance as at 30 June 2022	25,414	28,204	85,692	93,068	135,093	367,471
Net carrying amount						
Balance as at 30 June 2022	30,806	17,531	207,454	23,894	144,798	424,483

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(i) The cost of fully depreciated property, plant and equipment that are still in used are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Computer and software	450,820	429,694	21,415	20,632
Furniture and fittings	39,020	39,020	3,750	3,750
Office equipment	132,252	129,903	82,157	82,157
Tele-communication equipment	30,049	30,049	-	-
Renovation	54,008	54,008	-	-
	706,149	682,674	107,322	106,539

(ii) Purchase of property, plant and equipment

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	253,771	152,683	159,308	137,662
Less: Amount financed through loan and borrowings	-	-	-	-
Cash disbursed for purchase of property, plant and equipment	253,771	152,683	159,308	137,662

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**6. LEASES****6.1 Right-of-use assets**

The Group as lessee

	Computer and software	Motor vehicles	Buildings	Total
	RM	RM	RM	RM
2023				
At cost				
Balance as at 1 July 2022	614,412	1,300,471	771,186	2,686,069
Addition	22,769	-	850,064	872,833
Disposal	(13,988)	(155,171)	(189,137)	(358,296)
Balance as at 30 June 2023	623,193	1,145,300	1,432,113	3,200,606
Less: Accumulated depreciation				
Balance as at 1 July 2022	524,665	566,936	446,098	1,537,699
Charge for the financial year	66,054	189,688	472,597	728,339
Disposal	(13,988)	(155,171)	(189,137)	(358,296)
Balance as at 30 June 2023	576,731	601,453	729,558	1,907,742
Net carrying amount				
Balance as at 30 June 2023	46,462	543,847	702,555	1,292,864
2022				
At cost				
Balance as at 1 July 2021	560,771	606,386	977,661	2,144,818
Addition	53,641	694,085	282,671	1,030,397
Disposal	-	-	(489,146)	(489,146)
Balance as at 30 June 2022	614,412	1,300,471	771,186	2,686,069
Less: Accumulated depreciation				
Balance as at 1 July 2021	400,371	411,642	389,401	1,201,414
Charge for the financial year	124,294	155,294	471,730	751,318
Disposal	-	-	(415,033)	(415,033)
Balance as at 30 June 2022	524,665	566,936	446,098	1,537,699
Net carrying amount				
Balance as at 30 June 2022	89,747	733,535	325,088	1,148,370

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**6. LEASES (CONT'D)****6.1 Right-of-use assets (cont'd)**

The Company as lessee

	Computer and software	Motor vehicles	Buildings	Total
	RM	RM	RM	RM
2023				
At cost				
Balance as at 1 July 2022	163,393	365,142	553,020	1,081,555
Addition	14,564	-	298,031	312,595
Balance as at 30 June 2023	177,957	365,142	851,051	1,394,150
Less: Accumulated depreciation				
Balance as at 1 July 2022	102,780	243,427	290,980	637,187
Charge for the financial year	35,096	73,028	286,878	395,002
Balance as at 30 June 2023	137,876	316,455	577,858	1,032,189
Net carrying amount				
Balance as at 30 June 2023	40,081	48,687	273,193	361,961
2022				
At cost				
Balance as at 1 July 2021	109,752	365,142	459,486	934,380
Addition	53,641	-	93,534	147,175
Balance as at 30 June 2022	163,393	365,142	553,020	1,081,555
Less: Accumulated depreciation				
Balance as at 1 July 2021	66,671	170,399	19,146	256,216
Charge for the financial year	36,109	73,028	271,834	380,971
Balance as at 30 June 2022	102,780	243,427	290,980	637,187
Net carrying amount				
Balance as at 30 June 2022	60,613	121,715	262,040	444,368

Addition on right-of-use assets:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Addition of right-of-use assets	872,833	1,030,397	312,595	147,175
Less: Financed through lease liabilities	(872,833)	(982,533)	(312,595)	(147,175)
Cash disbursed for addition of right-of-use assets	-	47,864	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**6. LEASES (CONT'D)****6.2 Lease liabilities****The Group as lessee**

	Computer and software	Motor vehicles	Buildings	Total
	RM	RM	RM	RM
Carrying amount				
Balance as at 1 July 2022	2,556,946	726,379	329,232	3,612,557
New leases entered into during the financial year	22,769	-	850,064	872,833
Lease payments	(2,575,982)	(212,232)	(487,880)	(3,276,094)
Interest expense	44,513	48,072	22,824	115,409
Balance as at 30 June 2023	48,246	562,219	714,240	1,324,705

Carrying amount

Balance as at 1 July 2021	7,608,163	222,621	594,482	8,425,266
New leases entered into during the financial year	53,641	647,000	281,892	982,533
Lease agreement terminated during the financial year	-	-	(80,649)	(80,649)
Lease payments	(5,412,869)	(195,795)	(487,597)	(6,096,261)
Variable lease payments	-	-	1,600	1,600
Interest expense	308,011	52,553	19,504	380,068
Balance as at 30 June 2022	2,556,946	726,379	329,232	3,612,557

The Company as lessee**Carrying amount**

Balance as at 1 July 2022	61,404	130,793	265,697	457,894
New leases entered into during the financial year	14,564	-	298,031	312,595
Lease agreement terminated during the financial year	-	-	-	-
Lease payments	(36,499)	(73,620)	(295,879)	(405,998)
Interest expense	2,226	3,255	5,908	11,389
Balance as at 30 June 2023	41,695	60,428	273,757	375,880

Carrying amount

Balance as at 1 July 2021	44,694	198,791	439,195	682,680
New leases entered into during the financial year	53,641	-	93,534	147,175
Lease payments	(40,169)	(73,620)	(281,013)	(394,802)
Interest expense	3,238	5,622	13,981	22,841
Balance as at 30 June 2022	61,404	130,793	265,697	457,894

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**6. LEASES (CONT'D)****6.2 Lease liabilities (cont'd)**

The Group and the Company as a lessee

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Lease liabilities - secured				
Represented by:				
Current liabilities	-	2,495,542	-	-
	-	2,495,542	-	-
Lease liabilities - unsecured				
Represented by:				
Current liabilities	662,912	523,438	363,280	368,146
Non-current liabilities	661,793	593,577	12,600	89,748
	1,324,705	1,117,015	375,880	457,894
Lease liabilities - total	1,324,705	3,612,557	375,880	457,894
Minimum lease payment				
- Not later than one year	712,297	3,116,155	372,213	378,144
- Later than one year and not later than five years	670,635	617,275	12,792	91,680
	1,382,932	3,733,430	385,005	469,824
Future finance charges on lease liabilities	(58,227)	(120,873)	(9,125)	(11,930)
Present value of lease liabilities	1,324,705	3,612,557	375,880	457,894
Present value of lease liabilities is analysed as follows:				
Current liabilities				
- Not later than one year	662,912	3,018,980	363,280	368,146
Non-current liabilities				
- Later than one year and not later than five years	661,793	593,577	12,600	89,748
	1,324,705	3,612,557	375,880	457,894
Rates of interest charged per annum:				
	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Lease liabilities owing to financial institutions	-	5.1 - 6.6	-	-
Lease liabilities owing to non-financial institutions	3.41 - 7.70	3.36 - 7.70	3.41 - 7.70	3.41 - 7.70

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. LEASES (CONT'D)

6.2 Lease liabilities (cont'd)

The Group and the Company as a lessee (cont'd)

- (a) The Group and the Company have certain low value leases of computer and software with amount of RM20,000 and below. The Group and the Company apply the “lease of low-value assets” exemptions for these leases.
- (b) Computer and software
The Group and the Company have entered into non-cancellable operating lease agreement for the use of computer and software for a period between one (1) to three (3) years, with no renewal or purchase option after the end of lease term date included in the agreement.
- (c) Motor Vehicles
The Group and the Company have entered into non-cancellable hire-purchase agreement for the use of motor vehicles for a period three (3) years, with an option to purchase the right-of-use asset at the end of lease term date included in the agreement. The depreciation of the right-of use assets are over the useful life of 5 years.
- (d) Buildings
The Group and the Company have entered into non-cancellable operating lease agreement for the use of buildings for a period between one (1) to three (3) years, with an option to renew the lease after the end of lease term date included in the agreement.

Extension options

Some leases of buildings contain extension options exercisable by the Group up to two (2) years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

- (e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Depreciation of right-of-use assets (included in other expenses)	728,339	751,318	395,002	380,971
Interest on lease liabilities (included in cost of sales and finance cost)	115,409	380,068	11,389	22,841
Expense relating to lease of low-value assets (included in other expenses)	5,776	810	4,780	2,876
	849,524	1,132,196	411,171	406,688

- (f) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM3,160,685 (2022: RM5,714,593) and RM394,609 (2022: RM371,961) respectively.
- (g) At the end of the financial year, the Group and the Company had total cash outflow for low-value assets of RM5,776 (2022: RM810) and RM4,780 (2022: RM2,876) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. LEASES (CONT'D)

6.3 Lease receivables

The Group as lessor

The Group has entered into lease agreements on certain computer and software for terms of between two to three years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.

As at the end of the reporting period, the future minimum lease receivables are as follows:

	2023	2022
	RM	RM
Less than one year	-	1,878,787
	-	<u>1,878,787</u>

Based on the Group's historical collection experience, the amounts of lease receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net lease receivables.

Management has performed an assessment on lease receivables as at the previous reporting date and noted that there was no impairment losses on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**7. INTANGIBLE ASSETS**

	Group	
	2023	2022
	RM	RM
At cost		
Balance as at beginning of the financial year	19,526,100	19,526,100
Less: Accumulated amortisation		
Balance as at beginning of the financial year	13,755,258	12,375,516
Charge for the financial year	956,508	1,379,742
Balance as at end of the financial year	14,711,766	13,755,258
Less: Accumulated impairment losses		
Balance as at beginning of the financial year	4,218,409	3,789,030
Charge for the financial year	595,925	429,379
Balance as at end of the financial year	4,814,334	4,218,409
Net carrying amount		
Balance as at end of the financial year	-	1,552,433

Intangible assets of the Group and of the Company relate to the SurfsTeK rSupport Intelligent Solutions (“SrIS”), e-HR and Vulnerability Assessment Penetration Tool (“VAPT”).

During the financial year, the Group has assessed the recoverable amounts of the intangible assets and determined the impairment on e-HR and VAPT amounting to RM595,925 (2022: Impairment on SrIS of RM429,379) as a result of technological obsolescence. Their recoverable amounts are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the customised software and hardware systems business computed based on the projections of financial budgets covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

- | | |
|-------------------------------|---|
| (i) Budgeted gross margin | Gross margin is the forecasted margin as a percentage of revenue over the 5 year projection periods which were determined based on the expectations of market development and, adjusted for market and economic conditions, internal resource efficiency, where applicable. |
| (ii) Growth rate | Based on the expected projection of the customised software and hardware systems business. |
| (iii) Discount rate (pre-tax) | Risks adjusted discount rate relating to the relevant CGUs. |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost		
Balance as at beginning of the financial year	38,096,075	31,021,024
Additions	700,000	7,075,100
Disposal	-	(49)
Balance as at end of the financial year	38,796,075	38,096,075
Less: Accumulated impairment losses		
Balance as at beginning of the financial year	14,318,643	1,594,908
Impairment losses recognised during the financial year	1,534,737	12,723,735
Balance as at end of the financial year	15,853,380	14,318,643
Net carrying amount		
Balance as at end of the financial year	22,942,695	23,777,432

The management carried out impairment assessment of the recoverable amounts of its investment in subsidiaries. The impairment losses provided in investments in application, support, services and hardware and e-commerce subsidiary companies as the subsidiary companies reported continued losses. The recoverable amounts are based on the value-in-use of the respective subsidiary companies.

Based on management's impairment assessment, impairment losses on the cost of investments in application, support, services and hardware and e-commerce subsidiary companies of RM1,534,737 (2022: RM8,544,829) and RMNil (2022: RM4,178,906) respectively were recognised during the financial year.

The subsidiary companies, which are incorporated and with principle place of business in Malaysia, are as follows:-

Name of subsidiaries	Effective equity interest		Country of incorporation and principal place of business	Principal activities
	2023	2022		
Grayscale Technologies Sdn. Bhd. ^	100%	100%	Malaysia	Providing information technology products and related services, and carrying out relevant research and development activities.
Mydata Advisory Sdn. Bhd.^	51%	51%	Malaysia	Dormant.
Idealseed Consultancy Services Sdn. Bhd. ^	100%	100%	Malaysia	Dormant.
Techscale Sdn. Bhd. (formerly known as Surfstek Resources (R&D) Sdn. Bhd.) ^	100%	100%	Malaysia	Providing information and technology products and related services, and carrying out relevant research and development activities.
T5 Advance Venture Sdn. Bhd.^	100%	100%	Malaysia	Dormant.
Upscale Sdn. Bhd. (formerly known as Idealseed Resources Sdn. Bhd.)^(a)	99.09%	98.42%	Malaysia	Provision of information technology professional outsourcing services, information communication technology consultancy and information communication technology project management services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Subsidiary companies of Techscale Sdn. Bhd. (formerly known as Surfstek Resources (R&D) Sdn. Bhd.)

Name of subsidiaries	Effective equity interest		Country of incorporation and principal place of business	Principal activities
	2023	2022		
Evoscale Sdn. Bhd. (formerly known as Surfstek Innovation Sdn. Bhd.) ^	100%	100%	Malaysia	Supplying computer hardware, components and all kind of computer related products.
Hotelsurfs Sdn. Bhd. ^	100%	100%	Malaysia	Dormant.

Subsidiary company of Grayscale Technologies Sdn. Bhd.

Name of subsidiaries	Effective equity interest		Country of incorporation and principal place of business	Principal activities
	2023	2022		
Technodex Accubits Sdn. Bhd. ^	51%	51%	Malaysia	Dormant.

^ Audited by CAS Malaysia PLT.

(a) Additional investment in Upscale Sdn. Bhd. (formerly known as Idealseed Resources Sdn. Bhd.)

On 5 April 2023, the Company subscribed an additional of 700,000 new ordinary shares at an issue price of RM1.00 per share in Upscale Sdn. Bhd. (formerly known as Idealseed Resources Sdn. Bhd.) by capitalisation of RM700,000.

The additional investment in Upscale Sdn. Bhd. (formerly known as Idealseed Resources Sdn. Bhd.) lead to change in effective control interest from 98.42% to 99.09%.

(b) Incorporation of subsidiary company

On 25 August 2021, Grayscale Technologies Sdn. Bhd. ("GTSB") incorporated a partly-owned subsidiary, Technodex Accubits Sdn. Bhd. ("TASB"), by way of subscription of 102 ordinary shares of RM1 each, representing 100% equity interest in TASB for a total cash consideration of RM102.

(c) Transfer of shares

On 26 June 2021, the Company has transferred 49% equity interest in Mydata Advisory Sdn. Bhd. to a third party. The transfer of shares in Mydata Advisory Sdn. Bhd. lead to change in effective control interest from 100% to 51% in previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)****(d) Non-controlling interest**

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:-

	Upscale Sdn. Bhd. ("USB")	Mydata Advisory Sdn. Bhd. ("MASB")	Technodex Accubits Sdn. Bhd. ("TASB")	Total
2023				
NCI percentage of ownership interest and voting interest (%)	0.91	49	49	-
Carrying amount of NCI	(11,723)	(8,105)	(8,981)	(28,809)
Loss allocated to NCI	(12,928)	(3,580)	(4,242)	(20,750)
2022				
NCI percentage of ownership interest and voting interest (%)	1.58	49	49	-
Carrying amount of NCI	1,203	(4,523)	(4,739)	(8,059)
Loss allocated to NCI	(21,587)	(4,573)	(4,837)	(30,997)

The summarised financial information for each subsidiary that has non-controlling interest are material to the Group is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for financial year ended:

	USB RM	MDASB RM	TASB RM	Total RM
2023				
Revenue	5,336,569	-	-	5,336,569
Loss for the financial year	(818,206)	(7,307)	(8,657)	(834,170)
Total comprehensive expenses	(818,206)	(7,307)	(8,657)	(834,170)
Attributable to non-controlling interests	(12,928)	(3,580)	(4,242)	(20,750)
2022				
Revenue	3,575,784	-	-	3,575,784
Loss for the financial year	(1,366,213)	(9,333)	(9,872)	(1,385,418)
Total comprehensive expenses	(1,366,213)	(9,333)	(9,872)	(1,385,418)
Attributable to non-controlling interests	(21,587)	(4,573)	(4,837)	(30,997)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)****(d) Non-controlling interest (cont'd)**

Summarised statement of financial position as at:

	USB RM	MDASB RM	TASB RM	Total RM
2023				
Non-current assets	11,902	-	-	11,902
Current assets	2,286,059	49	398	2,286,506
Current liabilities	(2,345,702)	(19,802)	(18,727)	(2,384,231)
Net liabilities	(47,741)	(19,753)	(18,329)	(85,823)
2022				
Non-current assets	822,991	-	-	822,991
Current assets	2,117,431	49	398	2,117,878
Current liabilities	(2,869,957)	(12,495)	(10,070)	(2,892,522)
Net assets/(liabilities)	70,465	(12,446)	(9,672)	48,347

Summarised cash flow information for financial year ended:

	USB RM	MDASB RM	TASB RM	Total RM
2023				
Net cash flows used in operating activities	(149,128)	(5,022)	(7,275)	(161,425)
Net cash flows used in investing activities	(30,000)	-	-	(30,000)
Net cash flows generated from financing activities	427,476	5,071	7,373	439,920
2022				
Net cash flows generated from/ (used in) operating activities	1,163,887	(8,046)	(4,920)	1,150,921
Net cash flows (used in)/generated from investing activities	(17,865)	100	-	(17,765)
Net cash flows (used in)/generated from financing activities	(1,425,060)	7,946	4,920	(1,412,194)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**9. GOODWILL ON CONSOLIDATION**

	Group	
	2023	2022
	RM	RM
At cost		
Balance as at beginning and end of the financial year	2,713,542	2,713,542
Less: Accumulated impairment losses		
Balance as at beginning of the financial year	1,559,393	519,750
Impairment losses recognised during the financial year	-	1,039,643
Balance as at end of the financial year	1,559,393	1,559,393
Net carrying amount		
Balance as at end of the financial year	1,154,149	1,154,149

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The recoverable amounts of a CGU is determined based on the value-in-use calculation. The key assumptions used in the computation of value in use are gross margin, discount rates, growth rates, projected cash flows from use and terminal value.

The projected cash flows from use are derived from the most recent financial budgets approved by Board for the next five years and extrapolated cash flows for the following years based on estimated growth rates. The growth rate used is based on the expected projection of the information technology products and related services.

The estimate of net cash flows for the disposal of the asset at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The gross margin used is based on past performance and the expectation of market development.

The value-in-use calculation is determined using discounted cash flow projection discounted at rates which reflects current market assessment of the time value of money and risks relating to the relevant CGU.

The key assumptions used for determining value in use are as follows:

	Group	
	2023	2022
	%	%
Gross margin	24 - 25	20
Growth rate	10 - 26	10 - 14
Discount rate	6.40	8.20

The management carried out an annual review of the recoverable amounts of its goodwill at each financial year. No impairment loss provided in current financial year.

The Group believes that any reasonable possible change in the above key assumptions applied are not likely to materially cause the recoverable amounts to be lower than their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. OTHER INVESTMENT

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Quoted shares in Malaysia, at fair value:-				
Balance as at beginning of the financial year	706,000	-	706,000	-
Addition	-	1,376,700	-	1,376,700
Fair value loss	(247,100)	(670,700)	(247,100)	(670,700)
Balance as at end of the financial year	458,900	706,000	458,900	706,000

- (i) Investment in quoted shares of the Group and of the Company are designated at fair value through profit or loss. Fair value of these equity shares is determined by reference to published price quotations in an active market.
- (ii) Quoted shares if the Group and the Company are categorised as Level 1 in the fair value hierarchy. Fair value of the quoted shares of the Group and the Company are estimated based on unadjusted closing price in active market.

11. INVENTORIES

	Group	
	2023	2022
	RM	RM
At cost		
Trading stocks - computer peripheral	5,620,977	3,837,590
Recognised in profit or loss		
Inventories recognised as cost of sales	46,029,101	27,324,866
Inventories written off	-	132,275
Provision for slow moving inventories	248,108	16,425

12. TRADE RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade receivables				
- third parties	6,312,520	11,016,994	-	-
- subsidiary companies	-	-	1,382,425	855,329
Trade receivables - gross	6,312,520	11,016,994	1,382,425	855,329
Less: Allowance for impairment losses	(1,105,557)	(1,099,137)	(163,080)	(163,080)
Trade receivables - net	5,206,963	9,917,857	1,219,345	692,249
Accrued revenue	-	656,664	-	-
	5,206,963	10,574,521	1,219,345	692,249

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRADE RECEIVABLES (CONT'D)

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other expenses' in the profit or loss. Unless the Group and the Company are satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Group

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Lifetime ECL	Credit impaired	Total
	RM	RM	RM
2023			
Balance as at beginning of the financial year	-	1,099,137	1,099,137
Allowance for impairment losses	-	6,420	6,420
Balance as at end of the financial year	-	1,105,557	1,105,557
2022			
Balance as at beginning of the financial year	-	1,291,031	1,291,031
Written off	-	(180,000)	(180,000)
Reversal of allowance for impairment losses	-	(11,894)	(11,894)
Balance as at end of the financial year	-	1,099,137	1,099,137

Based on the Group's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

The reversal of allowance for impairment losses on trade receivables is due to the collection made from the trade receivables which had previously impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**12. TRADE RECEIVABLES (CONT'D)****Company**

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Lifetime ECL	Credit impaired	Total
	RM	RM	RM
2023			
Balance as at beginning and end of the financial year	-	163,080	163,080
2022			
Balance as at beginning and end of the financial year	-	163,080	163,080

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

Group

The ageing of the receivables and allowance for impairment losses provided for above are as follows:

	Allowance for impairment losses			Net balance
	Gross carrying amount	ECL (Collectively assessed)	ECL (Individually assessed)	
	RM	RM	RM	RM
2023				
Neither past due	3,085,361	-	-	3,085,361
Past due 1 - 30 days	1,064,118	-	-	1,064,118
Past due 31 - 60 days	(3,746)	-	-	(3,746)
Past due 61 - 90 days	162,991	-	-	162,991
More than 90 days past due	898,239	-	-	898,239
	5,206,963	-	-	5,206,963
Credit Impaired				
More than 90 days past due	1,105,557	-	(1,105,557)	-
	6,312,520	-	(1,105,557)	5,206,963

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**12. TRADE RECEIVABLES (CONT'D)**

	Allowance for impairment losses			Net balance
	Gross carrying amount	ECL (Collectively assessed)	ECL (Individually assessed)	
2022	RM	RM	RM	RM
Neither past due	4,463,822	-	-	4,463,822
Past due 1 - 30 days	1,232,843	-	-	1,232,843
Past due 31 - 60 days	939,451	-	-	939,451
Past due 61 - 90 days	1,262,006	-	-	1,262,006
More than 90 days past due	2,019,735	-	-	2,019,735
	9,917,857	-	-	9,917,857
Credit Impaired				
More than 90 days past due	1,099,137	-	(1,099,137)	-
	11,016,994	-	(1,099,137)	9,917,857

Company

The ageing of the receivables and allowance for impairment losses provided for above are as follows:

	Allowance for impairment losses			Net balance
	Gross carrying amount	ECL (Collectively assessed)	ECL (Individually assessed)	
2023	RM	RM	RM	RM
Neither past due	91,732	-	-	91,732
Past due 1 - 30 days	61,363	-	-	61,363
Past due 61 - 90 days	61,513	-	-	61,513
More than 90 days past due	1,004,737	-	-	1,004,737
	1,219,345	-	-	1,219,345
Credit Impaired				
More than 90 days past due	163,080	-	(163,080)	-
	1,382,425	-	(163,080)	1,219,345
2022				
Neither past due	106,546	-	-	106,546
Past due 1 - 30 days	9,813	-	-	9,813
Past due 61 - 90 days	45,000	-	-	45,000
More than 90 days past due	530,890	-	-	530,890
	692,249	-	-	692,249
Credit Impaired				
More than 90 days past due	163,080	-	(163,080)	-
	855,329	-	(163,080)	692,249

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security.

The Group's normal trade credit term range from 30 to 60 days (2022: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**13. OTHER RECEIVABLES**

		Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
Other receivables	(i)	557,891	543,129	39,745	16,063
Less: Allowance for impairment losses		(349,610)	(349,610)	-	-
		208,281	193,519	39,745	16,063
Deposits		289,851	260,018	107,632	103,059
Prepayments	(ii)	1,619,358	2,403,597	80,239	33,666
		1,909,209	2,663,615	187,871	136,725
		2,117,490	2,857,134	227,616	152,788

(i) Other receivables represented non-trade transactions which are unsecured, repayable on demand.

(ii) Included in prepayment of the Group is an amount of RM1,459,576 (2022: RM1,791,973) advance payment to supplier for purchase of inventories.

The movement in the allowance for impairment losses of other receivables during the financial year are as follows:

	Group	
	2023	2022
	RM	RM
Balance as at beginning of the financial year	349,610	349,610
Balance as at end of the financial year	349,610	349,610

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2023	2022
	RM	RM
Amount due from subsidiary companies	15,141,773	15,909,660
Less: Allowance for impairment losses	(6,357,674)	(6,328,820)
Amount due from subsidiary companies - net	8,784,099	9,580,840
Amount due from subsidiary companies, comprise of:		
- Interest bearing	8,763,820	9,557,708
- Non-interest bearing	6,377,953	6,351,952
	15,141,773	15,909,660
Amount due to subsidiary companies:		
- Interest bearing	(907,087)	(129,609)
- Non-interest bearing	(77,689)	(51,795)
	(984,776)	(181,404)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES (CONT'D)

The amount due from/(to) subsidiary companies represented non-trade transactions which are unsecured and repayable on demand.

The movement in the allowance for impairment losses of amount due from subsidiary companies during the financial year are as follows:

	Company	
	2023	2022
	RM	RM
Balance as at beginning of the financial year	6,328,820	6,320,485
Addition	28,854	8,335
Balance as at end of the financial year	6,357,674	6,328,820
Rate of interest charged per annum:		
Loan facility from/(to) subsidiary companies	5.0% - 6.9%	3.3% - 5.0%

15. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
With maturity of 1 to 3 months	4,819,350	1,661,550	3,458,642	408,469
With maturity of more than 3 months	2,190,269	2,215,398	-	-
	7,009,619	3,876,948	3,458,642	408,469

Included in fixed deposits with licensed banks of the Group at the end of the reporting year was an amount of RM2,190,269 (2022: RM2,215,398) which has been pledged to licensed banks as security for banking facilities of the Group.

The effective interest rates and maturity period of the fixed deposits with licensed banks at the reporting date are as follows:

	Group	
	2023	2022
Effective interest rates	1.80% - 3.15%	1.55% - 3.15%
Maturity period	one month to one year	one month to one year
	Company	
	2023	2022
Effective interest rates	1.80% - 2.80%	1.65% - 2.20%
Maturity period	one to twelve months	one to six months

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**16. SHARE CAPITAL**

	Group/Company			
	2023	2022	2023	2022
	Number of shares (units)		RM	RM
Issued and fully paid up:				
Balance as at beginning of the financial year	843,796,423	807,087,723	58,630,672	54,857,018
Issued during the financial year	-	36,708,700	-	3,773,654
Balance as at end of the financial year	843,796,423	843,796,423	58,630,672	58,630,672

There were no changes in the issued and paid up capital of the Group/Company during the financial year.

17. ACCUMULATED LOSSES

The Group and the Company reported accumulated losses position as at reporting date.

18. DEFERRED TAXATION

	Group	
	2023	2022
	RM	RM
Balance as at beginning of the financial year	-	10,628
Recognised in profit or loss (Note 27)	-	(10,628)
Balance as at end of the financial year	-	-
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	-	-

(a) Deferred tax assets**Unrecognised deferred tax assets**

Below are the unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences of the Group and the Company which has not been recognised in the financial statements as they are not probable to be used to offset against the taxable profits of the companies of the Group:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unabsorbed capital allowances	1,903,546	1,773,795	1,577,229	1,483,808
Unutilised tax losses	38,261,648	33,617,788	12,125,889	10,432,319
Other temporary differences	2,322,089	1,745,672	975,708	695,110
	42,487,283	37,137,255	14,678,826	12,611,237
Unrecognised deferred tax assets at 24%	10,196,948	8,912,941	3,522,918	3,026,697

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**18. DEFERRED TAXATION (CONT'D)****(a) Deferred tax assets (cont'd)**

The unabsorbed capital allowances can be carried forward indefinitely and unutilised tax losses can be carried forward for a maximum period of seven (7) consecutive years of assessment ("YA") effective from year 2019 and it can only be utilised against income from the same business source. Pursuant to Section 8 of the Finance Act 2021, the unutilised tax losses is allowed to be carried forward for a period of maximum of ten (10) consecutive years of assessment. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The availability of unabsorbed capital allowances and unutilised tax losses for offsetting against future taxable profits of the respective companies within the Group and the Company are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Utilisation period				
Indefinite	4,225,635	3,519,467	2,552,937	2,178,918
Expired by YA 2028	13,488,620	13,972,330	7,911,280	8,394,990
Expired by YA 2029	5,265,526	5,288,413	117,957	117,957
Expired by YA 2030	4,299,187	4,299,187	99,444	99,444
Expired by YA 2031	4,363,810	4,363,810	673,657	673,657
Expired by YA 2032	5,686,765	5,694,048	1,146,271	1,146,271
Expired by YA 2033	5,157,740	-	2,177,280	-
	42,487,283	37,137,255	14,678,826	12,611,237

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables	1,917,546	1,763,250	-	-
Add:				
Accruals	786,550	692,211	187,670	160,147
Deposits received	104,878	-	-	-
Other payables	281,484	254,642	203,718	65,673
	1,172,912	946,853	391,388	225,820
Total trade and other payables	3,090,458	2,710,103	391,388	225,820
Total financial liabilities carrying at amortised costs	3,090,458	2,710,103	391,388	225,820

Included in accruals is an amount of RM90,000 (2022: RM66,666) due to directors and former directors in respect of outstanding remuneration and fees of the Group and of the Company.

The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 30 to 60 days (2022: 30 to 60 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**20. BANK OVERDRAFT**

	Group	
	2023	2022
	RM	RM
Current liability		
<i>Secured</i>		
Bank overdraft	3,313,832	3,782,580
	<u>3,313,832</u>	<u>3,782,580</u>
Total loan and borrowings		
<i>Secured</i>		
Bank overdraft	3,313,832	3,782,580
	<u>3,313,832</u>	<u>3,782,580</u>

Rates of interest charged per annum:

	Group	
	2023	2022
	%	%
Bank overdraft	BLR + 1.25	BLR + 1.25

(a) Bank overdraft

Bank overdraft is secured by the following:

- (i) Open All Monies Facilities Agreement to be entered into between one of the subsidiary companies and the bank;
- (ii) First party pledge of fixed deposit of RM2,200,000 created by three of the subsidiary companies by way of an Open All Monies memorandum of deposit. The interest earned shall be capitalised and retained as security; and
- (iii) Open All Monies corporate guarantee by the Company.

21. DEFERRED INCOME

	Group	
	2023	2022
	RM	RM
Deferred income		
Advance received	-	64,246
Analysed as:		
Current	-	64,246
	<u>-</u>	<u>64,246</u>

22. NET ASSETS PER SHARE

	Group	
	2023	2022
	RM	RM
Net assets (RM)	20,348,832	28,273,679
Number of issued ordinary shares as at 30 June (units)	843,796,423	843,796,423
Net assets per share (RM)	<u>0.02</u>	<u>0.03</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**23. REVENUE**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue comprises the following:				
(i) Revenue from contract with customers	56,108,416	34,856,461	-	-
(ii) Revenue from other sources:				
- Management fee income	-	-	861,600	983,280
	<u>56,108,416</u>	<u>34,856,461</u>	<u>861,600</u>	<u>983,280</u>

(a) Sales of goods

The Group involves in supplying computer hardware, component and all kind of computer related products. Revenue from the sale of goods is recognised when control of the products has been transferred, being when the products are delivered to the customers. The Group does not has performance obligations that are unsatisfied for contracts at the reporting date.

The Group does not has any obligation for return or refunds of goods to customer and did not provide warranty to its customers. No significant element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice.

(b) Rendering of services

The Group involves in providing information technology products and its related services including professional and cyber security services. The Group also provides information and communication technology recruitment and outsourcing services to its customers.

Revenue from professional and cyber security services are recognised at a point in time which is when control of the products has been transferred, being when the products are delivered to the customers.

As for revenue from recruitment and outsourcing services, there would be two (2) type of services provided which are contract placement and outsourcing fees. Contract placement revenue will be recognised at a point in time as the Group will billed one-time fee to its customers whilst for outsourcing will be recognised over time in accordance to the contract period with the customers.

The Group does not have significant element of financing as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice.

For placement business, the Group is giving a 3 months guarantee period for each successful placement. During this guarantee period, in the event the candidate resigns, the Group will be responsible for providing a one-time replacement or offset next placement with similar salary. If a suitable placement cannot be found within 60 working days, the placement fee will be converted into credit against any other position within the next 12 months. Therefore, the revenue for placement business is only recognised to the extent that it is highly probable that a significant reversal will not occur. Other than the placement business, the Group does not have any obligation for refunds liability to customers and did not provide warranty to its customers.

The Group does not have performance obligations that are unsatisfied for contracts at the reporting date, except for outsourcing fees which has been disclosed in Note 23.2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. REVENUE (CONT'D)

(c) Finance lease income

Finance income included leasing of computers to the government for the period of 36-40 months. Sales are recognised at over time when it is due which is on monthly basis during the contract period. No significant element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice. The Group does not have any obligation for returns or refunds of goods to customers and did not provide warranty to its customers.

23.1 Disaggregation of revenue from contracts with customers

The Group's revenue is disaggregated by principal geographical areas, major product and services line and timing of revenue recognition. This is consistent with the revenue information as disclosed in Note 32 Segment Information.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Principal geographical areas				
- Malaysia	53,230,305	22,258,774	861,600	983,280
- Hong Kong	1,754,069	12,035,554	-	-
- Singapore	-	17,223	-	-
- China	50,392	81,885	-	-
- Philippines	13,420	-	-	-
- Others	1,060,230	463,025	-	-
	56,108,416	34,856,461	861,600	983,280
Major products and services line				
Sales of goods, license fee and invoiced value of services provided	56,094,202	34,590,190	-	-
Finance lease income	14,214	266,271	-	-
Management fee	-	-	861,600	983,280
	56,108,416	34,856,461	861,600	983,280
Timing of revenue recognition:				
At point in time	51,656,517	31,289,504	-	-
At point over time	4,451,899	3,566,957	861,600	983,280
	56,108,416	34,856,461	861,600	983,280

23.2 Revenue from remaining performance obligations

Revenue from remaining performance obligations where goods have not been delivered or services have not been rendered as at the reporting date are:

	Group	
	2023	2022
	RM	RM
Rendering of services		
- Within 1 year	1,460,078	3,161,621
- Between 1 to 2 years	269,048	398,868
	1,729,126	3,560,489

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. COST OF SALES

	Group	
	2023	2022
	RM	RM
Other cost of sales	49,498,380	30,250,101
Contractor cost:		
Salaries and other benefits	2,668,611	1,703,887
Employee's provident fund	99,373	36,441
Lease liabilities interest	41,893	304,773
	<u>52,308,257</u>	<u>32,295,202</u>

25. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Bank overdraft interest	270,451	186,763	-	-
Lease liabilities interest	73,516	75,295	11,389	22,841
Late payment interest	-	142	-	-
Inter-company interest	-	-	27,162	-
	<u>343,967</u>	<u>262,200</u>	<u>38,551</u>	<u>22,841</u>

26. LOSS BEFORE TAXATION

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
Loss before taxation is arrived at:					
after charging					
Amortisation of intangible assets	7	956,508	1,379,742	-	-
Auditors' remuneration:					
Statutory audit		124,000	129,000	42,000	42,000
Non-statutory audit		7,000	7,000	7,000	7,000
Underprovision in previous year		100	-	-	-
Bad debts written off:					
Other receivables		-	15,950	-	-
Depreciation:					
Property, plant and equipment	5	202,459	183,179	120,539	94,742
Right-of-use assets	6.1	728,339	751,318	395,002	380,971
Directors' remuneration:					
Fees	29	360,000	360,000	360,000	360,000
Overprovision in prior years	29	(68,000)	-	(68,000)	-
Other emoluments	29	958,737	741,970	674,799	539,447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**26. LOSS BEFORE TAXATION (CONT'D)**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Other key management personnel:					
Salaries and other benefits	29	776,800	548,032	304,800	291,600
Other employment benefits	29	98,370	69,004	38,815	36,839
Fair value loss on investment					
in quoted shares	10	247,100	670,700	247,100	670,700
Impairment on goodwill	9	-	1,039,643	-	-
Finance costs:					
Bank overdraft interest	25	270,451	186,763	-	-
Lease liabilities interest	24, 25	115,409	380,068	11,389	22,841
Late payment interest	25	-	142	-	-
Inter-company interest	25	-	-	27,162	-
Impairment loss on:					
Amount due from subsidiary companies	14	-	-	28,854	8,335
Investment in a subsidiary company	8	-	-	1,534,737	12,723,735
Intangible assets	7	595,925	429,379	-	-
Trade receivables	12	6,420	-	-	-
Inventory written off	11	-	132,275	-	-
Loss on foreign exchange:					
Realised		77,728	91,649	-	-
Unrealised		113,481	-	-	-
Provision for slow-moving inventories	11	248,108	16,425	-	-
Rental of computer equipment	6	5,776	810	4,780	2,876
Staff costs:					
Salaries and other benefits		3,135,636	2,739,966	782,831	722,528
Other employment benefits		270,826	238,516	59,432	59,081
after crediting					
Gain on foreign exchange:					
Realised		-	(317,257)	-	-
Unrealised		-	(43,513)	-	-
Gain on disposal on:					
Property, plant and equipment		(5,634)	-	-	-
Right-of-use assets		(67,999)	-	-	-
Gain on derecognition of lease		-	(6,536)	-	-
Reversal of impairment on:					
Trade receivable	12	-	(11,894)	-	-
Interest income		(135,929)	(261,066)	(70,737)	(205,576)
Lease receivable interest income		(14,214)	(266,271)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**27. TAXATION**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current				
Provision for current financial year	-	-	-	-
Overprovision in previous financial year	-	(39,752)	-	-
	-	(39,752)	-	-
Deferred taxation (Note 20)				
Recognised in the income statement	-	(7,764)	-	-
Overprovision in previous financial year	-	(2,864)	-	-
	-	(10,628)	-	-
Tax credit for current financial year	-	(50,380)	-	-

Domestic current income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable loss for the financial year.

The reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Loss before taxation	(7,924,847)	(9,051,915)	(4,458,498)	(14,933,196)
Tax at the statutory tax rate of 24%				
during the financial year	(1,901,963)	(2,172,460)	(1,070,040)	(3,583,967)
Non-deductible expenses	1,467,629	4,616,801	573,819	3,384,931
Non-taxable income	(849,673)	(3,525,657)	-	-
Utilisation of previously unrecognised deferred tax assets	(5,156)	-	-	-
Deferred tax assets not recognised	1,289,163	1,073,552	496,221	199,036
Overprovision of taxation in previous financial year	-	(39,752)	-	-
Overprovision of deferred taxation in previous financial year	-	(2,864)	-	-
Tax credit for the current financial year	-	(50,380)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. LOSS PER SHARE

(a) Basic loss per ordinary share

The calculation of basic loss per ordinary share at 30 June 2023 is based on the loss attributable to ordinary shareholders and divided by weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023	2022
Loss attributable to owner of the company (RM)	(7,904,097)	(8,970,538)
Weighted average number of ordinary shares (units)	843,796,234	824,184,926
Basic loss per ordinary share attributable to owner of the Company (sen)	(0.94)	(1.09)

(b) Diluted loss per ordinary share

The group does not have any potential dilutive ordinary shares, thus, diluted loss per ordinary share is not presented.

29. KEY MANAGEMENT PERSONNEL'S REMUNERATION

The aggregate amounts of emoluments received and receivable by key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive directors:				
Non-fee emoluments				
- Salaries, wages, bonuses and allowance	852,000	660,000	600,000	480,000
- Employment Provident Fund (EPF) and Social Security Organization (SOCSO)	106,276	81,686	74,512	59,257
- Employment Insurance System (EIS)	461	284	287	190
	958,737	741,970	674,799	539,447
Non-executive directors:				
Fees	360,000	360,000	360,000	360,000
Less: Overprovision in prior years	(68,000)	-	(68,000)	-
	292,000	360,000	292,000	360,000
Total directors' remuneration	1,250,737	1,101,970	966,799	899,447
Other key management personnel compensation				
- Salaries, bonuses and allowance	776,800	548,032	304,800	291,600
- Employment Provident Fund (EPF) and Social Security Organization (SOCSO)	97,841	68,672	38,585	36,649
- Employment Insurance System (EIS)	529	332	230	190
	875,170	617,036	343,615	328,439
	2,125,907	1,719,006	1,310,414	1,227,886

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group and the Company have related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Subsidiary companies				
Management fee	-	-	(861,600)	(983,280)
Interest income	-	-	(412,972)	(434,725)

(c) The key management personnel comprised all the directors of the Group and of the Company whose remuneration during the year are disclosed in Note 29.

(d) Other investment in quoted shares

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Quoted shares				
- Cost	706,000	1,376,700	706,000	1,376,700
- Fair value loss	(247,100)	(670,700)	(247,100)	(670,700)
	458,900	706,000	458,900	706,000

The Company has acquired other investment in quoted shares in which the director of the Company has the common interest in those Company.

The directors of the Group and of the Company are of the opinion that the related party transactions have been entered into the normal course of business on an arm's length basis and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31. FINANCIAL GUARANTEES CONTRACTS

	Company	
	2023	2022
	RM	RM
Corporate guarantee - unsecured		
Issued to third parties for supplies of good and services to a subsidiary company	500,000	2,000,000
Banking facilities granted to certain subsidiary companies	5,000,000	12,910,135

As at the end of the reporting year, there was no indication that any subsidiary company would default on repayment.

The corporate guarantee have not been recognised since the fair value on initial recognition was not material as the repayment is on schedule and no liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group's chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services, which comprises the following:

(i)	Application support & services and hardware	Application development service, application support and maintenance service, data solutions and services, trading of desktop and laptop for consumer and commercial use, point of sales computers and related peripherals.
(ii)	Manpower outsourcing	Sourcing, selecting and outsourcing to fill for human resource needs.
(iii)	E-Commerce	Online payment gateway services.
(iv)	Others	Provide Group level corporate services and treasury functions and investments.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

32.1 Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

32.2 Geographical information

Segmental reporting by geographical regions has only been prepared for revenue as the Group's assets are located in Malaysia, China, Hong Kong, Singapore, Philippines and other countries. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue				
- Malaysia	53,230,305	22,258,774	861,600	983,280
- Hong Kong	1,754,069	12,035,554	-	-
- Singapore	-	17,223	-	-
- China	50,392	81,885	-	-
- Philippines	13,420	-	-	-
- Others	1,060,230	463,025	-	-
	56,108,416	34,856,461	861,600	983,280
Total revenue	56,108,416	34,856,461	861,600	983,280

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (CONT'D)

32.3 Business segment

Group		Application support & services and hardware	Manpower outsourcing	E-Commerce	Others	Eliminations	Total as per consolidated financial statements
	Note	RM	RM	RM	RM	RM	RM
2023							
Revenue							
External revenue		50,756,376	5,349,280	2,760	-	-	56,108,416
Inter-segment revenue		43,991	17,289	-	861,600	(922,880)	-
		<u>50,800,367</u>	<u>5,366,569</u>	<u>2,760</u>	<u>861,600</u>	<u>(922,880)</u>	<u>56,108,416</u>
Results							
Segment results (external)		(2,297,712)	121,786	(197,578)	(4,388,116)	1,569,935	(5,191,685)
Interest income		70,580	21,773	-	483,710	(440,134)	135,929
Finance costs	24,25	(636,767)	(150,676)	-	(38,551)	440,134	(385,860)
Depreciation and amortisation		(387,687)	(27,483)	(956,595)	(515,541)	-	(1,887,306)
Impairment of intangible assets		-	-	(595,925)	-	-	(595,925)
Loss before taxation		<u>(3,251,586)</u>	<u>(34,600)</u>	<u>(1,750,098)</u>	<u>(4,458,498)</u>	<u>1,569,935</u>	<u>(7,924,847)</u>
Tax expense							-
Loss after taxation							<u>(7,924,847)</u>
Non-controlling interests							<u>20,750</u>
Net loss attributable to owners of the Company							<u>(7,904,097)</u>
2022							
Revenue							
External revenue		31,281,829	3,558,072	16,560	-	-	34,856,461
Inter-segment revenue		17,710	17,712	1,270	983,280	(1,019,972)	-
		<u>31,299,539</u>	<u>3,575,784</u>	<u>17,830</u>	<u>983,280</u>	<u>(1,019,972)</u>	<u>34,856,461</u>
Results							
Segment results (external)		(1,922,555)	(515,386)	(181,935)	(14,035,297)	11,692,426	(4,962,747)
Interest income		37,609	17,882	-	640,301	(434,726)	261,066
Finance costs	24,25	(807,034)	(171,542)	(283)	(22,840)	434,726	(566,973)
Depreciation and amortisation		(402,844)	(53,949)	(1,381,733)	(475,713)	-	(2,314,239)
Impairment of goodwill		-	-	-	(1,039,643)	-	(1,039,643)
Impairment of intangible assets		-	-	(429,379)	-	-	(429,379)
Loss before taxation		<u>(3,094,824)</u>	<u>(722,995)</u>	<u>(1,993,330)</u>	<u>(14,933,192)</u>	<u>11,692,426</u>	<u>(9,051,915)</u>
Tax expense							<u>50,380</u>
Loss after taxation							<u>(9,001,535)</u>
Non-controlling interests							<u>30,997</u>
Net loss attributable to owners of the Company							<u>(8,970,538)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (CONT'D)

32.4 Major customers

During the financial year, major customer with revenue equal to or more than 10% of the Group revenue are as follows:

	Group	
	2023	2022
	RM	RM
All common control companies of Customer A	14,201,076	12,035,554
All common control companies of Customer B	5,479,170	5,706,178
	19,680,246	17,741,732

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its risks.

The Group and the Company are exposed to financial risk arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, equity price risk and market price risk.

The board of directors and management reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer, Head of Finance and other heads of business units. The audit committee provides an independent oversight to the effectiveness of the risk management process.

The main areas of the financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

33.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables below. For bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institution.

The Group assessed ECL for trade receivables based on two different approaches, namely collective assessment and individual debtor assessment.

(i) Collective approach

To measure the expected credit losses under the collective approach, trade and other receivables and contract assets have been grouped based on shared credit risk characteristics and number of days past due. The expected loss rates are developed based on the historical credit loss rates. The historical loss rates are further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group has identified (i) internal credit rating and (ii) actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

33.1 Credit risk (cont'd)

(ii) Individual debtor assessment

The Group applies individual debtor assessment for debtors with different risk characteristics, where the credit risk information of these debtors is obtained and monitored individually. The Group assesses the lifetime ECL when takes into consideration as follows:

- PD - Probability of default
The likelihood that the borrower cannot pay during the contractual period
- LGD - Loss given default
Percentage of contractual cash flows that will not be collected if default happens
- EAD - Exposure at default
Outstanding amount that is exposed to default risk

The Group has taken into account the probability-weighted recoverable amount determined via the evaluation of a range of possible outcomes. In deriving the PD and LGD, the Group considers historical data of each debtor by category and adjusts for forward-looking macroeconomic data. The Group has identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

(a) Trade receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. The Group and the Company do not have any major concentration of credit risks related to any individual customer and counterparty. The maximum exposure to credit risk is disclosed in Note 12 to the financial statements, representing the carrying amount of the trade receivables recognised on the statements of financial position.

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group	
	2023	2022
	RM	RM
- Malaysia	5,194,946	5,486,203
- Singapore	4,881	202
- China	6,364	(784)
- Germany	-	22,886
- Hong Kong	-	4,406,895
- Thailand	-	2,455
- Korea	772	-
	5,206,963	9,917,857

(b) Lease receivables

The credit risk associated with lease receivables is mitigated by way of obtaining security over the leased equipment. At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amounts recognised in the statements of financial position.

As at the end of the reporting date, the Group did not recognise any loss allowance for impairment for lease receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

33.1 Credit risk (cont'd)

(c) Advances to subsidiaries

The Company provides unsecured advances to its subsidiaries and monitors the results of the subsidiaries regularly. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. As at 30 June 2023, the Company had made sufficient allowance for impairment loss on advances to its subsidiaries. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

(d) Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The maximum exposure to credit risk are disclosed in Note 13 and Note 14 to the financial statements, representing the carrying amount of the other receivables and amount due from subsidiary companies recognised on the statement of financial position.

(e) Financial guarantees

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiary companies and the default is remote. The exposure to credit risk is disclosed in Note 31 and liquidity and cashflow risk is disclosed in Note 33.4 to the financial statements, representing the total banking facilities granted to the subsidiary companies as at the reporting date.

33.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk relates to interest-bearing financial assets and liabilities. Interest-bearing financial assets includes fixed deposits with licensed banks. Interest-bearing liabilities includes bank overdraft and lease liabilities.

The bank overdraft at floating rate exposes the Group to cash flow interest rate risk whilst lease liabilities and term loan at fixed rates expose the Group to fair value interest rate risk.

The interest rates per annum on the bank overdraft are disclosed in Note 20.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest rate risk. The Company also reviews its debt portfolio to ensure favourable rates are obtained.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****33.2 Interest rate risk (cont'd)***Sensitivity analysis for interest rate risk*

	Change in basis point %	Effect on loss for the financial year RM	Effect on equity RM
Group			
30 June 2023	+100	33,138	25,185
	-100	(33,138)	(25,185)
30 June 2022	+100	37,826	28,748
	-100	(37,826)	(28,748)

33.3 Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's and of the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD").

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are managed by entering into forward contracts and the borrowing amounts are kept to an acceptable level.

Currency risks arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency of the entity. The currency exposure profile of the Group's and the Company's financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

The net unhedged financial assets/(liabilities) of the Group at year end that are not denominated in Ringgit Malaysia are as follows:

Group	USD RM	Total RM
2023		
Cash and bank balances	224,800	224,800
Trade and other receivables	12,017	12,017
Trade payables	(907,146)	(907,146)
	(670,329)	(670,329)
2022		
Cash and bank balances	15,199	15,199
Trade and other receivables	4,409,552	4,409,552
Trade payables	(225,921)	(225,921)
	4,198,830	4,198,830

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

33.3 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

	Change in basis point %	Effect on loss for the financial year RM	Effect on equity RM
Group			
30 June 2023	+100	670,329	509,450
	-100	(670,329)	(509,450)
30 June 2022	+100	4,198,830	3,191,111
	-100	(4,198,830)	(3,191,111)

33.4 Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintain bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows.

	Carrying amount RM	Contractual interest rate RM	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not more than 5 years RM	More than 5 years RM
Group						
2023						
Trade and other payables	3,090,458	-	3,090,458	3,090,458	-	-
Bank overdraft	3,313,832	BLR + 1.25	3,313,832	3,313,832	-	-
Lease liabilities	1,324,705	3.41 - 7.70	1,382,932	712,297	670,635	-
	<u>7,728,995</u>		<u>7,787,222</u>	<u>7,116,587</u>	<u>670,635</u>	<u>-</u>
2022						
Trade and other payables	2,710,103	-	2,710,103	2,710,103	-	-
Bank overdraft	3,782,580	BLR + 1.25	3,782,580	3,782,580	-	-
Lease liabilities	3,612,557	3.36 - 7.70	3,733,430	3,116,155	617,275	-
Deferred income	64,246	-	64,246	64,246	-	-
	<u>10,169,486</u>		<u>10,290,359</u>	<u>9,673,084</u>	<u>617,275</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****33.4 Liquidity and cash flow risk (cont'd)**

	Carrying amount RM	Contractual interest rate RM	Contractual cash flow RM	Not later than 1 year RM	Later than 1 year but not more than 5 years RM	More than 5 years RM
Company						
2023						
Other payables	391,388	-	391,388	391,388	-	-
Lease liabilities	375,880	3.41 - 7.70	385,005	372,213	12,792	-
Amount due to subsidiary companies	984,776	5.00 - 6.90	984,776	984,776	-	-
Financial guarantee contracts	5,500,000	-	5,500,000	5,500,000	-	-
	<u>7,252,044</u>		<u>7,261,169</u>	<u>7,248,377</u>	<u>12,792</u>	<u>-</u>
2022						
Other payables	225,820	-	225,820	225,820	-	-
Lease liabilities	457,894	3.41 - 7.70	469,824	378,144	91,680	-
Amount due to subsidiary companies	181,404	3.30 - 6.90	181,404	181,404	-	-
Financial guarantee contracts	14,910,135	-	14,910,135	14,910,135	-	-
	<u>15,775,253</u>		<u>15,787,183</u>	<u>15,695,503</u>	<u>91,680</u>	<u>-</u>

33.5 Classification of financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
Fair value through profit or loss (FVTPL)				
Other investment	458,900	706,000	458,900	706,000
	<u>458,900</u>	<u>706,000</u>	<u>458,900</u>	<u>706,000</u>
Amortised costs				
Trade receivables	5,206,963	10,574,521	1,219,345	692,249
Other receivables	498,132	453,537	147,377	119,122
Lease receivables	-	1,878,787	-	-
Amount due from subsidiary companies	-	-	8,784,099	9,580,840
Fixed deposits with licensed banks	7,009,619	3,876,948	3,458,642	408,469
Cash and bank balances	4,117,300	9,689,079	268,928	5,570,381
	<u>16,832,014</u>	<u>26,472,872</u>	<u>13,878,391</u>	<u>16,371,061</u>
Financial liabilities				
Amortised costs				
Trade payables	1,917,546	1,763,250	-	-
Other payables	1,172,912	946,853	391,388	225,820
Lease liabilities	1,324,705	3,612,557	375,880	457,894
Bank overdraft	3,313,832	3,782,580	-	-
Deferred income	-	64,246	-	-
Amount due to subsidiary companies	-	-	984,776	181,404
	<u>7,728,995</u>	<u>10,169,486</u>	<u>1,752,044</u>	<u>865,118</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****33.6 Fair value of financial instruments**

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

The three level of fair value measurement hierarchy are:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2	Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Input for the asset or liability that are not based on observable market data (unobservable input).

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments that is carried at fair value.

	Financial instruments that are carried at fair value			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Group and Company				
2023				
Financial asset				
Other investment	458,900	-	-	458,900
2022				
Financial asset				
Other investment	706,000	-	-	706,000

The table below analyses financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

	Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Group				
2023				
Financial liability				
Lease liabilities	-	-	1,324,705	1,324,705
2022				
Financial asset				
Lease receivables	-	-	1,878,787	1,878,787
Financial liabilities				
Lease liabilities	-	-	3,612,557	3,612,557
Deferred income	-	-	64,246	64,246

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****33.6 Fair value of financial instruments (cont'd)**

The table below analyses financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

	Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value			
	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Company				
2023				
Financial asset				
Amount due from subsidiary companies	-	-	8,784,099	8,784,099
Financial liabilities				
Lease liabilities	-	-	375,880	375,880
Amount due to subsidiary companies	-	-	984,776	984,776
2022				
Financial asset				
Amount due from subsidiary companies	-	-	9,580,840	9,580,840
Financial liabilities				
Lease liabilities	-	-	457,894	457,894
Amount due to subsidiary companies	-	-	181,404	181,404

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfer between Level 1 and 2 fair values during the financial year.

The responsibility for managing the above risks is vested in the directors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage the capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2023.

The Group and the Company monitor capital using a net debt equity ratio, which is net debts divided by total capital. The Group's and the Company's net debts include lease liabilities and bank overdraft. Total capital comprises share capital and reserves attributable to equity holders of the Group and of the Company. The Group and the Company are not subject to externally imposed capital requirements.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Lease liabilities	1,324,705	3,612,557	375,880	457,894
Bank overdraft	3,313,832	3,782,580	-	-
Total debt	4,638,537	7,395,137	375,880	457,894
Total equity attributable to equity holders of the Group and the Company	20,377,641	28,281,738	36,443,698	40,902,196
Net debt against equity ratio	0.23	0.26	0.01	0.01

35. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

35.1 Impact from COVID-19 Pandemic

Since the beginning of the financial year, the Malaysia government has introduced a four-phase National Recovery Plan ("NRP") to help the country emerge from the Covid-19 pandemic and its economic fallout. As a consequence, the Company is allowed to carry out business operation without restrictions.

With the post-pandemic recovery in sight, especially with the announcement by the Malaysian government that the country is embracing the Covid-19 as endemic, the Company has achieved a business recovery in financial year 2023.

In short, the Company has managed to regain its business position with the implementation of NRP in current financial year. However, the Company shall continue to monitor any developments of the Covid-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Company for the financial year ending 30 June 2024.

35.2 Additional investment in subsidiary company

On 5 April 2023, the Company subscribed an additional of 700,000 new ordinary shares at an issue price of RM1.00 per share in Upscale Sdn. Bhd. (*formerly known as Idealseed Resources Sdn. Bhd.*) by capitalisation for a total of RM700,000.

The additional investment in Upscale Sdn. Bhd. (*formerly known as Idealseed Resources Sdn. Bhd.*) lead to change in effective control interest from 98.42% to 99.09%.

35.3 Striking off a subsidiary company

On 18 October 2023, a wholly-owned subsidiary of the Group, Hotelsurfs Sdn. Bhd. has initiated strike-off process.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023

Total number of Issued Shares : 843,796,423 Ordinary Shares
Class of Equity Securities : Ordinary shares ("Shares")
Voting Rights : One (1) vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	100	3.58	4,352	*
100 - 1,000 shares	212	7.59	98,461	0.01
1,001 - 10,000 shares	773	27.69	5,293,491	0.63
10,001 - 100,000 shares	1,235	44.23	50,677,705	6.01
100,001 - less than 5% of issued shares	471	16.87	678,980,714	80.47
5% and above of issued shares	1	0.04	108,741,700	12.89
Total	2,792	100.00	843,796,423	100.00

* Negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares	Direct		Indirect	
		%	No. of Shares	%	No. of Shares
Peh Lian Hwa	137,482,600	16.29	-	-	-
Koay Xing Boon	50,796,100	6.02	-	-	-
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah	46,150,000	5.47	-	-	-
Tan Boon Wooi	33,065,000	3.92	9,316,300#	-	1.10

Note: # Deemed interested by virtue of his interest in Lian Soon Express Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

DIRECTORS' SHAREHOLDING

(As per the Register of Directors' Shareholdings)

Name of Directors	No. of Shares	Direct		Indirect	
		%	No. of Shares	%	No. of Shares
YTM Dato' Seri DiRaja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah	46,150,000	5.47	-	-	-
Peh Lian Hwa	137,482,600	16.29	-	-	-
Tan Sze Chong	24,029,066	2.85	8,766,666*	-	1.04
Koay Xing Boon	50,796,100	6.02	-	-	-
Tan Boon Wooi	33,065,000	3.92	9,316,300#	-	1.10
Datuk Abd Hamid Bin Abu Bakar	-	-	-	-	-
Saifulrizam Bin Zainal	-	-	-	-	-
Fairuz Kartini Binti Ahmad	-	-	-	-	-

Note: * Deemed interested by virtue of his spouse's interest in Technodex Bhd.

Deemed interested by virtue of his interest in Lian Soon Express Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

30 LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1.	Mercsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Peh Lian Hwa	108,741,700	12.89
2.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yeoh Guan Fook	37,380,400	4.43
3.	Mercsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koay Xing Boon	36,708,700	4.35
4.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tengku Abdul Hamid Thani Ibni Sultan Badlishah (MY3722)	35,300,000	4.18
5.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tan Boon Wooi	33,065,000	3.92
6.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account - AmBank (M) Berhad for Peh Lian Hwa (Smart)	28,740,900	3.41
7.	Tew Ah Keng	25,100,000	2.98
8.	Ong San Leong	24,063,500	2.85
9.	Tan Sze Chong	24,029,066	2.85
10.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Keh Chuan Seng	23,014,900	2.73
11.	Mersec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Choong Chee Meng	20,000,000	2.37
12.	Mok Shiah Hang	15,975,700	1.89
13.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account - AmBank (M) Berhad for Keh Chuan Seng (Smart)	11,944,100	1.42
14.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koay Xing Boon (MY3720)	11,587,400	1.37
15.	Tan Yaw Hock	11,196,500	1.33
16.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tengku Abdul Hamid Thani Ibni Sultan Badlishah	10,850,000	1.29
17.	Tew Ah Keng	10,500,000	1.24
18.	Ong San Leong	10,000,000	1.19
19.	Li Dan	9,980,700	1.18
20.	Saw Chee Leong	9,694,000	1.15
21.	Lian Soon Express Sdn. Bhd.	9,316,300	1.10
22.	Alice Lim Lay Koon	8,500,000	1.01
23.	Chung Keat Leong	6,767,600	0.80
24.	Heng Ling Jy	6,766,666	0.80
25.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lui Yuen Qiu (7001122)	6,604,650	0.78
26.	Chong Siew Chui	5,518,866	0.65
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tew Ah Keng (MY2561)	5,300,000	0.63
28.	Lui Yuen Qiu	5,203,300	0.62
29.	Ooi Geim Beng	4,831,900	0.57
30.	Ong San Leong	4,695,800	0.56

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting (“19th AGM” or “Meeting”) of TECHNODEX BHD. (“TDEX” or “the Company”) will be held at the KLGCC Function Room 1 & 2 (Level 1) Main Lobby, Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 5 December 2023 at 11:00 a.m. or at any adjournment thereof, to transact the following businesses:

AGENDA

As Ordinary Business:

- To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**
- To approve the payment of Directors’ fees and/or benefits of up to RM390,000.00 for the period commencing from the date immediately after the 19th AGM until the date of the next Annual General Meeting (“AGM”) of the Company. **Ordinary Resolution 1**
- To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:-
 - Mr. Tan Sze Chong **Ordinary Resolution 2**
 - Mr. Tan Boon Wooi **Ordinary Resolution 3**
- To re-elect Pn. Fairuz Kartini Binti Ahmad who retires pursuant to Clause 91 of the Company’s Constitution. **Ordinary Resolution 4**
- To re-appoint CAS Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business:

To consider and if thought fit, pass with or without any modifications, the following resolutions:

- GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”)** **Ordinary Resolution 6**

“THAT subject always to the Constitution of the Company, the Act, the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time (“the Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

THAT pursuant to Section 85 of the Act read together with the Company’s Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares.”

7. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

Special Resolution

“THAT the proposed amendments to the Constitution of the Company as set out in “Appendix A”, be approved and adopted with immediate effect AND THAT the Directors and/or Secretaries of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.”

8. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (CCM PC NO. 201908001272)
LOO HUI YAN (MAICSA 7069314) (CCM PC NO. 202308000290)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
31 October 2023

Notes:

- (a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, participate, speak, and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (f) To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjournal Meeting:-
 - (i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - (ii) By Electronic Form

The Proxy Form can be electronically submitted via e-mail to bsr.helpdesk@boardroomlimited.com (for Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee only) or submitted via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (for individual shareholders only).
- (g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company’s Constitution to issue a General Meeting Record of Depositors as at 28 November 2023. Only members whose names appear in the General Meeting Record of Depositors as at 28 November 2023 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (i) The members are advised to refer to the Administrative Notes on the registration process for the Meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2023

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda - Directors' Fees and/or Benefits

Pursuant to Section 230(1) of the Act, the Directors' fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits for the period commencing from the date immediately after the 19th AGM until the date of the next AGM of the Company. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

3. Items 3 and 4 of the Agenda - Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not a multiple of three, then the number nearest to one-third (1/3) shall retire by rotation at an AGM of the Company and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of seven (7) Directors of the Company (excluding Pn. Fairuz Kartini Binti Ahmad who will be retiring pursuant to Clause 91 of the Company's Constitution) are to retire pursuant to Clause 85 of the Company's Constitution.

Clause 91 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Following thereof, Mr. Tan Sze Chong and Mr. Tan Boon Wooi will retire pursuant to Clause 85 of the Company's Constitution whereas Pn. Fairuz Kartini Binti Ahmad pursuant to Clause 91 of the Company's Constitution. All the retiring Directors being eligible, have offered themselves for re-election at the 19th AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek shareholders' approval to re-elect all the said retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The said retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the said retiring Directors are provided in the Directors' Profile on pages 14 to 18 of the Company's Annual Report 2023.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. Item 6 of the Agenda – General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under item 6 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

The Company had at its Eighteenth AGM held on 9 December 2022 ("18th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("General Mandate"). This General Mandate will expire at the conclusion of this 19th AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the general mandate granted to the Directors at the 18th AGM which will lapse at the conclusion of this 19th AGM.

5. Item 7 of the Agenda – Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.



TECHNODEX BHD
[Registration No.: 200301025214 (627634-A)]
(Incorporated in Malaysia)

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF TECHNODEX BHD. ("THE COMPANY")

This is Appendix A referred to in Agenda 7 of the Notice of Nineteenth Annual General Meeting ("19th AGM") of the Company dated 31 October 2023.

Clause No.	Existing Clause	Proposed Clause
69 <i>Chairman</i>	The Chairman of the Board (if any) shall preside as Chairman at every general meeting. If the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or if the Chairman of the Board is not willing to act as Chairman for the general meeting, the Directors present shall choose one of their number to act as Chairman or if one (1) Director only present, he shall preside as Chairman if he is willing to act. If no Director is present, or if each of the Directors present declines to preside as Chairman, the Members present and entitled to vote shall elect one (1) of their number to be the Chairman. The election of the Chairman shall be by a show of hands. However, a proxy shall not be eligible for election as chairman of the meeting.	The Chairman of the Board (if any) shall preside as Chairman at every general meeting. If the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or if the Chairman of the Board is not willing to act as Chairman for the general meeting, the Directors present shall choose one of their number to act as Chairman or if one (1) Director only present, he shall preside as Chairman if he is willing to act. If no Director is present, or if each of the Directors present declines to preside as Chairman, the Members present and entitled to vote shall elect one (1) of their number to be the Chairman. The election of the Chairman shall be by a show of hands. However, a proxy shall not be eligible for election as chairman of the meeting.
71 <i>Polls</i>	<p>A resolution put to vote at any meeting of Members (other than the election of the chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.</p> <p>The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.</p>	<p>A resolution put to vote at any meeting of Members (other than the election of the chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, but a poll demanded on the election of the chairman of the meeting or on a question of adjournment shall be taken forthwith. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.</p> <p>The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.</p>

<p>125A</p> <p><i>Validity of Electronic / Digital Signature</i></p>	<p>New provision</p>	<p>For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons:</p> <ul style="list-style-type: none">(a) a holder of Shares;(b) a Director (including Alternate Director);(c) a committee member;(d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative, <p>shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.</p>
--	----------------------	---

TECHNODEX BHD
[Registration No.: 200301025214 (627634-A)]
(Incorporated in Malaysia)

ADMINISTRATIVE NOTES OF THE NINETEENTH (19th) ANNUAL GENERAL MEETING (“AGM”)

Day and Date : Tuesday, 5 December 2023

Time : 11:00 a.m.

Venue : KLGCC Function Room 1 & 2 (Level 1) Main Lobby, Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D Off Jalan Bukit Kiara, 60000 Kuala Lumpur

PRECAUTIONARY MEASURES

The health and safety of the attendees at the 19th AGM of Technodex Bhd. (“the Company”) is our main priority. Hence, the following precautionary measures will be taken for the conduct of the AGM:

- (i) If you are unwell with fever, cough, sore throat, flu, shortness of breath or any symptoms of the Covid-19, you are strongly advised to refrain from attending the AGM in person and to appoint a proxy or the Chairman of the meeting as your proxy to attend and vote on your behalf at the 19th AGM.
- (ii) Any attendees, particularly the high-risk individuals such as the elderly and pregnant women are strongly encouraged to wear a face mask and practice proper self-sanitisation as well as maintain social distancing throughout the meeting.
- (iii) You are advised to check the Company’s website at www.technodex.com and Bursa’s website at <https://www.bursamalaysia.com/> from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

REGISTRATION

- (i) Registration will start at 10:00 a.m. at KLGCC Function Room 1 & 2 (Level 1) Main Lobby, Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia.
- (ii) Please present your original MyKad/passport to the registration staff for verification.
- (iii) Upon verification, you are required to write your name and sign the attendance list placed on the registration table.

- (iv) You will be given an identification wristband with a personalised QR Code upon registration and only be allowed to enter the meeting hall if you are wearing the identification wristband. Please retain the identification wristband for voting.
- (v) If you are attending the meeting as a member as well as a proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
- (vi) No person will be allowed to register on behalf of another person even with the original MyKad/passport of the other person.

DIGITAL COPIES OF AGM DOCUMENTS

As part of our dedicated commitment to sustainable practices, please scan the QR code for the following documents of the Company, which are also available on and can be downloaded from Bursa Malaysia Securities Berhad’s website at <https://www.bursamalaysia.com/> under Company Announcements and the Company’s website at www.technodex.com.

1. Annual Report 2023
2. Corporate Governance Report 2023
3. Notice of the 19th AGM and Proxy Form
4. Administrative Notes



Shareholders of the Company who wish for a printed copy of the Annual Report 2023 should submit your request to the email address at finance@technodex.com and must provide all the required information accurately, i.e. full name, NRIC/Registration No., CDS Account Number, full mailing address and shareholder’s contact number. However, please consider the environmental concern before you decide to request for the printed copy.

ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only shareholders whose names appear on the Record of Depositors on 28 November 2023 (General Meeting Record of Depositors) shall be eligible to attend the 19th AGM and/or appoint proxy(ies) to attend, participate and/or vote on his/her behalf.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

In accordance with the Company's Constitution, shareholders are entitled to vote at the AGM either personally, electronically or by proxy. As the 19th AGM will be conducted at KLGCC Function Room 1 & 2 (Level 1) Main Lobby, Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia, shareholders who are unable to participate in the AGM are encouraged to appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Proxy Form. All Proxy Forms and documents relating to the appointment of proxy/proxies or attorney or authorised corporate representative for the AGM whether in hard copy or by electronic means must be deposited with or submitted to Boardroom no later than 11:00 a.m. on Sunday, 3 December 2023.

The appointment of Proxy may be made in hard copy or electronic form as follows:

1. In hard copy form

Shareholders may deposit the duly executed Proxy Form at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

2. In electronic form

The Proxy Form can be electronically submitted via e-mail to bsr.helpdesk@boardroomlimited.com (for Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee only) or submitted via BSIP at <https://investor.boardroomlimited.com> (for individual shareholders only). The steps are as follows:

Step 1 – Register Online with BSIP (for first time registration only)

[Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2 – eProxy Lodgement.]

- a. Access website at <https://investor.boardroomlimited.com>.
- b. Click <<REGISTER>> to sign up as a user.
- c. Complete registration and upload softcopy of your MyKAD (front and back) (for Malaysian) or Passport in JPEG, PNG or PDF format.
- d. Please enter a valid email address and wait for email verification from Boardroom. Click on <<Verify E-mail Address>> from the e-mail received to continue with the registration.
- e. Once your email address is verified, you will be re-direct to BSIP for verification of mobile number. Click on Request OTP Code and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click << Enter>> to complete the process.
- f. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.

Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Step 2 – eProxy Lodgement

- a. Access website <https://investor.boardroomlimited.com>.
- b. Login with your User ID and Password.
- c. Select <<MEETING EVENT>> from main menu and select the correct Meeting Event "TECHNODEX BHD (19TH) ANNUAL GENERAL MEETING" and click <<Enter>>.
- d. Go to <<PROXY>> and click <<Submit eProxy From>>.
- e. Read the terms & conditions and confirm the Declaration.
- f. Enter your CDS Account Number and indicate the number of securities.
- g. Appoint your proxy(ies) or the Chairman of the 19th AGM and enter the required details for your proxy(ies).
- h. Indicate your voting instructions - "FOR" or "AGAINST" or "ABSTAIN". If you wish to have your proxy(ies) to act upon his/her discretion, please indicate "DISCRETIONARY".
- i. Review and confirm your proxy(ies) appointment.
- j. Click <<Apply>>.
- k. Download or print the eProxy Form acknowledgement.

REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the AGM. On revocation, your proxy(ies) will not be allowed to participate in the 19th AGM. In such event, you should advise your proxy accordingly.

VOTING PROCEDURE

- In accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the voting at the AGM will be conducted by poll. The Company has appointed Boardroom as the Poll Administrator to conduct the poll by way of electronic polling (“e-Polling”) and Sky Corporate Services Sdn. Bhd. as the Scrutinisers to verify and validate the poll results.
- During the AGM, the Chairman will invite the Poll Administrator to brief on the e-Polling housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.
- For the purpose of this AGM, Shareholder/Proxy will be ushered by the Poll Administrator representatives to the polling stations to cast their votes via e-Polling.
- Upon completion of the voting session, the Scrutinisers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly carried or otherwise.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

Shareholders may submit questions to the Board in advance of the 19th AGM by emailing to general@technodex.com no later than 10:00 a.m. on Sunday, 3 December 2023. The Board will endeavor to respond to the questions received at the AGM.

NO RECORDING OR PHOTOGRAPHY

Strictly no recording or photography of proceedings of the 19th AGM is allowed.

ENQUIRY

If you have any enquiries prior to the AGM, please contact the following during office hours from Monday to Friday (9:00 a.m. to 5:00 p.m.):

Technodex Bhd.

Unit E-07-03, Menara Suezcap 2

KL Gateway

No. 2, Jalan Kerinchi,

Gerbang Kerinchi Lestari

59200 Kuala Lumpur

Malaysia

General Line : +603-7932 0111

Fax Number : +603-7932 0222

Email : general@technodex.com

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Malaysia

General Line : +603-7890 4700

Fax Number : +603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

PROXY FORM**TECHNODEX BHD**

[Registration No.: 200301025214 (627634-A)]
(Incorporated in Malaysia)

NO. OF SHARES HELD	
CDS ACCOUNT NO.	

I/We* _____ NRIC/Passport/RegistrationNo.* _____ of
[full name in capital letters]

_____ [full address]
with email address _____ mobile phone no. _____

being a member/members* of TECHNODEX BHD. (“the Company”) hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

and/or *

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Nineteenth Annual General Meeting of the Company (“19th AGM” or “Meeting”) to be held at the KLGCC Function Room 1 & 2 (Level 1) Main Lobby, Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 5 December 2023 at 11:00 a.m. or at any adjournment thereof.

Please indicate with an “X” in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors’ fees and/or benefits of up to RM390,000.00 for the period commencing from the date immediately after the 19 th AGM until the date of the next AGM of the Company.		
2.	To re-elect Mr. Tan Sze Chong as a Director of the Company.		
3.	To re-elect Mr. Tan Boon Wooi as a Director of the Company.		
4.	To re-elect Pn. Fairuz Kartini Binti Ahmad as a Director of the Company.		
5.	To re-appoint CAS Malaysia PLT as Auditors of the Company.		
6.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Company’s Constitution		

* delete whichever not applicable.

Dated this _____ day of _____, 2023

Signature/Common Seal of Member(s)

NOTES:

- A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, participate, speak, and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjournment Meeting:-
 - In hard copy form
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - By Electronic Form
The Proxy Form can be electronically submitted via e-mail to bsr.helpdesk@boardroomlimited.com (for Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee only) or submitted via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (for individual shareholders only).
- For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company’s Constitution to issue a General Meeting Record of Depositors as at 28 November 2023. Only members whose names appear in the General Meeting Record of Depositors as at 28 November 2023 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
- All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- The members are advised to refer to the Administrative Notes on the registration process for the Meeting.

PLEASE FOLD HERE

AFFIX
STAMP

The Share Registrar of

TechnoDex Bhd

[Registration No.: 200301025214 (627634-A)]

Boardroom Share Registrars Sdn Bhd

Ground Floor or 11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

PLEASE FOLD HERE

TechnoDex Bhd

[Registration No.: 200301025214 (627634-A)]

Unit E-07-03, Menara Suezcap 2,
KL Gateway, No. 2 Jalan Kerinchi,
Gerbang Kerinchi Lestari,
59200 Kuala Lumpur,
Malaysia

Tel: (603) 7932 0111

Fax: (603) 7932 0222

www.technodex.com