



MN HOLDINGS BERHAD

Registration No.: 202001038774 (1395095-M)
(Incorporated in Malaysia)

A collage of construction-related images. On the left, a worker in a white hard hat and safety vest is working. In the center, a yellow excavator is at a construction site. On the right, a yellow crane is lifting a large object. The background shows a white building with a blue roof and a red and white striped fence.

TRANSCENDING BOUNDARIES

ANNUAL REPORT **2022**

A collage of power-related images. On the left, a worker in a blue uniform and yellow hard hat is working on a large red insulator. In the center, two men in suits and yellow hard hats are looking at a large white sheet of paper. On the right, there are solar panels. The background shows a power plant with large yellow pipes and a blue sky.

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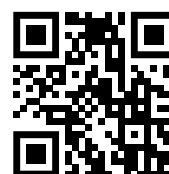
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The Annual Report can be accessed at

<https://mnholdings.com.my/>

ABOUT US

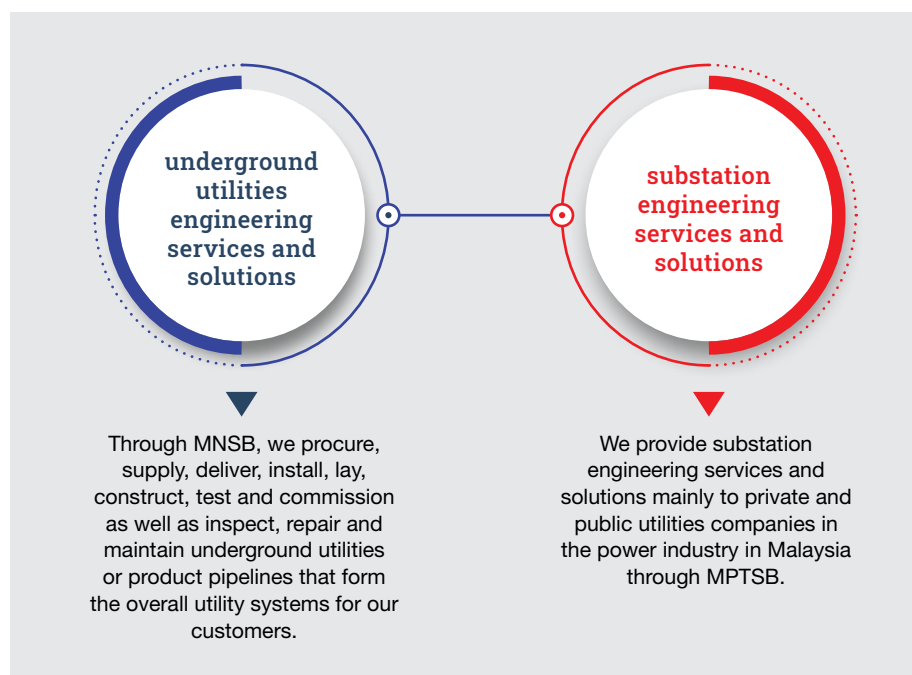
THE SUCCESSFUL HISTORY OF MN HOLDINGS BERHAD (“MN HOLDINGS”, “THE GROUP”) CAN BE TRACED BACK TO THE INCORPORATION OF MUTU NUSANTARA SDN. BHD. (“MNSB”) IN 2007 WHICH HAS BUILT ITS REPUTATION AS A COMPETENT SOLUTION PROVIDER FOR THE INFRASTRUCTURE UTILITIES CONSTRUCTION INDUSTRIES, ESPECIALLY WITH RESPECT TO THE POWER SECTOR IN MALAYSIA.



In 2012, the Group further expanded into substation engineering services and solutions and also provide maintenance works for electrical power system and components in substations through our subsidiary, MN Power Transmission Sdn. Bhd. (“MPTSB”).

The Group is responsible for providing engineering services and solutions with necessary machinery, labour and expertise for execution of project that it undertakes.

MN Holdings also partners with world renowned product manufacturers for distribution of power control systems and components for substations.



CORPORATE INFORMATION

AUDIT COMMITTEE

Committee Chairperson

Soh Eng Hooi

Committee Members

Pankajkumar A/L Bipinchandra
Kho Zhen Qi

REMUNERATION COMMITTEE

Committee Chairperson

Soh Eng Hooi

Committee Members

Pankajkumar A/L Bipinchandra
Lau Chyun In

NOMINATING COMMITTEE

Committee Chairman

Pankajkumar A/L Bipinchandra

Committee Members

Soh Eng Hooi
Lau Chyun In

RISK MANAGEMENT COMMITTEE

Committee Chairman

Pankajkumar A/L Bipinchandra

Committee Members

Soh Eng Hooi
Kho Zhen Qi
Loy Siong Hay

COMPANY SECRETARY

TAN TONG LANG
(MAICSA 7045482)
SSM PC No.: 202208000250

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan

Tel : 03-7890 0638

Fax : 03-7890 1032

HEAD OFFICE

F-07-01, Garden Shoppe One City
Jalan USJ 25/1B
47650 Subang Jaya
Selangor Darul Ehsan

Tel : 03-5115 0008

Fax : 03-5115 0018



BOARD OF DIRECTORS

Dato' Ir. Zainurin Bin Haji Karman

Independent Non-Executive Chairman

Loy Siong Hay

Managing Director

Dato' Toh Eng Keat

Executive Director

Dang Siong Diang

Executive Director

Soh Eng Hooi

Independent Non-Executive Director

Pankajkumar A/L Bipinchandra

Independent Non-Executive Director

Kho Zhen Qi

Independent Non-Executive Director

Lau Chyun In

Independent Non-Executive Director

WEBSITE

www.mnholdings.com.my

AUDITORS

Crowe Malaysia PLT

[Reg No. 201906000005
(LLP0018817-LCA) & AF 1018]
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan

Tel : 03-2788 9999

SPONSOR

M&A Securities Sdn Bhd

[Reg No. 197301001503 (15017-H)]
No. 45-11, The Boulevard
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan

Tel : 03-2284 2911

SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd

[Reg No. 202101043817 (1444117-M)]
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor

Tel : 03-7890 0638

Fax : 03-7890 1032

STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia Securities Berhad

Stock Name : MNHLDG

Stock Code : 0245

CORPORATE STRUCTURE



MN HOLDINGS BERHAD

Registration No.: 202001038774 (1395095-M)
(Incorporated in Malaysia)

100%

MUTU NUSANTARA SDN. BHD.
(“MNSB”)

Registration No.: 200701011280
(769284-V)

100%

**MN POWER TRANSMISSION
SDN. BHD. (“MPTSB”)**

Registration No.: 201201019199
(989344-K)

51%

MN SEMANTRA SDN. BHD.
(Date of incorporation: 19 July 2022)

Registration No.: 202201026082
(1471779-D)



ACCREDITATIONS AND AWARDS



01 - 04



05 - 08



09 - 10



11 - 12



ACCREDITATIONS AND AWARDS



OUR ACCREDITATIONS

1. CIDB G7 - MPTSB	8. Ministry of Finance ("MOF") - MNSB	15. TNB Contractor G7 - MNSB
2. CIDB G7 - MNSB	9. SESB Contractor G7 - MPTSB	16. TNB Supplier - MPTSB
3. CIDB SPKK - MNSB	10. SESB Contractor G7 - MNSB	17. TNB Supplier - MNSB
4. Energy Commission Class A - MPTSB	11. SESB Supplier - MPTSB	<i>Notes:</i> MUTU NUSANTARA SDN. BHD. ("MNSB") MN POWER TRANSMISSION SDN. BHD. ("MPTSB") CONSTRUCTION INDUSTRY DEVELOPMENT BOARD ("CIDB") SABAH ELECTRICITY SDN. BHD. ("SESB") TENAGA NASIONAL BERHAD ("TNB")
5. Energy Commission Class C - MNSB	12. SESB Supplier - MPTSB	
6. ISO-9001.2015 - MNSB	13. SESB Supplier - MNSB	
7. Ministry of Finance ("MOF") - MPTSB	14. TNB Contractor G7 - MPTSB	

OUR AWARD

18. Golden Bull Award 2021
- Outstanding SME Award

CORPORATE

MILESTONES

2014

MNSB was certified compliant to ISO 9001:2008 Quality Management Systems.

MNSB was registered as a G5 contractor under CIDB for the categories of Building (B) and Civil Engineering (CE).

MNSB secured its first major underground utilities engineering services and solutions project for the power sector in Peninsular Malaysia where 3 separates purchase orders with a cumulative purchase order value of RM5.20 million were awarded by customer, in which MNSB was required to undertake various infrastructure works according to the individual purchase orders during the year.

2016

MPTSB secured an EPC project in a joint venture with MNSB for the development of Pengerang substation with a cumulative contract value of RM3.20 million.

2010

We completed our first underground utilities engineering services and solutions project with a contract value of RM2.70 million for the power sector in East Malaysia.

2012

We relocated to our current business premises in Garden Shoppe One City, Subang Jaya, Selangor Darul Ehsan.

2011

We secured our first civil and cable works with a contract value of RM29,930 for the telecommunications sector.

MNSB was registered with MOF, thereby allowing us to supply materials and services to agencies under the Government of Malaysia.

MNSB secured first underground utilities microtunnelling project for the power sector with a contract value of RM2.80 million.

2013

MNSB was registered as a G5 contractor with TNB for the categories of Building (B) and Civil Engineering (CE).

MPTSB was registered as a G3 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME).

2015

Rentak Segar and Impiana Mahir appointed MNSB as their exclusive partner for underground utilities engineering services and solutions.

MPTSB was appointed as the authorised representative and distributor of Lucy Zodian's range of street lighting cut out fuses in Malaysia.

MNSB's CIDB and TNB's contractor registrations were upgraded to G6 for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME).

MNSB was certified compliant to ISO 9001:2015 Quality Management Systems.

2017

2018

MPTSB was registered with Energy Commission of Malaysia as an Electrical Contractor under Class C.

MPTSB was registered with MOF, thereby allowing the company to supply materials and services to agencies under the Government of Malaysia.

MPTSB was registered as a G3 contractor with TNB for the categories of Building (B) and Civil Engineering (CE) and Mechanical Engineering (ME).

MNSB secured its first individual underground utilities engineering services and solutions project for the power sector where 2 purchase orders with a cumulative purchase order value of RM12.70 million were awarded by the customer.

MNSB secured its first main switching station (Stesyen Suis Utama, "SSU") construction project with a contract value of RM1.40 million, for which the project execution and implementation was carried out by MPTSB.

2020

MPTSB entered into a distribution agreement with Lucy Asia Pacific (which supersedes the prior agreement signed in 2019) and was appointed as the latter's distributor of Lucy Electric's range of neutral disconnectors in Malaysia.

MPTSB was appointed as the exclusive agent for Mehru Electrical & Mechanical Engineers (P) Ltd ("Mehru") for the supply of its instrument transformers products in Malaysia.

MPTSB entered into a representative agreement with ZETEC International ("ZETEC"), a company acting as an exclusive agent of Mehru for the sales of instrument transformers in Malaysia. ZETEC has appointed MPTSB as the exclusive agent for the sales and distribution of instrument transformers produced by Mehru in Malaysia.

MPTSB's CIDB contractor registration was upgraded to G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME), save for low voltage installations which were registered under G2.

MNSB was registered with the Energy Commission of Malaysia as an Electrical Contractor under Class C.

MNSB obtained Sijil Perolehan Kerja Kerajaan (SPKK) as a G6 contractor from CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME).

MNSB's CIDB and TNB's contractor registrations were upgraded to G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME).

MNSB's SPKK registration was upgraded to G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME).

MPTSB's CIDB and TNB's contractor registrations were upgraded to G5 for the categories of Building (B), Civil Engineering (CE) and mechanical engineering (ME), save for low voltage installations which were registered under G2.

MNSB secured its largest underground utilities engineering services and solutions project from a private property developer with a contract value of RM13.60 million.

MNSB secured its first EPCC project for natural gas distribution system with a contract value of RM8.30 million.

MPTSB secured a 2-year contract in a capacity of a sub-service provider to perform repair and maintenance works for SESB's substations with no fixed contract value where billings were based on services provided.

MPTSB secured 2 LSS PV energy generating projects in a joint venture with Syarikat Mohamad Salin Sdn Bhd at total contract value of approximately RM52.90 million.

MPTSB entered into a representation agreement with Lucy Asia Pacific and was appointed as the latter's representative to obtain sales of Lucy Electric's range of neutral disconnectors and cut-out fuses in Malaysia.

2021

2022

MPTSB's Electrical Contractor registration with Energy Commission of Malaysia was upgraded to Class A.

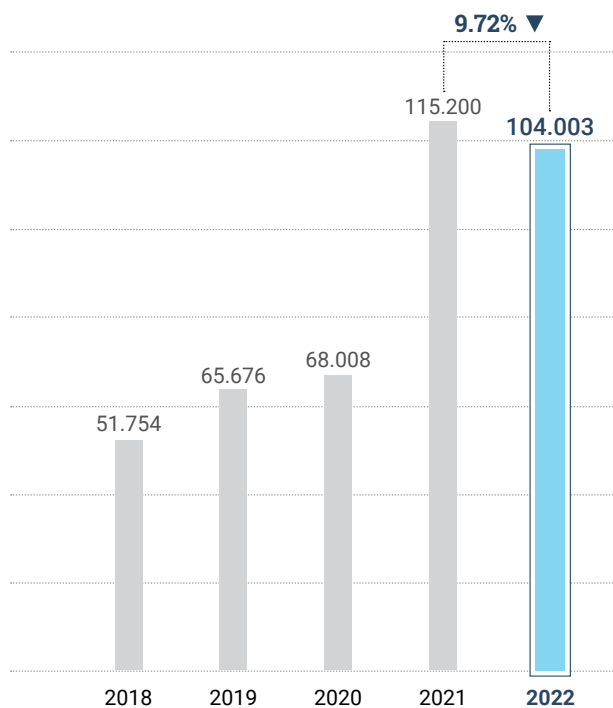
MN Holdings Berhad ("the Group", or "the Company") debuted on the Bursa Securities' ACE market on 28 April 2022.

2019

FINANCIAL HIGHLIGHTS

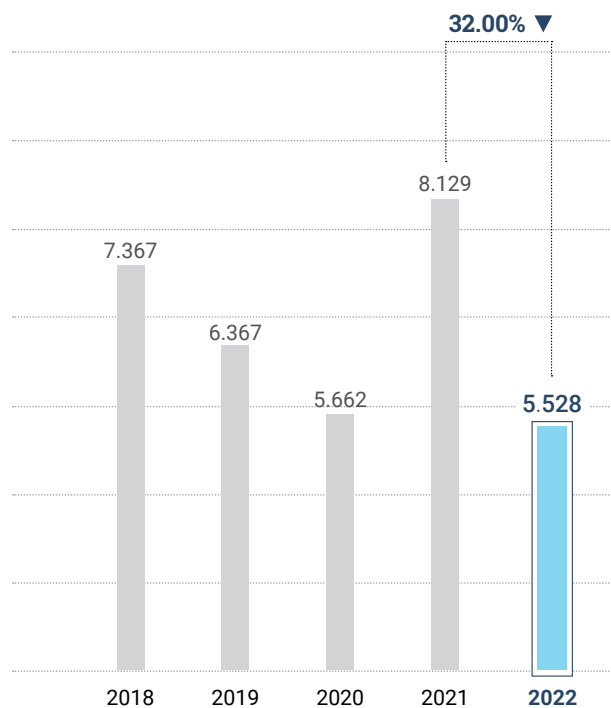
REVENUE

(RM'million)



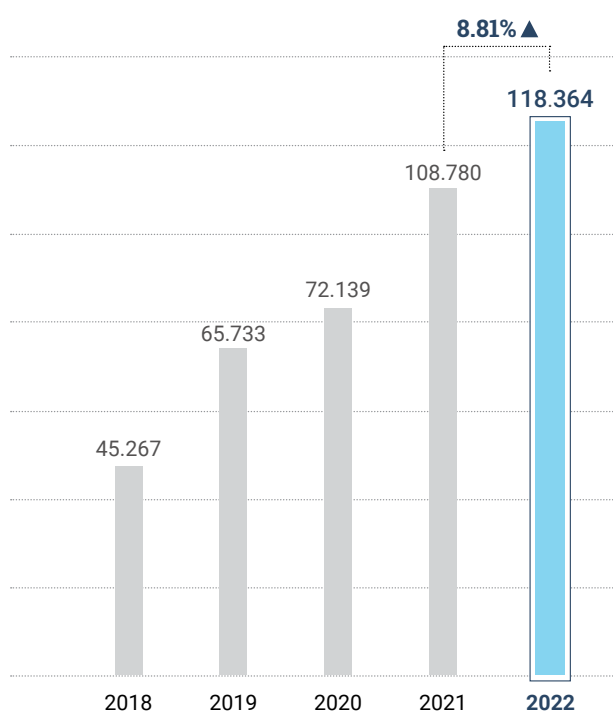
PROFIT AFTER TAX

(RM'million)



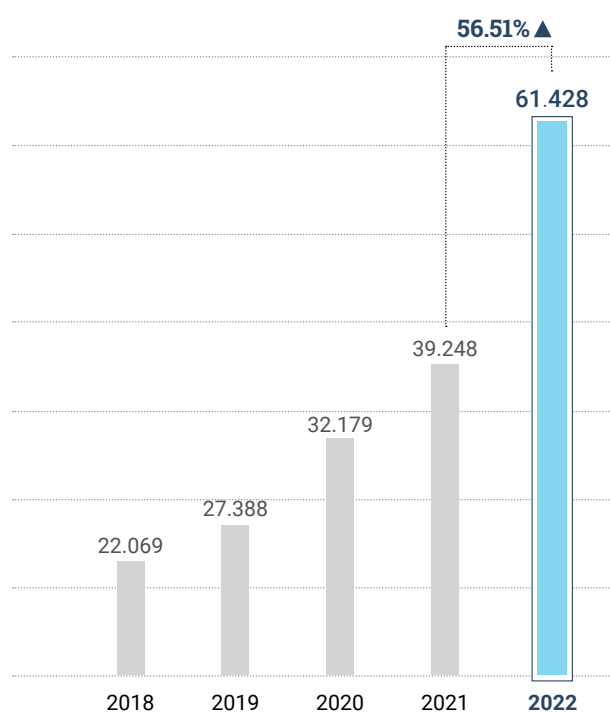
TOTAL ASSETS

(RM'million)



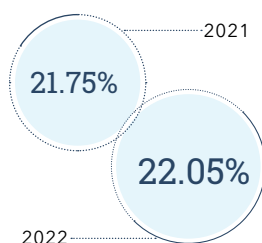
SHAREHOLDER'S EQUITY

(RM'million)



FINANCIAL HIGHLIGHTS

GP MARGIN (%)



BASIC EPS (SEN)



EBITDA (RM'million)



YEAR ENDED 30 JUNE	2018	2019	2020	2021	2022
Operating Results (RM'million)					
Revenue	51.754	65.676	68.008	115.200	104.003
Gross Profit ("GP")	15.635	16.580	17.317	25.060	22.928
EBITDA	12.409	11.916	12.668	17.826	14.049
Profit before tax ("PBT")	9.946	8.713	7.658	10.537	8.219
Profit after tax ("PAT")	7.367	6.367	5.662	8.129	5.528
Key Financial Position Data (RM'million)					
Total assets	45.267	65.732	72.140	108.780	118.364
Total borrowings	4.712	8.778	8.691	11.301	7.994
Shareholder's equity	22.069	27.388	32.179	39.248	61.428
Financial Ratios					
GP margin (%)	30.21	25.25	25.46	21.75	22.05
PBT margin (%)	19.22	13.27	11.26	9.15	7.90
PAT margin (%)	14.23	9.69	8.32	7.06	5.32
Basic EPS (sen)	2.25	1.95	1.73	2.49	1.62

BOARD OF DIRECTORS' PROFILE



Dato' Ir. Zainurin Bin Haji Karman

Independent Non-Executive Chairman

Age	58
Gender	MALE
Nationality	MALAYSIAN
Date of Appointment to Board	15 DECEMBER 2020

Dato' Ir. Zainurin Bin Haji Karman, a Malaysian, aged 58, is our Independent Non-Executive Chairman. He was appointed to our Board on 15 December 2020.

He graduated with a Bachelor of Science in Civil Engineering from Syracuse University, United States of America in 1987. He registered as a member of the Institution of Engineers Malaysia since 18 July 1994 and a Professional Engineer with the Board of Engineers, Malaysia since 23 November 1994. He is also a member of the Malaysian Water Association.

Upon graduation, he began his career in 1987 at Faraza Holdings Berhad as a Project Manager where he was tasked with overseeing the project execution including managing and coordinating project teams. He then joined Engineering & Environmental Consultant Sdn Bhd in 1990 as a Senior Engineer where he participated in engineering consulting projects undertaken by the company. In 1995, he left Engineering & Environmental Consultant Sdn Bhd and joined Indah Water Konsortium Sdn Bhd as Senior Engineer, where his responsibilities included overseeing and managing the company's sewerage assets, including new asset planning and construction management. While still being attached to Indah Water Konsortium Sdn Bhd, he incorporated RE Consultant Sdn Bhd on 4 May 1996, a civil and structural engineering consulting firm. In 2000, he left Indah Water Konsortium Sdn Bhd to focus solely on RE Consultant Sdn Bhd as the Managing Director to oversee the daily operations of the company, including business development. Subsequently in 2007, he incorporated ZAT Global Sdn Bhd, an engineering design and project management company. He further incorporated KCRE & Associates Sdn Bhd in 2016, a company that provides business management and engineering consultancy services. He previously sat on the board of directors of FajarBaru Builder Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad from 2006 to 2008 as Independent Non-Executive Director.

Presently, he sits on the board of directors of Iconic Worldwide Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Independent Non-Executive Chairman, a position he holds since 2013. From 2001 until January 2005 and from August 2005 until 2013, he previously served as an Independent Non-Executive Director of Iconic Worldwide Berhad. He also holds directorship in several private limited companies and currently serves as the Managing Director of RE Consultant Sdn Bhd, as well as an Executive Director of ZAT Global Sdn Bhd and KCRE & Associates Sdn Bhd.

BOARD OF DIRECTORS' PROFILE



Loy Siong Hay

Managing Director

Member of Risk Management Committee

Age	56
Gender	MALE
Nationality	MALAYSIAN
Date of Appointment to Board	26 NOVEMBER 2020

Loy Siong Hay, a Malaysian, aged 56, is our Managing Director. He was appointed to our Board on 26 November 2020. He has spearheaded the business growth of our Group together with Dato' Toh Eng Keat and Dang Siong Diang. He is principally responsible for overseeing the day-to-day operations and implementation of the overall strategies and corporate direction of our Group. He is a member of our Risk Management Committee.

He has more than 25 years of working experience in the underground utilities industry. He graduated with a Bachelor of Engineering from the University of Malaya in 1992.

Upon graduation, he joined L&M Corporation (M) Berhad in 1992 as a Structural Engineer where he was involved in projects relating to reinforced concrete structural repair and maintenance. He then joined Concrete Products Marketing Sdn Bhd as Marketing Engineer in 1993 where he was tasked to promote concrete products. He was then transferred to Concrete Products Marketing Sdn Bhd's parent company, Hume Industries (Malaysia) Berhad in the following year, where he was assigned to the position as Product Design Engineer in charge of concrete product design and production activities.

In 1996, he left Hume Industries (Malaysia) Berhad to join Mega Concrete Sdn Bhd as a Factory Manager and was responsible for setting up a concrete product plant, overseeing and managing daily production operations, including implementing systems that led to this concrete product plant being certified ISO 9002 compliant during his tenure at this company. In 1997, he left Mega Concrete Sdn Bhd and joined Mersing Construction & Engineering Sdn Bhd as a Project Manager and was tasked to manage the pipe jacking and HDD underground utility projects undertaken by the company. In the same year, he was promoted to the role of Project Director and continued to be responsible for the overall delivery of construction projects undertaken by the company. He was also appointed as an initial director of Guide Drill Sdn Bhd in a non-executive capacity. In 2002, he left Mersing Construction & Engineering Sdn Bhd and joined Guide Drill Sdn Bhd, where he became actively involved in the daily operations of the company as an executive director.

He left his executive role in Guide Drill Sdn Bhd and joined Mutu Nusantara Sdn Bhd ("MNSB") in 2007 as a General Manager, where he was involved in business development activities, overseeing daily operations as well as project management of the company's underground utilities construction projects. In 2012, he became a shareholder of MNSB and was appointed as Executive Director of MNSB in the following year. He was re-designated to his current position in our Group in November 2020.

BOARD OF DIRECTORS' PROFILE



Dato' Toh Eng Keat

Executive Director

Age	47
Gender	MALE
Nationality	MALAYSIAN
Date of Appointment to Board	26 NOVEMBER 2020

Dato' Toh Eng Keat, a Malaysian, aged 47, is our Executive Director. He was appointed to our Board on 26 November 2020. He has been instrumental to the business growth and development of our Group since acquiring Mutu Nusantara Sdn Bhd ("MNSB") in 2012 with Loy Siong Hay. He is responsible for managing and implementing our Group's business development plans and strategies, particularly in the operations of MNSB's underground utilities engineering business.

He graduated with a Bachelor of Science (Chemistry) from Universiti Kebangsaan Malaysia in 1999.

Upon his graduation, he joined Prima Inter-Chem Sdn Bhd in 1999 as a Sales Executive where he was responsible for the marketing and sales of the company's food chemical products. In 2000, he left Prima Interchem Sdn Bhd and joined B&G Intertrade Sdn Bhd as Marketing and Operations Executive where he supported the marketing and operations teams in promotional activities as well as daily sales operations. He then left B&G Intertrade Sdn Bhd and joined B&G World Sdn Bhd in 2004 as Marketing Manager, overseeing a team of sales personnel promoting the company's piping products. In 2006, he was transferred from B&G World Sdn Bhd to Best Ventures Sdn Bhd (later known as B&G Concept Engineering Sdn Bhd) as Marketing Manager, where he was responsible for business development activities for underground utility projects. Subsequently, in 2007, he was promoted to Project Manager, where he was involved in overseeing underground utility projects.

In 2008, he left B&G Concept Engineering Sdn Bhd (previously known as Best Ventures Sdn Bhd) and joined MNSB as a General Manager where he was involved in business development activities, overseeing daily operations as well as project management of the company's underground utilities construction projects. In 2010, he was appointed as an Executive Director of MNSB and subsequently in 2011, became a shareholder of MNSB. In his current role as Executive Director, he is responsible for overseeing the operations of MNSB's underground utilities engineering business, as well as leading business development activities.

BOARD OF DIRECTORS' PROFILE



Dang Siong Diang

Executive Director

Age	46
Gender	MALE
Nationality	MALAYSIAN
Date of Appointment to Board	15 DECEMBER 2020

Dang Siong Diang, a Malaysian, aged 46, is our Executive Director. He was appointed to our Board on 15 December 2020. He is responsible for managing and implementing our Group's business development plans and strategies, particularly in the operations of MN Power Transmission Sdn Bhd ("MPTSB")'s substation engineering business.

He graduated with a Bachelor in Electronic and Electrical from the Robert Gordon University, Scotland in 1997.

He began his career upon graduation as a Sales and Services Engineer at ABB Malaysia Sdn Bhd in 1997 where he was involved in sales as well as after sales activities of power engineering products. In 2001, he left ABB Malaysia Sdn Bhd and joined YPN Electrical Engineering & Construction Sdn Bhd as Project Manager before being promoted to the role of Project Director in 2012. He was responsible for overseeing, managing and delivering electrical engineering projects undertaken by the company, including power engineering construction projects.

After leaving YPN Electrical Engineering & Construction Sdn Bhd, he joined MPTSB as Managing Director in December 2012. As Managing Director of MPTSB, he was involved in business development activities and manages day-to-day operations as well as project management of MPTSB's substation engineering projects. Currently, as an Executive Director of the Group, he is responsible for overseeing the operations of MPTSB's substation engineering business as well as leading business development activities.

BOARD OF DIRECTORS' PROFILE



Soh Eng Hooi

Independent Non-Executive Director

Chairperson of Audit Committee

Chairperson of Remuneration Committee

Member of Nominating Committee

Member of Risk Management Committee

Age 52

Gender FEMALE

Nationality MALAYSIAN

Date of Appointment to Board 15 DECEMBER 2020

Soh Eng Hooi, a Malaysian, aged 52, is our Independent Non-Executive Director. She was appointed to our Board on 15 December 2020. She is the Chairperson of our Audit Committee and Remuneration Committee, and a member of our Nominating Committee and Risk Management Committee.

She graduated with a Bachelor of Accounting (Honours) from the University of Malaya in 1994. She has been a member of the Malaysian Institute of Certified Public Accountants since 27 June 1998 and a member of the Malaysian Institute of Accountants since 1 April 1999.

In 1994, she started her career at Arthur Anderson & Co. Kuala Lumpur ("AAKL") as an Audit Assistant, where she assisted in audit assignments. In 2000, she was promoted to the role of Manager and was tasked with leading and supervising a team of auditors to undertake audit engagements for clients in various industries. In 2001, she left AAKL and joined Arthur Andersen Hua Qiang CPA, China ("AA China") as Manager, where she was responsible for managing various audit assignments for clients of the firm. AA China subsequently merged with PricewaterhouseCoopers Zhong Tian CPAs, Co., Ltd. China in 2002.

In August 2003, she resigned from PricewaterhouseCoopers Zhong Tian CPAs Co. Ltd, China and thereafter, took a career break to travel across the world. Subsequently, she resumed her career in 2004 and became a Director of Axial Capital Sdn Bhd, a boutique corporate advisory service company, where she was primarily responsible for its overall operations. In 2008, she stepped down from her executive role in Axial Capital Sdn Bhd and joined Moore Stephens AC (currently known as Baker Tilly AC ("BTAC") as a result of a merger exercise in 2012) as Executive Director, where she was involved in overseeing all aspects of operation of the audit division. In 2014, she left BTAC and founded EH Soh & Partners, an audit firm where she presently serves as its Managing Partner.

Currently, she sits on the board of Integrated Logistics Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") as its Independent Non-Executive Director since 2018. She also sits on the board of Warisan TC Holdings Berhad, a company listed on the Main Market of Bursa Securities, as its Independent Non-Executive Director since 2020.

BOARD OF DIRECTORS' PROFILE



Pankajkumar A/L Bipinchandra

Independent Non-Executive Director

Chairman of Risk Management Committee

Chairman of Nominating Committee

Member of Audit Committee

Member of Remuneration Committee

Age 56

Gender MALE

Nationality MALAYSIAN

Date of Appointment to Board 15 DECEMBER 2020

Pankajkumar A/L Bipinchandra, a Malaysian, aged 56, is our Independent Non-Executive Director. He was appointed to our Board on 15 December 2020. He is the Chairman of our Risk Management Committee and Nominating Committee, and a member of Audit Committee and Remuneration Committee.

He graduated with a Bachelor in Accounting (Honours) from the University of Malaya in 1990. He then obtained his Masters in Business Administration (Finance) from the University of Malaya in 2014. He has been a member of the Institute of Corporate Directors Malaysia since 2 November 2018, a member of Financial Times Stock Exchange (FTSE) – Bursa Malaysia Industry Advisory Panel since December 2020 and a former member of FTSE Bursa Malaysia Index Advisory Committee between December 2008 and September 2021.

Upon graduation in 1990, he joined Nova Hopi (M) Sdn Bhd as an Accountant and Business Development Executive. He then left Nova Hopi (M) Sdn Bhd and joined OSK Research Sdn Bhd in 1996 as a Research Analyst before being promoted to the positions of Senior Analyst, Manager, Senior Manager and Assistant General Manager in 2000, 2001, 2002 and 2003, respectively. His last held position in OSK Research Sdn Bhd was Head of Research, a position to which he was promoted in 2004, where he was tasked to oversee the research activities undertaken and recommend investment strategies for clients of the company, develop articles for publication in the newspapers and manage a team of analysts undertaking company and sectorial research assignments. In 2005, he left OSK Research Sdn Bhd and joined Kurnia Insurans (Malaysia) Berhad (then wholly-owned by Kurnia Asia Berhad, a company which was listed on the Main Market of Bursa Malaysia Securities Berhad) as Chief Investment Officer, where he was responsible for managing the company's fixed income and equity portfolio, staff and agent housing loans as well as property investments. In addition, he was also involved in evaluating and presenting the overall economic and financial market assessments to the company's investment committee and board of directors, and participated in investor relation activities for Kurnia Asia Berhad. He was transferred to KSK Group Berhad (previously known as Kurnia Asia Berhad) in 2012 as Director, Head of Corporate Strategy & Investments where he was responsible for managing the company's investment portfolio, preparing reports for the company's investment committee and board of directors, as well as involved in developing growth strategies for the company's business.

Since leaving KSK Group Berhad in 2018, he has contributed articles on the economy, market and sectorial topics as well as on issues related to governance and ethics for the StarBiz under its "Inside Insight" column. He is also actively involved in providing Continuous Professional Education (CPE) classes, mainly for financial market participants as well as for industry associations and public listed organisations.

In August 2021, he was appointed as the Managing Director of Datametrics Research and Information Centre Sdn Bhd, a Malaysian-based think tank that undertakes research and advocacy on a diverse range of policy issues.

Currently, he sits on the board of Esente Capital Berhad as its Independent Non- Executive Director since November 2021.

BOARD OF DIRECTORS' PROFILE



Lau Chyun In

Independent Non-Executive Director

Member of Remuneration Committee

Member of Nominating Committee

Age	32
Gender	FEMALE
Nationality	MALAYSIAN
Date of Appointment to Board	15 JUNE 2021

Lau Chyun In, a Malaysian, aged 32, is our Independent Non-Executive Director. She was appointed to our Board on 15 June 2021. She is a member of our Remuneration Committee and Nominating Committee.

She graduated with Bachelor of Laws from Oxford Brookes University, United Kingdom in 2013. She has also obtained a Certificate in Legal Practice in December 2017 and admitted as an Advocate and Solicitor of the High Court of Malaya on 14 December 2018.

Upon graduation in 2013, she started her career at Kington Tan Dzul as a Paralegal, where her major duties included handling project files for the conveyancing department.

In November 2014, she joined Southern Star Legal as a Paralegal and was based in its office in Guang Zhou, China. As a Paralegal, she was tasked with translation assignments, as well as assisting clients with applications for Australian citizenship and real estate property transactions in Australia.

In April 2016, she left Southern Star Legal and returned to Malaysia. Thereafter, she took a career break to study for the Certificate in Legal Practice examinations, which she passed in November 2017. She was subsequently awarded with a Certificate in Legal Practice that qualifies her to be a legal practitioner in Malaysia.

In February 2018, she began her pupillage at Abraham Ooi & Partners and in December 2018, she was then offered a position as a Legal Assistant in the firm's conveyancing department. During her tenure at the firm, she was responsible for drafting agreements, conducting legal research as well as liaising with governmental bodies and clients. She left Abraham Ooi & Partners in April 2020.

In August 2020, she joined Syarikat Mohamad Salin Sdn Bhd, a company involving in the business of building and electrical construction works, as a Group Junior Legal Officer cum Company Secretary, where she oversaw statutory compliance matters and managed legal matters, including contract negotiations.

In May 2021, she resigned from Syarikat Mohamad Salin Sdn Bhd to join Sim See Hua Brothers Sdn Bhd, a company involving in the business of building construction and property development, as a Group Legal Officer cum Company Secretary, where she is responsible for overseeing corporate secretarial matters of the company.

Saved for our Group, she does not hold directorship in other companies.

BOARD OF DIRECTORS' PROFILE



Kho Zhen Qi

Independent Non-Executive Director

Member of Risk Management Committee

Member of Audit Committee

Age	34
Gender	FEMALE
Nationality	MALAYSIAN
Date of Appointment to Board	15 JUNE 2021

Kho Zhen Qi, a Malaysian, aged 34, is our Independent Non-Executive Director. She was appointed to our Board on 15 June 2021. She is a member of our Audit Committee and Risk Management Committee.

She graduated with Bachelor of Laws (Honours) from the University of Malaya in 2012. She was admitted as an advocate and solicitor of the High Court of Malaya in September 2013 and has been a registered member of the Malaysian Bar since December 2013.

In December 2013, she began her career at Justin Voon Chooi & Wing as a Legal Assistant, where she was tasked to assist in dispute resolution and general litigation matters. During her tenure with the firm, she had undertaken various dispute resolution cases, among others, including estate administration and management disputes, acting for foreign clients in relation to recovery of ownership and building construction contract disputes in both arbitration and litigation.

In April 2016, she left Justin Voon Chooi & Wing and joined Ng, Gan & Partners (previously known as Li Kian & Co) as a Partner. In her present capacity, she oversees the operations of the firm, and handles various disputes resolution matters including civil and commercial litigation, corporate and banking litigation, industrial relations and construction, as well as land-related litigations.

Saved for our Group, she does not hold directorship in other companies.

ADDITIONAL INFORMATION

1) Family Relationship of Directors

Save as disclosed below, none of the Directors has any family relationship with any Directors and/ or major shareholders of the Company:

- i) Dato' Toh Eng Keat is elder brother of Toh Yeng Yeng.

2) Conflict of Interest

None of the Directors has any conflict of interest with the Company.

3) Conviction of Offence

None of the Directors has conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

4) Securities Holdings

The particulars of the Directors' shareholdings are set out in page 128 of this Annual Report.

5) Details of Directors' attendances at the Board meetings are set out in the Corporate Governance Overview Statement.

KEY SENIOR MANAGERMENTS' PROFILE

Pang Chien Chang

Chief Financial Officer

Age	34
Gender	MALE
Nationality	MALAYSIAN

Pang Chien Chang, a Malaysian, aged 34, is our Chief Financial Officer. He is responsible for the overall finance and accounting functions of our Group.

He graduated with a Bachelor of Accounting from Multimedia University in 2010. He is a member of the Malaysian Institute of Accountants since 25 October 2016.

Upon graduation, he began his career in 2010 as an Audit Associate at SY Lim & Co. Chartered Accountants, where he participated in statutory audit assignments for clients of the firm. In 2012, he left SY Lim & Co. Chartered Accountants and joined Sekhar & Tan Chartered Accountants as Audit Senior Associate before being promoted to Assistant Manager in 2015. He was responsible in leading a team of auditors to undertake audit assignments for clients from various industries, and was also responsible for staff resource planning as well as managing client communications. He subsequently left Sekhar & Tan Chartered Accountants and joined Target Precast Industries Sdn Bhd (a subsidiary of SK Target Group Limited) in January 2017 as Accounts & Finance Manager, where he oversaw all back-end operations including staffing, operational budget matters, prepared monthly and quarterly financial reports, and supervised internal and external audits. In January 2018, he left Target Precast Industries Sdn Bhd to join Herman Corporate Advisory Sdn Bhd as a Manager under the Corporate Finance Division, tasked to provide financial and business consulting services including assisting clients in preparing detailed analysis of financial information, monitoring internal control procedures and assessing business development opportunities.

In September 2019, he left Herman Corporate Advisory Sdn Bhd and joined our Group as Financial Controller and he was subsequently re-designated as our Group's Chief Financial Officer in January 2021.

Toh Yeng Yeng

Contract Manager

Age	37
Gender	FEMALE
Nationality	MALAYSIAN

Toh Yeng Yeng, a Malaysian, aged 37, is our Contract Manager. She is responsible for drafting, evaluation and execution of contracts in which our Group enters, including financial monitoring and control of the contracts as well as ensuring health, safety and environmental compliance.

She graduated with a Bachelor of Science (Environment) from Universiti Putra Malaysia in 2007. She subsequently obtained a Master of Engineering (Safety, Health and Environment) from the University of Malaya in 2013. She also holds a certificate from The National Institute of Occupational Safety & Health (NIOSH) since 2008.

She began her career in 2008 as an Environment, Safety and Health Executive with O.Y.L. Manufacturing Company Sdn Bhd, where she was tasked with establishing, maintaining and improving environmental, safety and health management processes based on Occupational Health and Safety Assessment Series 18001 and ISO 14001 standards, as well as performing environmental, safety and health audits. She then left O.Y.L. Manufacturing Company Sdn Bhd and joined Technip Geoproduction (M) Sdn Bhd in 2010 as an Environmental Executive where she assisted in the preparation of project health, safety and environment plans, and its subsequent implementation, as well as training for employees. In 2016, she left Technip Geoproduction (M) Sdn Bhd and joined NS BlueScope Lysaght Malaysia Sdn Bhd as Health, Safety, Environment and Quality Professional, responsible for ensuring the company's compliance with local health, safety, environment and quality requirements.

She left NS BlueScope Lysaght Malaysia Sdn Bhd and joined our Group as Senior Contract and Commercial Executive in 2018, prior to being promoted to Contract Manager in January 2021.

ADDITIONAL INFORMATION

1) Family Relationship of Directors

Save as disclosed below, none of the Key Senior Management has any family relationship with any Directors and/ or major shareholders of the Company:

- Toh Yeng Yeng is younger sister of Dato' Toh Eng Keat.

2) Conflict of Interest

None of the Key Senior Management has any conflict of interest with the Company.

3) Conviction of Offence

None of the Key Senior Management has any conviction for any offences within the

past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

- None of the Key Senior Management sit on the Board of any other public companies and listed companies.



LEADING INFRASTRUCTURE
UTILITIES CONSTRUCTION &
ENGINEERING SOLUTION PARTNER



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

The financial year in review was a year of charting new horizons for MN Holdings Berhad (“MN Holdings”, “the Group”, or “the Company”), as we became a public-listed entity. Our initial public offering (“IPO”) was well-received, with the public portion oversubscribed by 118.48 times.

Dato’ Ir. Zainurin Bin Haji Karman
Independent Non-Executive Chairman

BURSA SECURITIES DEBUT PRICE

RM 0.26
per share



28 April 2022

DEBUTED ON BURSA
SECURITIES’ ACE MARKET



public portion oversubscribed by

118.48 times

The listing marks the start of a new and exciting era of growth and opportunity. The Group debuted on the Bursa Securities’ ACE market on 28 April 2022 at RM0.26 per share, or 23.81% higher than our IPO price, which we see as a reflection of the public’s confidence in the Group’s business model and growth strategies.

As a provider of underground utilities and substation engineering services and solutions with a track record of more than a decade, MN Holdings brings to the table experience, quality and expertise. Having built a solid reputation in the industry, our new status as a public-listed company will allow us to fuel our expansion plans and bring our services to a broader market.

As your Chairman, it is with great pride that I present to you our inaugural Annual Report for the financial year ended 30 June 2022 (“FY2022”).

CHAIRMAN'S
STATEMENTREVENUE FOR
THE YEAR**RM104.00
MILLION**

NET PROFIT

**RM5.53
MILLION****A Bright Spark In Uncertain Times**

The first half of 2022 was challenging for most economies and industries. Although Malaysia is transitioning to the endemic phase of Covid-19, there were still various significant concerns over uncertainties arising from geopolitical developments, such as the Russia-Ukraine war, rising tensions between the US and China, and an increase in interest rates brought on to curb post-recovery inflation. At home, Malaysian businesses faced labour shortages, supply chain disruptions, and an increase in costs of construction.

However, the nation is on the path to recovery. In the second quarter of 2022, Malaysia registered a stronger growth in gross domestic product ("GDP") of 8.9% year-on-year ("y-o-y") (Q1: 5.0%), underpinned by the steady recovery in labour market conditions and ongoing policy support.

For the Group, the momentum of economic growth has provided us a solid start. Through prudent cost management and efficient utilisation of resources, the Group has managed to persevere and achieve positive results.

We began our journey as a listed entity on a positive note, securing several sizeable projects within a short period. Through our subsidiaries, we have secured contracts with Pembinaan Tajri Sdn Bhd, Atlantic Blue Sdn Bhd (a subsidiary of Solarvest Holdings Berhad) and ERS Energy Sdn Bhd, among others, with a value totaling RM82.90 million. This is a notable achievement. However, now is not the time to rest on our laurels as we seek to grow our business and scale new heights in an industry that is as rewarding as it is challenging.

As at the date of this report, our order book stands at RM292.00 million, which will provide the Group with a sustainable income over the next two to three years as we continue to explore new opportunities that will bring a positive impact to our bottom line and maximise value for our shareholders.

For FY2022, MN Holdings recorded a revenue of RM104.00 million, attributed to the underground utilities engineering segment and substation engineering segment. Net profit FY2022 was RM5.53 million, down by 32.0% from the previous corresponding period, attributable to a one-off listing expense amounting to RM1.97 million and a net impairment loss of financial assets and contract assets of RM2.48 million.

As we are a newly-listed entity, we do not have a formal dividend policy at the present. However, we have every intention of paying dividends to our shareholders in the future, subject to our performance and other factors that the Board deems relevant.

CHAIRMAN'S STATEMENT



Building Business Sustainability On Good Corporate Governance

A sustainable business is based on solid ethics. The Group has in place strong corporate governance practices. We have adopted a Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy and are in compliance with all laws and regulations (Capital Market & Services Act 2007, Companies Act 2016, Personal Data Protection Act 2010, Employment Act 1955, Occupational Safety and Health Act 1994, CIDB Act). We believe in a transparent approach to carrying out our business in a fair manner, while adhering to local laws, regulations and environmental requirements.

Our business is driven by our people, and they are our greatest asset. Talent knows no bounds, and our workforce is diverse in terms of age, ethnicity, and gender. We provide them with regular training within a supportive environment to bring out the best of their abilities.

Moving Forward

The Group will leverage on our good track record and solid reputation to expand our business, supported by the proceeds of the IPO. We will continue to enhance our order book through tenders, submission of private initiative proposals, and business collaborations or acquisitions. At the same time, we will focus on delivering our existing contracts.

We are optimistic in our outlook, but remain prudent and cautious in our approach.

Acknowledgements

I would like to express my sincere gratitude to all our stakeholders: our suppliers, customers, vendors, shareholders, and of course, our staff, who have shown great perseverance and dedication in working towards our shared vision.

My appreciation also goes to my fellow Board Members and the Key Senior Management team for their wise counsel and leadership.

I would also like to thank the regulatory bodies and financial institutions for their guidance and support, especially in the steps leading to the IPO.

Together, we step into the future and embrace a new era of success for MN Holdings.

Dato' Ir. Zainurin Bin Haji Karman
Independent Non-Executive
Chairman

MANAGEMENT

DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

Malaysia is currently in the endemic phase of Covid-19 and most industries have fully resumed their operations. Although we are nearing the end of a difficult period as a nation, rising inflation, the global geopolitical situation, and volatile markets have resulted in increased construction costs and labour shortages.

Despite these challenges, our decision to go public in April 2022 was well-timed, as this places us in a strategic position to capitalise on the nation's economic growth and increased investment in enhancing infrastructure.

Our expertise, experience, and focus on quality are evident in our track record of more than 13 years, and we will continue to create and deliver sustainable value.

The Group's order book currently stands at RM292.00 million, which will contribute to our bottom line as we expand our resources and capabilities.

BUSINESS OVERVIEW

MN Holdings Berhad ("MN Holdings", "the Group") is an investment holding company. Through our wholly-owned subsidiaries, Mutu Nusantara Sdn Bhd ("MNSB") and MN Power Transmission Sdn Bhd ("MPTSB"), we are principally involved in:

Underground
utilities
engineering
services and
solutions



Substation
engineering
services and
solutions



“

We have
more than
13 years of
operating history in
the power utilities
construction
industry in
Malaysia. ”



BUSINESS OVERVIEW

We have more than 13 years of operating history in the power utilities construction industry in Malaysia. MNSB and MPTSB have both been registered as Grade 7 (commonly known as G7) contractors with CIDB (Construction Industry Development Board) for the categories of Building (B), Civil Engineering (CE) and Mechanical Engineering (ME). The CIDB G7 contractor registration is the highest accorded grade issued by CIDB that allows participation in tenders for projects with unlimited contract value throughout Malaysia.

In addition, MNSB is registered as G7 contractor under Sijil Perolehan Kontrak Kerajaan (SPKK), which enables participation in tenders for Government projects of unlimited contract value throughout Malaysia.

The Group mainly provides engineering services and solutions with necessary machinery, labour and expertise for infrastructure utilities construction.

We typically undertake the following forms of contract:

EPCC OR TURNKEY CONTRACTS

Engineering, Procurement, Construction and Commissioning (“EPCC”) or turnkey contracts where we are responsible in completing the entire project and to hand it over to our customers fully operational;

BULK CONTRACTS

bulk contracts whereby we will render our services according to work orders placed by our customers during the duration of a fixed contract; or

SINGLE CONTRACT

single contract whereby we are engaged to undertake a specific scope of works for a project based on agreed terms and project schedule.

Our customers are primarily main contractors for power projects, property developers and industries that require our services and solutions to enable the supply of power to specific locations and/or premises.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For the financial year-to-date ended 30 June 2022 ("FY2022"), the Group recorded a revenue of RM104.00 million (FY2021: RM115.20 million). This amount was principally derived from the underground utilities engineering segment, which contributed 73.9% of total revenue.

A profit before tax ("PBT") of RM8.22 million (FY2021: RM10.54 million), and profit after tax ("PAT") of RM5.53 million (FY2021: RM8.13 million) was achieved during the year under review. The effective tax rate of the Group for the year-to-date under review was higher than the statutory tax rate of 24% mainly due to the non-deductibility of certain expenses such as listing expenses, professional fees, and others.

The gross proceeds from the IPO amounted to RM17.17 million. As at 30 June 2022, the utilisation of the proceeds is as follows:

Details of utilisation	Proposed utilisation	Actual utilisation	Deviation	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
Capital expenditure	5,840	-	-	Within 24 months
Repayment of bank borrowings	3,995	1,147	-	Within 12 months
General working capital	4,333	4,333	-	Within 24 months
Estimated listing expenses	3,000	3,000	-	Within 1 month
	17,168	8,480	-	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 8 April 2022, and announcement on 27 July 2022, on variation of the utilisation of proceeds raised from the initial public offering.

Currently, as a newly-listed entity, the Group does not have a formal dividend policy. No dividend has been declared or recommended for payment by the Board of Directors during the financial period under review. This is subject to change in the following financial years, depending on the recommendations of the Board and our financial position.



PROFIT
BEFORE TAX

**RM8.22
MILLION**



EFFECTIVE
TAX RATE

32.75%

*Higher than the
statutory tax rate of
24% mainly due to the
non-deductibility of
certain expenses*

MANAGEMENT DISCUSSION AND ANALYSIS



Pipe Jacking Method

REVIEW OF OPERATIONS

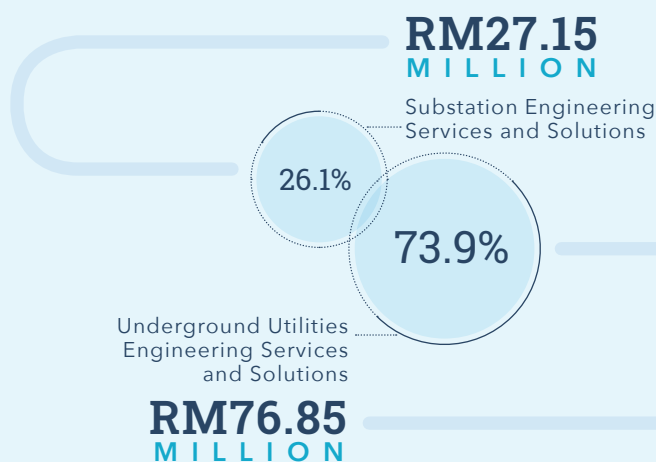
As at the time of this financial report, the Group's operations are based entirely in Malaysia. Our underground utilities engineering services and solutions segment currently contributes the bulk of our revenue, at RM76.85 million for FY2022, accounting for 73.9% of the Group's total revenue.

The revenue for this segment was lower than the RM92.78 million recorded for the previous corresponding period. This is mainly due to the reduction in construction activities based on slower progress in projects in hand.

The Group's substation engineering services and solutions segment contributed RM27.15 million towards the Group's revenue, an increase from RM22.42 million recorded in the previous corresponding period.

Since the Group's IPO, the Group has successfully secured several notable underground utilities and substation engineering projects including one (1) underground utilities project and three (3) substation engineering projects, contributing a total contract value of approximately RM82.90 million to our order book.

REVENUE BY SEGMENT



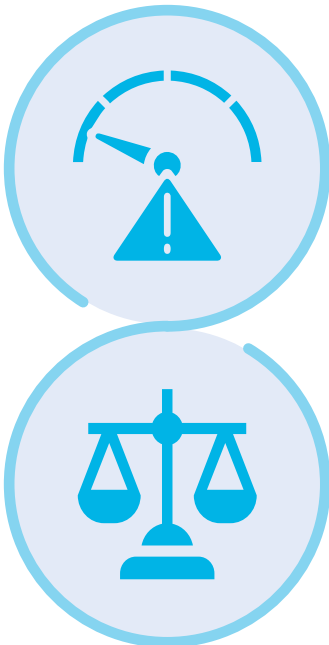
TOTAL CONTRACT VALUE

RM292.00
MILLION

UNDERGROUND
UTILITIES
PROJECT

SUBSTATION
ENGINEERING
PROJECT

MANAGEMENT DISCUSSION AND ANALYSIS



RISK MANAGEMENT AND CORPORATE GOVERNANCE

Our Risk Management Committee is tasked with leading our strategic direction in the management of our business risks, including overseeing the establishment and implementation of a risk management framework and reviewing its effectiveness.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout our Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

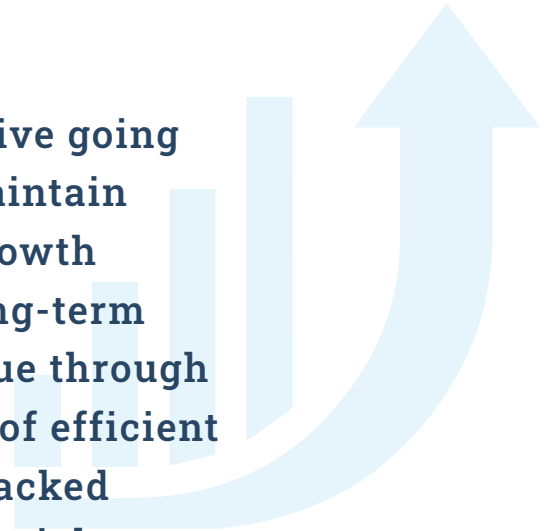
The Group has in place a Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy and are in compliance with all laws and regulations (Capital Market & Services Act 2007, Companies Act 2016, Personal Data Protection Act 2010, Employment Act 1955, Occupational Safety and Health Act 1994, CIDB Act).

 For more information, please refer to [page 38](#) of this report.

MANAGEMENT DISCUSSION AND ANALYSIS



Our main objective going forward is to maintain a sustainable growth and to create long-term shareholder value through the deployment of efficient resources and backed by prudent financial strategies.



OUTLOOK AND PROSPECTS

Over a period of more than 13 years, we have developed synergies between our operating subsidiaries to serve the entire spectrum of the power utilities sector in Malaysia, from power generation to transmission and distribution.

Our main objective going forward is to maintain a sustainable growth and to create long-term shareholder value through the deployment of efficient resources and backed by prudent financial strategies.

As part of our plans for the utilization of the proceeds from the IPO, we will acquire additional machinery and equipment which will allow us to expand the scale of the projects undertaken. As we are currently leasing machineries to support our existing operations, owning a full range of machinery will enable us to enhance our operational efficiencies and reduce our reliance on third party providers and thereby enhancing our

competitiveness. At the same time, we will be better able to cater to the immediate needs of our customers.

As our capabilities and scale expand, our range of projects will also broaden, diversifying our revenue source.

Leveraging on our track record in underground utilities construction, primarily in the laying and installation of underground utilities and pipelines for power utility companies, we will venture into other underground utilities engineering segments, namely piped water and sewerage distribution.

The Group will also venture into the assembly of neutral disconnectors for sales and distribution in Malaysia. In 2020, MPTSB entered into a distribution agreement with Lucy Asia Pacific Sdn Bhd. Upon the lifting of travel restrictions and reopening of borders, we intend to finalise negotiations and begin operations.

We also intend to secure more LSS substation projects to strengthen our substation engineering services and solutions business segment. We are involved in EPCC projects for main contractors who have secured solar PV power plant projects under the LSS. Our medium-term plan is to scale up our capability and capacity which will enable us to assume the role of main contractor to LSS project owners.

With these plans already underway, and barring unforeseen circumstances, we hope to continue on a long-term path of creating sustainable growth and value to our stakeholders.

Loy Siong Hay
Managing Director

SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement was produced in accordance with the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad, which includes Global Reporting Initiatives ("GRI") Standard Guidelines and FTSE4Good disclosure guidelines. In keeping with best practices for disclosure, additional facets of the United Nations Sustainability Development Goals ("UNSDGs") have been considered.



ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad



Global Reporting Initiatives ("GRI") Standard Guidelines



FTSE4Good disclosure guidelines



United Nations Sustainability Development Goals ("UNSDGs")

SCOPE OF THE SUSTAINABILITY STATEMENT

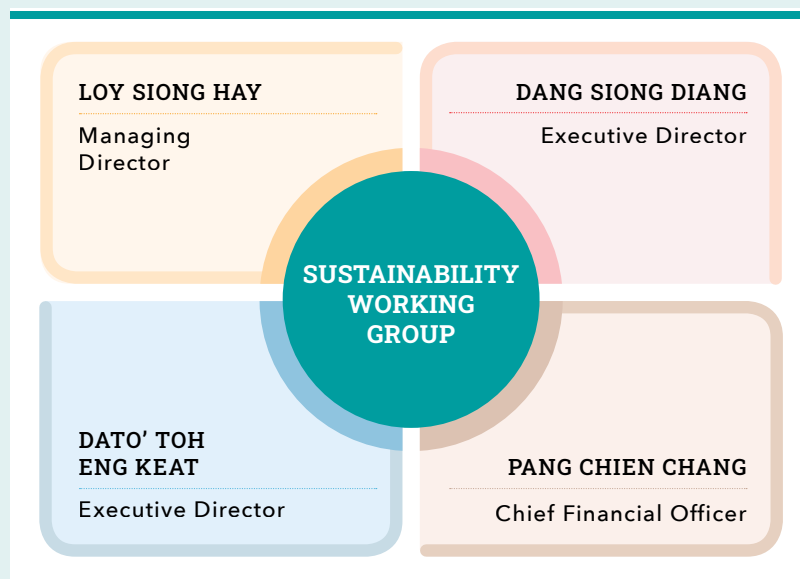
This Sustainability Statement reports on the summary of events for FY2022, covering the period of 1 July 2021 to 30 June 2022. The Statement covers the principal activities of MN Holdings Berhad ("MNHB") and all its subsidiaries, which is the provision of infrastructure utilities construction services and solutions, serving the power, gas, sewerage, and telecommunications industries in Malaysia.

GOVERNANCE STRUCTURE

As part of our commitment towards sustainability, we have established a clear governance structure to ensure utmost compliance and optimal performance across our business operations.

Our sustainability directives stem from the head of our organisation, with the Board of Directors setting the direction and maintaining responsibility for our overall business conduct.

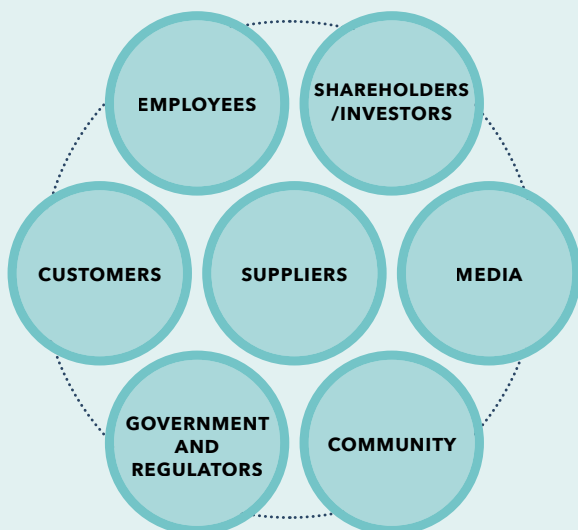
MNHB views sustainability governance as part of business management by monitoring and managing sustainability matters together with our daily operations. Currently, sustainability governance is performed by the Sustainability Working Group comprising the following members:-



The Sustainability Working Group is responsible for reporting material sustainability matters to the Risk Management Committee on a periodic basis.

STAKEHOLDER ENGAGEMENT

The Group acknowledges the need to for continuous dialogue and information sharing with the relevant stakeholders i.e., employees, shareholders/investors, customers, suppliers, media, government and regulators, and community in a timely, effective, and transparent manner.



FEEDBACK

In line with MNHB's continuous effort to raise its performance in sustainability standards, the Group welcomes stakeholders' feedback on any issues. Comments and enquiries related to this Sustainability Statement can be directed to info@mnholdings.com.my.

MATERIAL SUSTAINABILITY MATTERS

MNHB has identified key sustainability matters based on their relevance to the Group's business operations. During the process of the materiality assessment, we identified and ranked Economic, Governance, Environment and Social materiality matters that are pertinent to the sustained growth of the Group based on the analysis of the Group's internal documents and processes.

We will continue to enhance the disclosure of our sustainability performance. As MNHB acknowledges the importance of the Environmental, Social and Governance ("ESG") impacts on our business strategy, we are currently in the preliminary stage of transitioning our approach to include ESG in the core of our business operations and reporting.

MATERIAL SUSTAINABILITY MATTERS

ECONOMIC

Sustainable Business Growth

Service Quality Assurance

Customer Relationship Management

Supply Chain Management

GOVERNANCE

Corporate Governance and Ethical Business

ENVIRONMENT

Reliable and Modern Energy Services

Renewable Energy

Reduce Waste Generation

SOCIAL

Workforce Diversity

Employee Training and Development

Employee Welfare and Engagement



SUSTAINABILITY STATEMENT



ECONOMIC

The principles of sustainability are integral in MNHB's economic growth. The Group aims to create both direct and indirect economic value in all our operations and the communities we conduct our business in. We acknowledge the need to be innovative and creative in developing our products in keeping with the rapid changes in the global business environment to ensure profitability and sustainability. The Group refers to Sustainable Development Goals ("SDGs") 7.1, 7.2, 8.1, 9.1, and 16.5.



SUSTAINABLE BUSINESS GROWTH

MNHB aims to drive business sustainability by delivering quality services to customers and creating sustainable value and returns to our stakeholders. To ensure sustainable business growth, we are constantly exploring or opportunities to invest in new services and solutions that cater to our customers' needs. To mitigate risk, the Group closely monitors developments in the industry to set clear, well-researched and holistic targets.

SERVICE QUALITY ASSURANCE

MNHB provides assurance of the standards across our operations. The Group has established clear standard operating procedures in delivering our services, with emphasis on the check and balance of quality assurance. Sufficient resources are allocated for optimal delivery.

CUSTOMER RELATIONSHIP MANAGEMENT

Our customers' feedback is an integral part of our process evaluation. The Group regularly solicits feedback to improve our services and meet their needs.

SUPPLY CHAIN MANAGEMENT

To support the growth of the economy, the Group prioritises sourcing its materials and services from local vendors, ensuring transparency throughout the procurement process. For fairness and equitability, we maintain a good working relationship with a wide group of vendors across multiple industries, instead of a single supplier.

SUSTAINABILITY STATEMENT



GOVERNANCE

The Board of Directors of the Company is fully committed to upholding high standards of corporate governance throughout the Group's operations, guided by SDG 16.5, with the ultimate objective of safeguarding the interests of all stakeholders and enhancing shareholder value. More information is available in the Corporate Governance Overview section on page 38 of this report.



CORPORATE GOVERNANCE AND ETHICAL BUSINESS

During the financial year in review, MNHB formulated and adopted the Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and Whistleblowing Policy. In addition, the Group complies with Personal Data Protection Act (PDPA) in protecting our employees' and customers' information.



ENVIRONMENT

The Group is committed to addressing challenges and opportunities in our surroundings where we conduct our business. This will enable MNHB to contribute to environmental value and minimise our impact on the environment. For this, we are guided by SDGs 7.1, 7.2 and 12.5.



We are determined to accomplish the following:

- To comply with environmental regulatory and legal requirements;
- To minimise consumption of resources such as electricity and water;
- To ensure our materials are sourced responsibly;
- To reduce consumption of non-renewable and non-recycled materials; and
- To provide a safe and hygienic workplace and ensure our personnel are properly trained with appropriate safety procedures and control actions.

RELIABLE AND MODERN ENERGY SERVICES

Our principal business is providing solutions to the infrastructure utilities construction industry and substation engineering services to the power industry. As such, we work closely with project owners and subcontractors in executing the development plan to ensure universal access to affordable, reliable, and modern energy services.

SUSTAINABILITY STATEMENT



ENVIRONMENT (CONT'D)

RENEWABLE ENERGY

In support of Malaysia's commitment to being a net zero greenhouse gas (GHG) emission nation by as early as 2050, the Group actively participates in renewable energy projects, particularly LSS (large-scale solar).

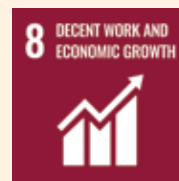
REDUCE WASTE GENERATION

We encourage mindful use of resources and aim to substantially reduce our waste through prevention, reduction, recycling and reuse. We have adopted a lights-off policy during lunch hours for energy saving. Printing of documents is done only when necessary. When printing, we ensure that both sides of the paper are fully utilised. Envelopes are reused and internal documents are printed on recycled paper.



SOCIAL

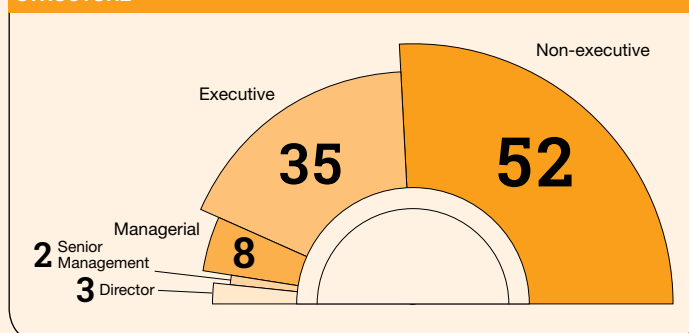
As a responsible corporate citizen, we believe in creating value for all our stakeholders, including our employees. The Group is guided by SDGs 3.8, 6.2, 8.8, and 10.3.



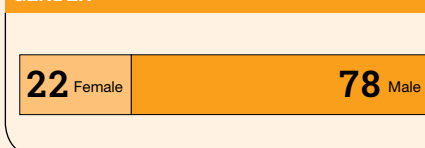
WORKFORCE DIVERSITY

The Group endeavours to provide equal opportunity to all employees from different backgrounds, skills, genders, experiences, ages group and religions to promote a safe and inclusive working environment.

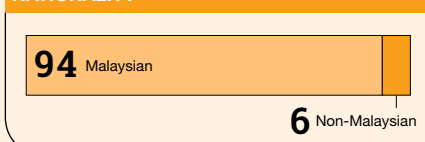
STRUCTURE



GENDER



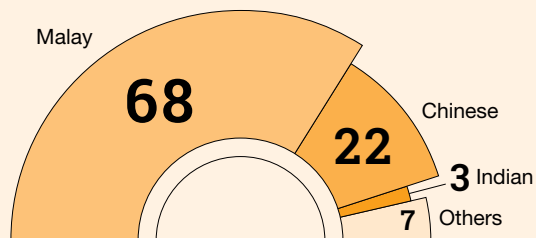
NATIONALITY



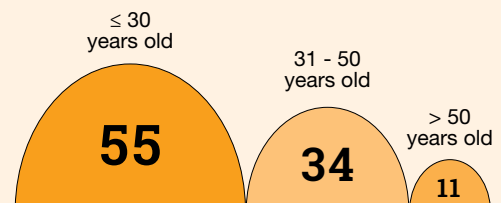
SUSTAINABILITY
STATEMENT

SOCIAL (CONT'D)

ETHNICITY



AGE GROUP

EMPLOYEE
TRAINING
AND
DEVELOPMENT

To encourage skill-building and lifelong learning, MNHB provides in-house knowledge sharing and allocates a yearly budget towards sending our employees for external training or certification programmes.

As our employees develop their abilities and build experience, the Group has determined clear career progression paths to ensure sufficient opportunities to achieve their career goals.

The Group adopts an “open-door” policy, where employees are encouraged to voice their concerns and suggestions directly to management, with no fear of bias or repercussion. In addition, regular Townhall meetings are held to effectively communicate and engage with all our employees.

EMPLOYEE
WELFARE AND
ENGAGEMENT

The Group believes in balance in terms of physical and mental health. In addition to the comprehensive medical benefits provided to all our employees, we regularly organise Company activities, such as team sports and gatherings, to encourage bonding and adopting a health-centric approach.

The Group has ensured all our staff are fully vaccinated for COVID-19. For the wellbeing of our staff and visitors at our office and sites, we fully comply with all SOPs as stated by the Ministry of Health.

All our employees are equipped with training in compliance with the regulations and policies under the Department of Occupational Safety and Health.

The Group has in place an occupational health and safety policy to:

- Prevent injury and ill-health
- Ensure compliance with all laws and regulations in relation to OSH
- Ensure all suppliers and contractors comply with OSH standards across our operations
- Promote a positive work culture where all are committed to prevent harm to employees, contractors, and the general public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of MN Holdings Berhad (“MNHB” or the “Company”) recognises the importance in applying the Principles and Practices stipulated in the Malaysian Code on Corporate Governance 2021 (“MCCG”) issued by the Securities Commission Malaysia throughout the Company and its subsidiaries (“Group”). The Board is committed to ensure that good corporate governance is being observe, practice and improve throughout the Group as that are central to the effective operation of the Group and to ensure the highest standards of accountability and transparency.

This statement is prepared in compliance with ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the Corporate Governance Report 2022 of the Company (“CG Report”) which is available on the Company’s website at www.mnholdings.com.my.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the MCCG during the financial year ended 30 June 2022 (“FY2022”), which are as follows:-

Principle A: Board Leadership and Effectiveness;

Principle B: Effective Audit and Risk Management; and

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board takes full responsibility for the performance of the Group and guides the Group towards achieving its short and long-term objectives, setting corporate strategies for growth and new business development. The Board has delegated the day-to-day operations of the Group to the Managing Director (“MD”) and the Executive Directors (“ED”). They manages the Group in accordance with the strategies and policies approved by the Board.

For the Board to discharge their functions and responsibilities orderly and effectively, the Board has delegated specific powers and responsibilities to various Board Committees namely Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee. The functions of each Board Committees are set out in the Terms of Reference (“TOR”) of the respective Committees as approved and periodically review by the Board. The TOR of each Committees are available on the Company’s website at www.mnholdings.com.my.

The responsibilities of the Board are inclusive of but not limited to:

- provide leadership and oversee the overall conduct of the Group’s businesses to ensure that the businesses are being properly managed;
- review and adopt strategic plans for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard the Group’s reputation, and the employees and assets and to ensure compliance with applicable laws and regulations;
- ensure that the Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;
- review and approve the annual business plans, financial statements and annual reports;
- monitor the relationship between the Group and the management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders’ communications policy for the Group; and
- appoint the Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board committees and deliberate on the recommendations thereon.

CHAIRMAN

The Chairman of the Board, Dato’ Ir. Zainurin Bin Haji Karman, who is an Independent Non-Executive Director (“Chairman”), is responsible for ensuring the integrity and effectiveness of the Board’s governance process, acts as a facilitator at the meetings and ensures that Board proceedings comply with good conduct and best practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

CHAIRMAN (CONT'D)

1. Separation of positions of the Chairman with MD and ED

The positions of the Chairman and MD are held by different individuals in order to maintain a balance of control, power and authority within the Group. The Non-Executive Chairman carries out a leadership role in the conduct of the Board and the primary responsibilities are as follows:

- to lead the Board and to ensure the effectiveness of all aspects of the Board's role;
- to ensure the efficient organisation and conduct of the Board's function and meetings;
- to facilitate the effective contribution of all Directors at Board meetings;
- to promote constructive and respectful relations among Directors, and between the Board and management; and
- to ensure effective communication with shareholders and relevant stakeholders.

The MD, Mr Loy Siong Hay overall is responsible for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board.

Whereas our ED, Dato' Toh Eng Keat and Mr. Dang Siong Diang are involved in leadership roles to oversee the day-to-day operations and management within their specific areas of expertise or assigned responsibilities. They are also responsible for implementation of strategic plans and policies set by the Board and to assist the MD in discharging his duties.

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

The Board complies with Practice 1.4 of the MCCG whereby the Chairman of the Board is not a member of Audit Committee, Nominating Committee or Remuneration Committee. This is to enable the Chairman to exercise his independence and objective view, and also to provide suggestions to the Board Committee based on his vast experiences.

QUALIFIED AND COMPETENT COMPANY SECRETARY

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

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary pursuant to Section 235(2) of the Companies Act 2016 (the "Act").

The Company Secretary is responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular the compliance of the Bursa Securities' AMLR as well as to inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices

ACCESS TO INFORMATION AND ADVICE

The meeting materials of each Board meeting were given to all the Directors at least seven (7) days in advance prior to the respective meeting. Reasonable time were given to Directors to review the Board papers so that matters arising could be properly deliberated at the Board meetings and appropriate decisions could be made by the Board.

The Board shall have full access to the advice and services of the Company Secretary and may request information and documents relating to the Company from the Company Secretary in order to facilitate their work duties as a Directors.

The Board may also seek for independent professional advice at the Company's expense to enable them to discharge their duties with adequate knowledge on the matters being deliberated.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

COMPANY'S POLICIES

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

1. Board Charter

The Board has adopted a Board Charter which is to provide guidance to them in the fulfilment of their roles, duties and responsibilities to be in line with the principles of good corporate governance. The Board Charter would be periodically reviewed and updated as and when necessary to ensure that it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is available on the Company's website at www.mnholdings.com.my.

2. Code of Conduct and Ethics

The Group has adopted a Code of Conduct and Ethics which serve as a documentation of their commitment in business dealings with customers, vendors, suppliers, contractors, government, regulators, investors, the business community as a whole in a manner that is efficient, effective and fair. The Code of Conduct and Ethics is available on the Company's website at www.mnholdings.com.my.

3. Whistleblowing Policy and Procedures

The Group has adopted the Whistleblowing Policy to provide an avenue for the employees of the Group and members of the public to raise genuine concerns of any wrongdoing or improper conduct involving the Group and its directors or employees. The Whistleblowing Policy and Procedures is available on the Company's website at www.mnholdings.com.my.

4. Anti-Bribery and Anti-Corruption Policy

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

5. Governing Sustainability

The Board of the Company has taken steps to integrate sustainability issues as core of its strategic formulation. The Board is supported by the general managers, which enables the Board to assess and ensure that sustainability governance is structured and functioning through the various level of management.

The Board noted that the Company has adopted materiality assessment process, which is guided by Bursa Securities' Sustainability Reporting Guide and Toolkits and ensure that the stakeholder communication methods are regularly assessed, through information requests to ensure that the communication are transparent and effective.

The Group Risk Management Framework set out the approach to the identification, analysing, responding, monitoring, and reporting of risks. The Board will then regularly review performance against the risk tolerance limits. The Board is briefed by the Risk Management Committee on the risk highlighted and ensure that the Management has put in place actions to mitigate risks and controls to maintain the risk exposures within the acceptable levels as approved by Board.

6. Directors' Fit and Proper Policy

Following the amendments to the AMLR of Bursa Securities, the Board adopted a Directors' Fit and Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. The Directors' Fit and Proper Policy is available on the Company's website at www.mnholdings.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

BOARD COMPOSITION

The Board is committed in ensuring that its composition not only reflects the diversity as recommended by MCCG, as best as it can, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

The current Board consists of eight (8) members, comprising of one (1) Independent Non-Executive Chairman, one (1) Managing Director, two (2) Executive Directors and four (4) Independent Non-Executive Directors. The Company has complied with the Rules 15.02 of the AMLR of Bursa Securities of having at least two (2) or one third (1/3) of the Board are independent directors. The Company also in line with Practice 5.2 of the MCCG where at least half of the Board are Independent Directors.

There are three (3) female members on the Board which representing 38% of the total Board members. The female Directors provide the Board with gender diversity that serves to bring value to the Board discussions from different perspectives and approaches as well as different leadership styles.

BOARD MEETINGS

The Board meets at least four (4) times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. During the FY2022, three (3) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, performance of the Group's business, major investment, business plan and policies and strategies issues affecting the Group's business.

The following is the record of attendance of the Board Members:

Name of Directors	Attendance for FY2022
(a) Dato' Ir. Zainurin Bin Haji Karman	3/3
(b) Loy Siong Hay	3/3
(c) Dato' Toh Eng Keat	3/3
(d) Dang Siong Diang	3/3
(e) Soh Eng Hooi	3/3
(f) Pankajkumar A/L Bipinchandra	3/3
(g) Kho Zhen Qi	3/3
(h) Lau Chyun In	3/3

CONTINUING PROFESSIONAL DEVELOPMENT

The Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

Details of seminars/conferences/training programmes attended by the Board members during the FY2022 as listed below:

Name of Directors	Seminars/Conferences/Training Programmes Attended
Dato' Ir. Zainurin Bin Haji Karman	Detecting Financial Fraud, Value of Enterprise Risk Management In Strategic Planning and Cybersecurity Risk
Loy Siong Hay	Mandatory Accreditation Program
Dato' Toh Eng Keat	Mandatory Accreditation Program
Dang Siong Diang	Mandatory Accreditation Program

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

CONTINUING PROFESSIONAL DEVELOPMENT (CONT'D)

Details of seminars/conferences/training programmes attended by the Board members during the FY2022 as listed below:
(Cont'd)

Name of Directors	Seminars/Conferences/Training Programmes Attended
Soh Eng Hooi	MIA Webinar Series: SMP Forum 2021; Complimentary Webinar on ED ISA for Less Complex Entities (LCE) and Engagement on eConfirm.my; Unclaimed Money Act 1965; MIA Webinar Series: Briefings on Technical Changes Affecting Financial Reporting; The Updated Malaysian Code on Corporate Governance 2021: Implications of the Updates to Warisan, its Directors, Management, Company Secretaries & Auditors; AOB Conversations with Audit Committees; MSWG Webinar - Covid Creates Unique Governance Issues; Transfer Pricing Documentation and Managing Corporate Liability Risk
Pankajkumar A/L Bipinchandra	Mandatory Accreditation Program
Kho Zhen Qi	Mandatory Accreditation Program
Lau Chyun In	Mandatory Accreditation Program

RE-ELECTION OF DIRECTORS

In accordance with the Company's Constitution and in compliance with the AMLR of Bursa Securities, a Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Pursuant to Clause 105 of the Company's Constitution, an election of Directors shall take place each year at the Annual General Meeting ("AGM") of the Company, where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. The Directors to retire in every year shall be the Directors who have been longest in office since their last election.

Pursuant to Clause 114 of the Company's Constitution, any Director so appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following AGM of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

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

1. Soh Eng Hooi;
2. Dang Siong Diang; and
3. Pankajkumar A/L Bipinchandra

TENURE OF INDEPENDENT DIRECTORS

In accordance with the Board Charter, the tenure of an independent director should not exceed a term limit of nine (9) years. In the event that the Board intends to retain the independent director beyond the nine (9) years, the Board should provide justification and seek annual shareholders' approval through a Two-tier Voting Process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of MCGG.

Currently, none of the Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

NOMINATING COMMITTEE

The Company's Nominating Committee ("NC") comprised three (3) Independent Non-Executive Directors, to support and advise the Board in fulfilling their responsibilities to shareholders in ensuring the Board are comprised of the right group of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the Company's objectives and strategic goals.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

NOMINATING COMMITTEE (CONT'D)

The NC shall meet at least once a year and as frequently as may be required.

During the FY2022, NC had undertaken the following activities in discharging its duties: -

- a) Conducted annual assessment of the performance of the Board as a whole for the FY2022 and made its recommendation to the Board.
- b) Conducted annual assessment of the Independent Directors and made its recommendation to the Board.
- c) Reviewed and recommended the re-election of the retiring Directors for Board's approval.
- d) Reviewed composition of Board and its Board Committees.

1. Annual Assessment

The Board has been through the NC undertakes an annual assessment of the performance and effectiveness of the Board as a whole, Board Committees and individual Director's contribution to the effectiveness on the process of the Board. The effectiveness of the Board is assessed based on specific criteria, including the mix of skills, experience, tenure and other core qualities possessed by Directors.

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

DIRECTORS' REMUNERATION

The Board has set up a Remuneration Committee which comprises exclusively Independent Non-Executive Directors, which responsible for reviewing and recommending to the Board matters relating to the remuneration of the Board and key senior management, which comprised of compensation, bonuses, incentives and benefits.

The details of the Directors' remuneration comprising remuneration received from the Company in the FY2022 are as follows: -

Category	Directors' Fee and Meeting Fees (RM)	Salaries and Other Remuneration (RM)	Statutory Contribution (RM)	Total (RM)
Executive Directors				
Loy Siong Hay	-	423,000	51,683	474,683
Dato' Toh Eng Keat	12,000	423,000	51,683	486,683
Dang Siong Diang	6,000	336,000	41,245	383,245
Non-Executive Directors				
Dato' Ir. Zainurin Bin Haji Karman	60,000	-	-	60,000
Soh Eng Hooi	60,000	-	-	60,000
Pankajkumar A/L Bipinchandra	60,000	-	-	60,000
Kho Zhen Qi	20,000	-	-	20,000
Lau Chyun In	20,000	-	-	20,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

DIRECTORS' REMUNERATION (CONT'D)

The MCCG also recommended the Board to disclose on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. However, the Board is of the view that due to the highly competitive nature of the human resource market, the details of the remuneration of the top senior management in each successive band of RM50,000 during the FY2022 are as follows: -

Range of Remuneration (RM)	Number of Employees
50,000 – 100,000	-
100,001 – 150,000	1
150,001 – 200,000	1
200,001 – 250,000	-
250,001 – 300,000	-

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Board is assisted by the Audit Committee ("AC") which comprises solely of three (3) Independent Non-Executive Directors, to oversee the Group's corporate accounting, financial reporting practices, system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations. The Chairman of the AC is not the Chairman of the Board.

The Board took note of Practice 9.2 of the MCCG that the AC to have a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and has incorporated the said practice in the Terms of Reference of AC.

The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the AC annually.

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

Details of the activities carried out by the AC for the FY2022 are set out in the AC Report in the Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has the overall responsibility for risk oversight and risk management within the Group. The Board assumes the responsibility in establishing a risk management framework as well as maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations. A Risk Management Committee which comprises of three (3) Independent Non-Executive Directors and the Managing Director had been formed to assist the Board on the ongoing process of identifying, evaluating and managing the significant risks faced by the Group. This process is regularly reviewed and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

The Statement on Risk Management and Internal Control of the Group is set out in the Annual Report which provides an overview of the state of risk management and internal controls within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the importance of being accountable to the shareholders and investing public via a direct and effective line of communication. The Company always ensures timely release of announcement of events, quarterly announcement of financial results and product information on the Company's website at www.mnholdings.com.my.

The Company also maintains various methods of dissemination of information to shareholders, stakeholders and the public at large such as announcements via Bursa Link, Annual Reports, General Meetings and investors, analyst and media briefings.

CONDUCT OF GENERAL MEETINGS

General meetings serve as an invaluable platform for shareholders to engage with the Board and Key Senior Management in productive dialogue and provide constructive feedback that contributes to the overall betterment of the Group.

As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or Extraordinary General Meeting ("EGM") is accompanied by a full explanation of the effects of any proposed resolution. In line with Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The outcome of the general meeting will then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be posted on the Company's website no later than 30 business days after the general meeting.

As the Company was only listed on 28 April 2022, the upcoming AGM will be the Company's first AGM as a public listed company. Barring unforeseen circumstances, all Directors will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to the Board.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate. This Corporate Governance Overview Statement was approved by the Board on 25 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of MN Holdings Berhad (“Board”) is pleased to present the following Statement on Risk Management and Internal Control (“Statement”).

The Statement outlines the nature and scope of risk management and internal control of the Company and its subsidiaries (collectively with its subsidiaries, “Group”) for the financial period under review and up to the date as of this Statement. The directors of the Group are guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers as required by Bursa Securities. The Group is also in compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code on Corporate Governance 2021 (“MCCG”).

BOARD RESPONSIBILITIES

The Board recognises that it is ultimately responsible for the Group to practice good risk management and sound internal controls, which including reviewing its adequacy and effectiveness to ensure shareholders’ interests and the Group’s assets are safeguarded, as part of good corporate governance.

Furthermore, the Board had established a Risk Management Committee (“RMC”) to lead the strategic direction in the management of the business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework.

The Board is assisted by the MD, ED, and the Key Senior Management in implementing the Board’s approved policies and procedures on governance, risk and control by identifying and analysing risk information; designing and operating suitable internal controls to manage these risks; and monitoring effectiveness of governance, risk management and control activities.

The Board had also delegated certain responsibilities to the Management to implement appropriate internal controls, monitor its effectiveness and report the same to the Audit Committee (“AC”). AC has been empowered to review the adequacy and effectiveness of the internal controls and governance processes implemented in the Group.

RISK MANAGEMENT FRAMEWORK

The Board has an established ongoing process for identifying, evaluating, managing and monitoring the significant risks encountered by the Group to ensure the provision of quality product and services and monitors the risk culture and processes in order to take advantage of opportunities while managing risks that may adversely affect the Group’s reputation and achievement of business objectives.

Risk management is an integral part of the business operations. Discussions have been conducted during the year involving different levels of management to identify and address risks faced by the Group. These risks were summarised and included in the Group’s risk register. This is to ensure that all high risks are adequately addressed at various levels within the Group. Subsequently the risk management and internal control system goes through a review process by the RMC and reported to the Board.

Due to inherent limitations in any risk management and internal control system, such system is designed to manage the risk that may impede the achievement of the Group’s business objectives rather than eliminate these risks. Therefore, this system can only provide reasonable and not absolute assurance against fraud, material misstatement, losses or errors. The Board has set up an RMC which comprises a majority of Independent Non-Executive Directors and MD to oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework as well as report to the Board on significant risks affecting the Group’s strategic and business plans, if any. The duties and responsibilities of the RMC in relation to risk management are as follows:

- To oversee and recommend the risk management policies and procedures of the Group;
- To review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group’s business risks;
- To set reporting guidelines for management to report to the committee on the effectiveness of the Group’s management of its business risks;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (CONT'D)

- To review the risk profile of the Group including all the subsidiaries and to evaluate the measures taken to mitigate the business risks; and
- To review the adequacy of management response to issues identified in risk registers, ensuring that the risks are managed within the Group's risk appetite.

The RMC meets periodically to identify and manage risks; the risks are continually monitored and appropriate actions are taken to address any change in the existing risks or new risks identified as part of an ongoing proactive risk management exercise.

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

INTERNAL CONTROL SYSTEM

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

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

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

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

- An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- Clearly defined terms of reference, authorities and responsibilities of the various Board committees which include the AC, RMC, Nomination Committee and Remuneration Committee;
- Clearly documented Company policies including the Code of Conduct and Ethics, Whistleblowing Policy as well as Anti-Bribery and Corruption Policy which serve as primary guidance on the ethical and behavioural conduct of the Group;
- Clearly defined and formalized internal policies and procedures are in place to support the Group's daily operations;
- Quarterly review of financial results by the Board and the AC;
- Active participation and involvement by the MD and ED in the day-to-day running of the businesses and regular discussions with the Senior Management on operational issues;
- Review of internal audit reports and findings by the AC; and
- Monthly review of Group management accounts by MD, ED and Key Senior Management.

INTERNAL AUDIT FUNCTION

The AC evaluates the effectiveness of the internal audit function in relation to its defined responsibilities. The independent internal audit function is outsourced to a professional services firm namely Eco Asia Governance Advisory Sdn. Bhd., which carries out the internal audit reviews based on internal audit plans approved by the AC.

The outsourced internal audit function reports to the AC directly and the engagement director, Mr Woon Soon Fai, who is a Chartered Accountant Malaysia (C.A.(M)), Fellow Member of the Association of Chartered Certified Accountants (FCCA) and Associate Member of The Institute of Internal Auditors. He has vast experience and exposure in the internal audit field. The internal audit firm appointed by the Group is free from any relationships or conflicts of interest with the Group and performs its duties in accordance with standards set by relevant professional bodies. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the AC. During the financial year under review, the manpower allocated to the fieldwork of the internal audit function was one (1) manager, who will be assisted by at least one (1) senior consultant and one (1) consultant per engagement. An oversight is then performed by the director.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION (CONT'D)

The internal auditor, performed review processes to examine and evaluate the adequacy and efficiency of the internal control system. The internal audit report which highlights the weaknesses or non-compliance are presented at the AC Meetings. The Management is responsible for ensuring that corrective actions are taken within the stipulated time frame. Nevertheless, subsequent review on the implementation of corrective actions taken for previous audit findings will also be performed by the internal auditor and report to the AC.

During the financial year ended 30 June 2022 ("FYE2022"), the outsourced IA conducted reviews in relation to the Group's Anti-Bribery and Corruption Policy, as well as the follow-up review for Payroll and Human Resources Management findings highlighted in review of Corporate Governance, Risk Management and Internal Controls Report.

The cost incurred in maintaining the outsourced internal audit function for the FYE 2022 amounted to RM 14,000.

ASSURANCE TO THE BOARD

The Board regularly receives and reviews the briefing and reports on the risk management and internal control, and is of the view that is adequate to safeguard the shareholders' interest and the Group's assets.

The Board has obtained assurances from the MD, ED and Chief Financial Officer that the Group's system of risk management and internal control is operating adequately and effectively, in all material aspect, based on the current risk management and internal control adopted for the financial year under review and up to date as of this Statement.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR, the External Auditors have reviewed this Statement pursuant to the scope set out in Recommended Practice Guides ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report 2022 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

The Statement was approved by the Board at its meeting on 25 October 2022.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to provide additional assurance to the Board of Directors (“Board”) of the Group by giving an objective and independent review of financial, operational and administrative controls and procedures, establish and maintain internal controls, reinforce the independence of the Group’s External Auditors, evaluate the quality of the Internal Audit function and oversee compliance with laws and regulations together with observance of a proper code of conduct.

The Board of MN Holdings Berhad (“MNHB” or “the Company”) is pleased to present the Audit Committee Report for the financial year ended 30 June 2022 (“FY2022”).

COMPOSITION

The present members of the Audit Committee (“AC”) are as follows:

Name	Position	Designation
SOH ENG HOOI	Chairperson	Independent Non-Executive Director
PANKAJKUMAR A/L BIPINCHANDRA	Member	Independent Non-Executive Director
KHO ZHEN QI	Member	Independent Non-Executive Director

The AC comprises solely of Independent Non-Executive Directors. The AC Chairperson, Ms. Soh Eng Hooi, is a member of the Malaysian Institute of Accountants. Therefore, the AC meets the requirement of Rules 15.09 and 15.10 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 9.4 of the Malaysian Code on Corporate Governance 2021 (“MCCG”).

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. None of the members of the AC were former audit partners of the External Auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was an audit partner of the external auditors of the Group.

MEETINGS

The AC held two (2) meetings during the financial year under review. The details of attendance of the AC members are as follows:-

AC Members	Attendance
SOH ENG HOOI	2/2
PANKAJKUMAR A/L BIPINCHANDRA	2/2
KHO ZHEN QI	2/2

The Group Chief Financial Officer was invited to all AC meetings to facilitate direct communications and to provide clarification on financial reports. Other Board members and designated members of Senior Management may also attend these meetings on the invitation of the AC. The internal auditors and external auditors are also invited to attend the AC meetings to present their audit plan and audit findings respectively, and for the external auditors to assist the AC in its review of the year-end financial statements. Minutes of each meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

TERMS OF REFERENCE

The Terms of Reference of the AC which set out its duties and responsibilities are accessible via the Company’s website at <https://mnholdings.com.my>.

AUDIT COMMITTEE REPORT

FINANCIAL LITERACY OF THE MEMBERS OF AC

The members of the AC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' Profile in the Annual Report.

All members of AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required to enable them to effectively discharge their duties.

SUMMARY OF ACTIVITIES OF THE AC

The activities undertaken by the AC in the discharge of its functions and duties for the FY2022 are summarised as follows: -

(a) Financial reporting

- Reviewed the unaudited quarterly financial reports and annual financial statements before they were presented to the Board for approval, and discussed with Management and the external auditors on the financial reporting standards applied, including the judgments exercised in the application of those standards and the critical accounting estimates and assumptions used in arriving at the reported amounts of items in the quarterly financial reports and year-end financial statements.

The above review is to ensure that the Group's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standards and other legal and regulatory requirements as well as applicable disclosure provisions of the AMLR of Bursa Securities.

(b) Corporate Reporting

- Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Reviewed the AC Report for inclusion in the Annual Report.

(c) External Audit

- Reviewed with the External Auditors, Messrs. Crowe Malaysia PLT, the Audit Progress Report for the FY2022 and Audit Planning Memorandum for the FY2022 and thereafter recommended the same to the Board for notation and approval respectively.
- Updated by the External Auditors on changes to the relevant guidelines on the regulatory and statutory requirements.
- One (1) private session was held with the External Auditors without the presence of the Management to discuss on issues of concern.
- Reviewed and evaluated the performance, effectiveness, suitability and independence of the External Auditors prior to recommendation to the Board on their re-appointment.

(d) Internal audit function

- Reviewed the internal audit report which was tabled during the year, the audit recommendations made and Management's response to these recommendations. Where appropriate, the AC has directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.
- Reviewed the adequacy of the scope, functions, resources and competency of the internal audit function and that it has the necessary authority to carry out its work.

(e) Matters relating to related party transaction

Reviewed the quarterly and annual financial statements on the disclosures relating to related party transactions or conflict of interest situations that arose within the Group and ensure compliance with the provisions of the AMLR of Bursa Securities.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Group's internal audit function which reports directly to the AC, is outsourced to a professional services firm namely Eco Asia Governance Advisory Sdn. Bhd., headed by Mr Woon Soon Fai, Chartered Accountant Malaysia (C.A.(M)), member of the Malaysian Institute of Accountants (MIA), Fellow member of the Association of Chartered Certified Accountants (FCCA) and Affiliate member of The Institute of Internal Auditors Malaysia. He has vast experience and exposure in the Internal Audit field. The Internal Audit firm appointed by the Group is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies. The Internal Auditors provide the AC with an independent assessment on the adequacy and effectiveness of the Group's risk management and system of internal control. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review by the AC and for its reporting to the Board for the ultimate approval. During the financial year under review, the manpower allocated to the fieldwork of the internal audit function was one (1) manager, who will be assisted by at least one (1) senior consultant and one (1) consultant per engagement. An oversight is then performed by the director.

The Internal Auditors assist the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial actions can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations.

The costs incurred for the internal audit function in respect of the FY2022 was approximately RM14,000.

The functions of the outsourced Internal Auditors are to:

- (i) Perform audit work in accordance with the pre-approved internal audit plan, which covers reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;
- (ii) Carry out reviews on the systems of internal control of the Group;
- (iii) Review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and
- (iv) Provide recommendations, if any, for the improvement of the internal control policies and procedures.

During the FY2022, the following were the activities carried out by the Internal Auditors in discharging its responsibilities on the audit planned for the year:

- i. Reviewed the Anti-Corruption and Anti-Bribery Policy of the Group; and
- ii. Follow-up review for Payroll and Human Resources Management findings highlighted in review of Corporate Governance, Risk Management and Internal Controls Report ("ICR Report")

The AC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

This AC Report has been reviewed by the AC and approved by the Board on 25 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (“IPO”)

(a) PUBLIC ISSUE

On 8 April 2022, the Company issued its prospectus in relation to the public issue of 81,750,000 new ordinary shares (“Public Issue”) at an issue price of RM0.21 per ordinary share. The listing exercise of the Company’s enlarged share capital of 408,750,000 shares on the ACE Market of Bursa Malaysia Securities Berhad was completed on 28 April 2022.

The gross proceeds raised from the Public Issue amounting to RM17.168 million are intended to be utilised in the following manner: -

No.	Details of utilisation	Proposed IPO Proceeds utilisation ⁽¹⁾ RM'000	Actual utilisation RM'000	Balance of IPO Proceeds unutilised RM'000	Variations of the IPO Proceeds utilisation RM'000	After variation of the IPO Proceeds utilisation RM'000	Expected timeframe for utilisation of IPO Proceeds (from the listing date)
1.	Capital Expenditure	5,840	-	5,840	⁽¹⁾ (4,120)	1,720	Within 24 months
2.	Repayment of bank borrowings	3,995	1,147	2,848	-	2,848	Within 12 months
3.	General working capital	4,333	4,333	-	⁽¹⁾ 4,120	4,120	Within 24 months
4.	Estimated listing expenses	3,000	3,000	-	-	-	Within 1 month
		17,168	8,480	8,688	-	8,688	

Note:

- (1) The Group had on 27 July 2022 announced the variation on the utilisation of proceeds raised from the initial public offering exercise of RM4.12 million which was earmarked for the purchase of various machineries and equipment to support the business expansion for the Group’s underground utilities and substation engineering services and solutions segments. The variation of the proceeds of RM4.12 million were allocated for working capital requirements for sizeable projects such as performance bond, payment to suppliers and subcontractors for raw material and consumables; and operating expenses such as salaries and wages.

2. AUDIT AND NON-AUDIT FEES PAID OR PAYABLE TO EXTERNAL AUDITORS

During the financial year ended 30 June 2022 (“FY2022”), the amount of audit and non-audit fees paid or payable to the External Auditors by the Company and Group respectively as follows:

	Company RM	Group RM
Audit fees	45,000	113,000
Non-audit fees ⁽¹⁾	7,000	7,000

Note:

- (1) Review of Statement on Risk Management and Internal Control

3. MATERIAL CONTRACTS

During FY2022, there was no material contracts (including contracts not reduced into writing), entered into in the ordinary course of business which have been entered into by the Company and/or its subsidiaries involving Directors’ and major shareholders’ interests.

ADDITIONAL COMPLIANCE INFORMATION

4. MATERIAL CONTRACTS RELATING TO LOANS

During FY2022, there was no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

5. RELATED PARTIES TRANSACTIONS

During FY2022, there was no Related Party Transactions of a revenue or trading nature which requires shareholders' mandate.

DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The Directors are satisfied that in preparing the financial statements of the Group and the Company for financial year ended 30 June 2022, the Group and the Company have used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

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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 2022.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	5,527,868	(713,315)
Attributable to:- Owners of the Company	5,527,868	(713,315)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital by way of:-
 - (i) issuance of 326,999,998 new ordinary shares at an issue price of RM0.10 each for acquisition of subsidiaries as disclosed in Note 14 to the financial statements; and
 - (ii) issuance of 81,750,000 new ordinary shares at an issue price of RM0.21 each in conjunction with the initial public offerings of the Company.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

DIRECTORS

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

Loy Siong Hay*
 Dato' Toh Eng Keat*
 Dato' Ir. Zainurin Bin Haji Karman
 Dang Siong Diang*
 Pankajkumar A/L Bipinchandra
 Soh Eng Hooi
 Kho Zhen Qi
 Lau Chyun In

The name of a director of the Company's subsidiary who served during the financial year up to the date of this report, not including those directors mentioned above, is as follows:-

Wong Yew Choong (Appointed on 19 July 2022)

* Directors of the Company and of the Company's subsidiaries

DIRECTORS' INTERESTS

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

	< ----- Number of Ordinary Shares ----- >			
	At 1.7.2021	Bought	Sold	At 30.6.2022
The Company				
<i>Direct Interests</i>				
Loy Siong Hay	- 117,152,000		- 117,152,000	
Dato' Toh Eng Keat	- 117,152,000		- 117,152,000	
Dang Siong Diang	- 51,821,000		- 51,821,000	
Dato' Ir. Zainurin Bin Haji Karman	- 735,700		- 735,700	
Pankajkumar A/L Bipinchandra	- 735,700		- 735,700	
Soh Eng Hooi	- 735,700		- 735,700	
Kho Zhen Qi	- 735,700	55,900		679,800
Lau Chyun In	- 735,700		- 735,700	

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34(b) to the financial statements.

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

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

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

	The Group RM	The Company RM
Fees	238,000	220,000
Salaries, bonuses and other benefits	1,184,771	-
Defined contribution benefits	141,840	-
	1,564,611	220,000

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

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

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

	The Group RM	The Company RM
Audit fees	113,000	45,000
Non-audit fees	7,000	7,000
	120,000	52,000

Signed in accordance with a resolution of the directors dated 25 October 2022.

Loy Siong Hay

Dato' Toh Eng Keat

STATEMENT BY DIRECTORS & STATUTORY DECLARATION

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

We, Loy Siong Hay and Dato' Toh Eng Keat, being two of the directors of MN Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 65 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 25 October 2022.

Loy Siong Hay

Dato' Toh Eng Keat

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Loy Siong Hay, being the director primarily responsible for the financial management of MN Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 126 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Loy Siong Hay, NRIC Number: 660902-02-5439
at Kuala Lumpur
in the Federal Territory
on this 25 October 2022.

Loy Siong Hay

Before me

Datin Hajah Raihela Wanchik
No. W-275
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MN HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MN Holdings Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 126.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition and contract assets and liabilities Refer to Notes 4.1(e), 4.9, 4.20, 11 and 26 to the financial statements	
Key Audit Matter	How Our Audit Addressed the Key Audit Matter
The Group recognises revenue on construction contracts based on the percentage of completion method. The percentage of completion is measured using the input method, by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project. The recognition of revenue is therefore dependent on the Group's budgeted construction costs which includes estimates and judgements made by the management. This is a key audit matter as evaluating the accuracy of the budgeted construction costs and the determination of the percentage of completion of construction work require significant judgement and estimates.	Our procedures included, amongst others:- • Verified contracts secured and reviewed budgeted costs; • Assessed the estimated total contract costs to complete through enquiries with management; • Inspected documentation which supports cost estimates made including contract variations and cost contingencies; • Assessed reliability of contract budgets by comparing to actual incurred; • Performed verification on the actual progress billings issued and actual costs incurred for the financial year; and • Recomputed revenue recognised and checked calculation of the percentage of completion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MN HOLDINGS BERHAD (CONT'D)

Key Audit Matters (Cont'd)

Recoverability of trade receivables and contract assets Refer to Notes 4.9, 4.11(a), 9, 11, 37.1(b)(iii) to the financial statements	
Key Audit Matter	How Our Audit Addressed the Key Audit Matter
As at 30 June 2022, the carrying amounts of trade receivables and contract assets are RM26.021 million and RM55.681 million respectively. The management recognised the allowance of impairment losses on trade receivables and contract assets based on the following:- 1. Customers' payment and credit history; and 2. Specific known facts or circumstances on customers' ability to pay. We determined this to be a key audit matter due to the significant judgements and level of uncertainty involved in assessing the recoverability of trade receivables and contract assets.	Our procedures included, amongst others:- • Reviewed the ageing analysis of receivables and tested its accuracy; • Reviewed subsequent collections for major receivables and overdue amounts; • Examined, where applicable, other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; and • Evaluated, where applicable, the reasonableness and tested the adequacy of the Group's impairment losses recognised for identified exposures on trade receivables and contract assets by assessing the relevant assumptions and historical data from the Group's previous collection experience.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MN HOLDINGS BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MN HOLDINGS BERHAD (CONT'D)

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

25 October 2022

Chan Kuan Chee
02271/10/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	The Group		The Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	32,700,000	-
Property, plant and equipment	6	5,631,007	7,277,401	-	-
Investment properties	7	612,433	627,233	-	-
Right-of-use assets	8	1,072,413	272,095	-	-
Deferred tax assets	19	2,271,033	1,711,630	-	-
		9,586,886	9,888,359	32,700,000	-
CURRENT ASSETS					
Trade receivables	9	26,020,861	29,767,327	-	-
Other receivables, deposits and prepayments	10	8,032,309	8,602,154	-	-
Contract assets	11	55,681,441	49,062,929	-	-
Amount owing by a subsidiary	12	-	-	6,035,875	-
Current tax assets		141,512	201,614	-	-
Fixed deposits with licensed banks	13	3,874,409	2,904,828	-	-
Cash and bank balances		15,026,356	8,352,980	9,952,789	2
		108,776,888	98,891,832	15,988,664	2
TOTAL ASSETS		118,363,774	108,780,191	48,688,664	2
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	49,352,477	1,750,002	49,352,477	2
Merger reserve	15	(30,950,000)	-	-	-
Retained profits/(Accumulated losses)		43,025,638	37,497,770	(814,246)	(100,931)
TOTAL EQUITY		61,428,115	39,247,772	48,538,231	(100,929)

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

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)

	NOTE	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
NON-CURRENT LIABILITIES					
Lease liabilities	16	714,065	106,844	-	-
Hire purchase payables	17	1,309,333	1,785,922	-	-
Term loans	18	1,846,168	2,256,401	-	-
Deferred tax liability	19	-	-	-	-
		3,869,566	4,149,167	-	-
CURRENT LIABILITIES					
Trade payables	20	36,110,116	42,227,603	-	-
Other payables and accruals	21	2,825,758	1,345,348	123,010	6,000
Contract liabilities	11	8,371,496	12,379,594	-	-
Amount owing to a former related party	22	-	-	-	94,931
Amount owing to a subsidiary	12	-	-	27,423	-
Lease liabilities	16	330,536	133,793	-	-
Hire purchase payables	17	1,068,622	2,121,011	-	-
Term loans	18	485,815	763,283	-	-
Bankers' acceptances	23	2,236,000	2,490,000	-	-
Trust receipt	24	-	1,644,100	-	-
Bank overdraft	25	3,055	-	-	-
Current tax liabilities		1,634,695	2,278,520	-	-
		53,066,093	65,383,252	150,433	100,931
TOTAL LIABILITIES		56,935,659	69,532,419	150,433	100,931
TOTAL EQUITY AND LIABILITIES		118,363,774	108,780,191	48,688,664	2

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		The Group		The Company 26.11.2020 (date of incorporation)	
		1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	to 30.6.2021 RM
	NOTE				
REVENUE	26	104,003,063	115,199,509	-	-
COST OF SALES		(81,075,020)	(90,139,118)	-	-
GROSS PROFIT		22,928,043	25,060,391	-	-
OTHER INCOME		1,213,131	857,737	503	-
		24,141,174	25,918,128	503	-
ADMINISTRATIVE EXPENSES		(7,688,154)	(7,182,755)	(351,444)	(100,931)
OTHER EXPENSES		(3,427,474)	(3,292,508)	-	-
LISTING EXPENSES		(1,965,304)	(712,154)	(362,374)	-
FINANCE COSTS		(356,458)	(644,238)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	27	(2,484,524)	(3,549,175)	-	-
PROFIT/(LOSS) BEFORE TAXATION	28	8,219,260	10,537,298	(713,315)	(100,931)
INCOME TAX EXPENSE	29	(2,691,392)	(2,408,619)	-	-
PROFIT/(LOSS) AFTER TAXATION		5,527,868	8,128,679	(713,315)	(100,931)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		5,527,868	8,128,679	(713,315)	(100,931)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		5,527,868	8,128,679	(713,315)	(100,931)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:-					
Owners of the Company		5,527,868	8,128,679	(713,315)	(100,931)
EARNINGS PER SHARE (SEN)					
- Basic and diluted	30	1.62	2.49		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	NOTE	Share Capital RM	Non Distributable Merger Reserve RM	Distributable Retained Profits RM	Total Equity RM
The Group					
Balance at 1.7.2020		1,250,000	-	30,929,091	32,179,091
Profit after taxation/Total comprehensive income for the financial year		-	-	8,128,679	8,128,679
Contributions by and distributions to owners of the Company:					
- Issuance of shares	14	500,002	-	(500,000)	2
- Dividends	31	-	-	(1,060,000)	(1,060,000)
Balance at 30.6.2021/1.7.2021		1,750,002	-	37,497,770	39,247,772
Issuance of shares pursuant to acquisition of subsidiary company	14	32,700,000	-	-	32,700,000
Adjustment on acquisition of subsidiaries	14	(1,750,000)	(30,950,000)	-	(32,700,000)
Issuance of shares	14	17,167,500	-	-	17,167,500
Listing expenses	14	(515,025)	-	-	(515,025)
Total contributions by and distributions to owners		47,602,475	(30,950,000)	-	16,652,475
Profit after taxation/Total comprehensive income for the financial year		-	-	5,527,868	5,527,868
Balance at 30.6.2022		49,352,477	(30,950,000)	43,025,638	61,428,115

	NOTE	Share Capital RM	Accumulated Losses RM	Total Equity RM
The Company				
At 26.11.2020 (date of incorporation)		2	-	2
Loss after taxation/Total comprehensive expenses for the financial period		-	(100,931)	(100,931)
Balance at 30.6.2021/1.7.2021		2	(100,931)	(100,929)
Issuance of shares pursuant to acquisition of subsidiary company	14	32,700,000	-	32,700,000
Issuance of shares	14	17,167,500	-	17,167,500
Listing expenses	14	(515,025)	-	(515,025)
Total contributions by and distributions to owners		49,352,475	-	49,352,475
Loss after taxation/Total comprehensive expenses for the financial year		-	(713,315)	(713,315)
Balance at 30.6.2022		49,352,477	(814,246)	48,538,231

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	The Group		The Company 26.11.2020 (date of incorporation)	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	to 30.6.2021 RM
NOTE				
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	8,219,260	10,537,298	(713,315)	(100,931)
Adjustments for:-				
Bad debt written off	16,000	-	-	-
Deposit written off	362,031	109,000	-	-
Depreciation of property, plant and equipment	2,905,512	3,061,621	-	-
Depreciation of investment properties	14,800	14,800	-	-
Depreciation of right-of-use assets	145,130	104,414	-	-
Impairment loss in trade receivables	2,193,045	2,200,171	-	-
Impairment loss for contract assets	339,949	1,349,004	-	-
Interest expense on lease liabilities	12,316	9,562	-	-
Interest expense	344,142	634,676	-	-
Property, plant and equipment written off	-	2,430	-	-
Gain from disposal of property, plant and equipment	(30,099)	(30,999)	-	-
Gain from disposal of right-of-use assets	-	(205,716)	-	-
Interest income	(46,097)	(54,779)	-	-
Reversal of impairment loss on trade receivables	(48,470)	-	-	-
Unrealised (gain)/loss on foreign exchange	(79)	243	-	-
Operating profit/(loss) before working capital changes	14,427,440	17,731,725	(713,315)	(100,931)
Decrease/(Increase) in trade and other receivables, deposits and prepayments	1,793,705	(24,006,663)	-	-
(Decrease)/Increase in trade and other payables	(4,637,077)	19,034,519	117,010	6,000
Increase in contract assets	(10,966,559)	(3,215,455)	-	-
CASH FROM/(FOR) OPERATIONS	617,509	9,544,126	(596,305)	(94,931)
Income tax paid	(3,941,620)	(4,200,777)	-	-
Income tax refund	107,102	-	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(3,217,009)	5,343,349	(596,305)	(94,931)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Advances to a subsidiary	-	-	(6,035,875)	-
Interest income received	46,097	54,779	-	-
Increase in placement of pledged fixed deposits with licensed banks	(969,581)	(644,950)	-	-
Purchase of property, plant and equipment	(568,119)	(87,495)	-	-
Proceeds from disposal of property, plant and equipment	30,100	31,000	-	-
Proceeds from disposal of right-of-use assets	-	2,405,300	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(1,461,503)	1,758,634	(6,035,875)	-

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

		The Group		The Company 26.11.2020 (date of incorporation)	
		1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	30.6.2021 to 30.6.2021 RM
NOTE					
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
	32(b)	-	2,299,990	-	-
Drawdown of term loans	32(b)	5,476,000	8,579,000	-	-
Drawdown of bankers' acceptances	32(b)	3,204,779	2,453,643	-	-
Drawdown of trust receipts		-	(1,060,000)	-	-
Dividend paid		(356,458)	(644,238)	-	-
Interest paid		16,652,475	2	16,652,475	2
Proceeds from issuance of ordinary shares, net		-	-	27,423	-
Advances from a subsidiary		-	-	(94,931)	94,931
(Repayment to)/Advances from a former related party	32(b)	(141,484)	(119,888)	-	-
Repayment of lease liabilities	32(b)	(2,219,978)	(2,721,056)	-	-
Repayment of hire purchase obligation	32(b)	(687,701)	(2,335,085)	-	-
Repayment of term loans	32(b)	(5,730,000)	(7,662,000)	-	-
Repayment of bankers' acceptances	32(b)	(4,848,879)	(1,313,543)	-	-
Repayment of trust receipt					
NET CASH FROM/(FOR) FINANCING ACTIVITIES		11,348,754	(2,523,175)	16,584,967	94,933
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		6,670,242	4,578,808	9,952,787	2
EFFECT OF FOREIGN EXCHANGE TRANSLATION		79	(243)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		8,352,980	3,774,415	2	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	32(c)	15,023,301	8,352,980	9,952,789	2

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1. GENERAL INFORMATION

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

Registered office : Level 5, Block B
Dataran PHB, Saujana Resort
Section U2
40150 Shah Alam
Selangor Darul Ehsan.

Principal place of business : F-07-01, Garden Shoppe One City
Jalan USJ 25/1B
47650 Subang Jaya
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 October 2022.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

Amendment to MFRS 16: Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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

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

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

	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont'd)	Effective Date
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Company operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 8 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Property, Plant and Equipment, Investment Properties and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment, investment properties and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 6, 7 and 8 to the financial statements respectively.

(c) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales including changes in the customer payment profile in response to the COVID-19 pandemic and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 9 and 11 to the financial statements respectively.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial assets at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking incorporating the impact of COVID-19 pandemic. The carrying amount of other receivables as at the reporting date is disclosed in Note 10 to the financial statements.

(e) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 11 to the financial statements.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of 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 expense and deferred tax balances in the period in which such determination is made. The carrying amounts of deferred tax assets, current tax assets and current tax liabilities as at the reporting date is RM2,271,033, RM141,512 and RM1,634,695 (2021 - RM1,711,630, RM201,614 and RM2,278,520) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

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

(a) Classification between Investment Properties and Owner-occupied Properties

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

(b) Lease Terms

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

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

4.2 BASIS OF CONSOLIDATION

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

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

Under the merger method of accounting, the result of the subsidiary is presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves. The results of the subsidiaries being merged are included for the full financial year.

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

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

4.4 FINANCIAL INSTRUMENTS

(a) Financial Assets

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

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

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

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

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

Debt Instruments

(i) Amortised Cost

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

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

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

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

(d) Derecognition

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

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

4.5 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

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

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

Leasehold building	Over the lease term of (71 – 96 years)
Computer equipment	10% - 20%
Electrical fixtures and fittings	20%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Office equipment	10% - 20%
Plant and machinery	20%
Renovation	10% - 20%
Signboard	20%
Tools and equipment	20%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

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

4.6 INVESTMENT PROPERTIES

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

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

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

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

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

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

4.7 LEASES

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 LEASES (CONT'D)

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

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

4.8 CONTRACT COSTS

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.9 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.10 CASH AND CASH EQUIVALENTS

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

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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

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

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

(b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.14 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

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

4.15 CONTINGENT LIABILITIES

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 OPERATING SEGMENTS

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

4.17 EARNINGS PER ORDINARY SHARE

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

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

4.18 BORROWING COSTS

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year/period, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

(a) Sales of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

4.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Rental Income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2022 RM	2021 RM
Unquoted shares, at cost	32,700,000	-

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Subsidiaries of the Company				
Mutu Nusantara Sdn. Bhd. (“MNSB”)	Malaysia	100	-	Provision of underground utilities engineering services and solutions.
MN Power Transmission Sdn. Bhd. (“MPTSB”)	Malaysia	100	-	Provision of substation engineering services and solutions.

On 10 March 2021, the Company entered into two conditional Share Sales and Purchase Agreements to acquire the equity interests in the following companies:-

- (a) the entire equity interest in MNSB for a purchase consideration of RM25,969,999.80, to be satisfied by the issuance of 259,699,998 ordinary shares in MNHB at an issue price of RM0.10 per Share; and
- (b) the entire equity interest in MPTSB for a consideration of RM6,730,000, to be satisfied by the issuance of 67,300,000 ordinary shares in MPTSB at an issue price of RM0.10 per Share.

The acquisitions of the above companies were completed on 26 January 2022 and consolidated using merger method of accounting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2021 RM	Additions (Note 32(a)) RM	Disposal RM	Depreciation Charges (Note 28) RM	At 30.6.2022 RM
2022					
<i>Carrying Amount</i>					
Computer equipment	34,408	24,474	-	(12,727)	46,155
Electrical, fixtures and fittings	18,736	1,460	-	(5,977)	14,219
Furniture and fittings	21,944	17,601	-	(8,579)	30,966
Motor vehicles	850,252	956,026	(1)	(427,113)	1,379,164
Office equipment	34,070	21,633	-	(10,382)	45,321
Plant and machinery	6,199,732	222,744	-	(2,404,706)	4,017,770
Renovation	98,738	15,181	-	(30,206)	83,713
Signboard	864	-	-	(220)	644
Tools and equipment	18,657	-	-	(5,602)	13,055
	7,277,401	1,259,119	(1)	(2,905,512)	5,631,007
2021					
<i>Carrying Amount</i>					
Computer equipment	24,920	19,062	-	(9,574)	34,408
Electrical, fixtures and fittings	24,470	-	-	(5,734)	18,736
Furniture and fittings	32,174	580	(2,430)	(8,380)	21,944
Motor vehicles	1,062,717	246,430	(1)	(458,894)	850,252
Office equipment	24,942	17,114	-	(7,986)	34,070
Plant and machinery	7,380,279	1,357,176	-	(2,537,723)	6,199,732
Renovation	119,296	6,950	-	(27,508)	98,738
Signboard	1,084	-	-	(220)	864
Tools and equipment	3,750	20,509	-	(5,602)	18,657
	8,673,632	1,667,821	(1)	(3,061,621)	7,277,401

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

	At Accumulated Cost Depreciation RM	RM	Carrying Amount RM
2022			
Computer equipment	112,295	(66,140)	46,155
Electrical, fixtures and fittings	50,828	(36,609)	14,219
Furniture and fittings	91,255	(60,289)	30,966
Motor vehicles	4,308,690	(2,929,526)	1,379,164
Office equipment	97,481	(52,160)	45,321
Plant and machinery	15,718,808	(11,701,038)	4,017,770
Renovation	189,570	(105,857)	83,713
Signboard	2,090	(1,446)	644
Tools and equipment	28,009	(14,954)	13,055
	20,599,026	(14,968,019)	5,631,007
2021			
Computer equipment	87,821	(53,413)	34,408
Electrical, fixtures and fittings	49,368	(30,632)	18,736
Furniture and fittings	73,654	(51,710)	21,944
Motor vehicles	3,542,115	(2,691,863)	850,252
Office equipment	75,848	(41,778)	34,070
Plant and machinery	15,802,064	(9,602,332)	6,199,732
Renovation	174,389	(75,651)	98,738
Signboard	2,090	(1,226)	864
Tools and equipment	28,009	(9,352)	18,657
	19,835,358	(12,557,957)	7,277,401

The Group has leased certain motor vehicles and plant and machinery under hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

7. INVESTMENT PROPERTIES

	The Group	
	2022 RM	2021 RM
Cost:-		
At 1 July/30 June	740,000	740,000
Accumulated depreciation:-		
At 1 July	(112,767)	(97,967)
Depreciation during the financial year (Note 28)	(14,800)	(14,800)
At 30 June	(127,567)	(112,767)
	612,433	627,233
Fair value	1,959,783	1,245,039

- (a) The freehold buildings have been pledged to a licensed financial institution as security for banking facilities granted to the Company as disclosed in Note 13 to the financial statements.
- (b) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

8. RIGHT-OF-USE ASSETS

	At 1.7.2021 RM	Additions (Note 32(a)) RM	Modification Of Lease Liabilities (Note 16) RM	Depreciation Charges (Note 28) RM	At 30.6.2022 RM
The Group					
2022					
<i>Carrying Amount</i>					
Leasehold building	56,608	-	-	(625)	55,983
Hostel	23,318	-	-	(13,324)	9,994
Office	143,794	106,594	157,775	(95,720)	312,443
Factory	48,375	629,983	51,096	(35,461)	693,993
	272,095	736,577	208,871	(145,130)	1,072,413

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

8. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.7.2020 RM	Additions (Note 32(a)) RM	Disposal RM	Depreciation Charges (Note 28) RM	At 30.6.2021 RM
The Group					
2021					
<i>Carrying Amount</i>					
Leasehold building	2,256,817	-	(2,199,584)	(625)	56,608
Hostel	-	26,649	-	(3,331)	23,318
Office	223,520	-	-	(79,726)	143,794
Factory	69,107	-	-	(20,732)	48,375
	2,549,444	26,649	(2,199,584)	(104,414)	272,095

	The Group	
	2022	2021
	RM	RM
Analysied by:		
Cost	1,423,674	478,226
Accumulated depreciation	(351,261)	(206,131)
	1,072,413	272,095

The Group leases certain leasehold buildings, offices, factory and hostel of which the leasing activities are summarised below:-

- | | |
|-------------------------|---|
| (a) Leasehold buildings | The Group has lease agreements for certain buildings for its own use. The leases are for a period of 71 to 96 (2021 - 71 to 96) years, with no renewal or purchase option included in the agreements. |
| (b) Offices | The Group leases offices for operating activities. The lease periods of the offices typically run between 1 to 4 (2021 - 1 to 4) years, with options to renew the leases. |
| (c) Factory | The Group leases a factory for its operations. The lease period is 2 (2021 - 2) years with an option to renew. |
| (d) Hostel | The Group leases hostel for employees. The lease period of the hostel typically run between 1 to 2 (2021 - 1 to 2) years, with an option to renew the lease after that date. |

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

9. TRADE RECEIVABLES

	The Group	
	2022	2021
	RM	RM
Trade receivables	33,971,125	35,573,016
Allowance for impairment losses	(7,950,264)	(5,805,689)
	26,020,861	29,767,327
Allowance for impairment losses:-		
At 1 July	(5,805,689)	(3,605,518)
Addition during the financial year (Note 27)	(2,193,045)	(2,813,446)
Reversal during the financial year (Note 27)	48,470	613,275
At 30 June	(7,950,264)	(5,805,689)

The Group's normal trade credit term is 30 (2021 - 30) days. Other credit terms are assessed and approved on a case-by-case basis.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2022	2021
	RM	RM
Other receivables	691,749	599,377
Advances to suppliers	44,498	227,086
Deposits	6,851,590	7,122,081
Prepayments	444,472	653,610
	8,032,309	8,602,154

- (a) The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.
- (b) Included in deposits are performance bonds paid to secure the due performance of the Group's obligations in respective projects amounted to RM3,921,628 (2021 - RM4,154,138). These deposits are expected to be refunded after the completion of defect liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

11. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2022 RM	2021 RM
Contract Assets		
Contract assets relating to construction contracts	57,370,394	50,411,933
Allowance for impairment losses	(1,688,953)	(1,349,004)
	55,681,441	49,062,929
Allowance for impairment losses:-		
At 1 July	(1,349,004)	-
Addition during the financial year (Note 27)	(339,949)	(1,349,004)
At 30 June	(1,688,953)	(1,349,004)
Contract Liabilities		
Contract liabilities relating to construction contracts	(8,371,496)	(12,379,594)
(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.		
(b) Included in the contract assets are retention sum receivables totalling RM14,462,418 (2021 - RM9,896,793). These retention sums are expected to be collected within the periods ranging from 30 to 365 (2021 - 30 to 365) days.		
(c) The contract liabilities primarily relates to advances received from customers for construction contracts of which the revenue will be recognised over the remaining contract term of the specific contract it relates to. The amount will be recognised as revenue when the performance obligations are satisfied.		
(d) The changes to contract asset and contract liability balances during the financial year are summarised below:-		
	The Group	
	2022 RM	2021 RM
At 1 July	36,683,335	34,816,884
Revenue recognised in profit or loss during the financial year	103,857,936	115,143,244
Billings to customers during the financial year	(92,891,377)	(111,927,789)
Net impairment losses on contract assets (Note 27)	(339,949)	(1,349,004)
At 30 June	47,309,945	36,683,335
Represented by:-		
Contract assets	55,681,441	49,062,929
Contract liabilities	(8,371,496)	(12,379,594)
	47,309,945	36,683,335

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

12. AMOUNTS OWING BY/(TO) A SUBSIDIARY

	The Company	
	2022	2021
	RM	RM
Amount Owing by a Subsidiary		
<u>Current</u>		
Non-trade balances	6,035,875	-

Amount Owing to a Subsidiary

<u>Current</u>		
Non-trade balances	27,423	-

The non-trade balances (current) represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

13. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.75% to 3.10% (2021 - 1.95% to 3.10%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days.
- (b) The fixed deposits with licensed banks of the Group amounting to RM3,874,409 (2021 - RM2,904,828) have been pledged to licensed banks as security for banking facilities granted to the Group at the end of the reporting period as disclosed in Notes 18, 23, 24 and 25 to the financial statements.

14. SHARE CAPITAL

	The Group			
	2022	2021	2022	2021
	Number of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 July	1,750,002	1,250,000	1,750,002	1,250,000
Issuance of shares pursuant to acquisition of subsidiaries company	326,999,998	-	32,700,000	-
Adjustment on acquisition of subsidiaries	(1,750,000)	-	(1,750,000)	-
Issuance of shares	81,750,000	500,002	17,167,500	500,002
Listing expenses	-	-	(515,025)	-
At 30 June	408,750,000	1,750,002	49,352,477	1,750,002

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. SHARE CAPITAL (CONT'D)

	2022 Number of Shares	The Company 2021 RM	2022 RM	2021 RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 July/At 26 November (Date of incorporation)	2	2	2	2
Issuance of shares pursuant to acquisition of subsidiaries company	326,999,998	-	32,700,000	-
Issuance of shares	81,750,000	-	17,167,500	-
Listing expenses	-	-	(515,025)	-
At 30 June	408,750,000	2	49,352,477	2

(a) During the financial year, the Company increased its issued and paid-up share capital by way of:-

- (i) issuance of 326,999,998 new ordinary shares at an issue price of RM0.10 each for acquisition of subsidiaries as disclosed in Note 5 to the financial statements; and
- (ii) issuance of 81,750,000 new ordinary shares at an issue price of RM0.21 each in conjunction with the initial public offerings of the Company.

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

(b) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

15. MERGER RESERVES

The merger reserve represents the difference between the carrying value of the investment in subsidiaries and the share capital of the Company's subsidiaries upon consolidation under the merger accounting principle.

16. LEASE LIABILITIES

	The Group 2022 RM	2021 RM
At 1 July	240,637	333,876
Additions (Note 32(b))	736,577	26,649
Interest expense recognised in profit or loss (Note 28)	12,316	9,562
Changes due to lease modification (Note 32(b))	208,871	-
Repayment of principal	(141,484)	(119,888)
Repayment of interest expense	(12,316)	(9,562)
At 30 June	1,044,601	240,637
Analysed by:-		
Current liabilities	330,536	133,793
Non-current liabilities	714,065	106,844
	1,044,601	240,637

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

17. HIRE PURCHASE PAYABLES

	The Group	
	2022 RM	2021 RM
At 1 July	3,906,933	5,047,663
Additions (Note 32(b))	691,000	1,580,326
Interest expense recognised in profit or loss (Note 28)	150,058	277,105
Repayment of principal	(2,219,978)	(2,721,056)
Repayment of interest expense	(150,058)	(277,105)
At 30 June	2,377,955	3,906,933
Analysed by:-		
Current liabilities	1,068,622	2,121,011
Non-current liabilities	1,309,333	1,785,922
	2,377,955	3,906,933

The hire purchase payables of the Group at the end of the reporting period, with lease terms ranging from 3 to 7 years and bore effective interest rates ranging from 4.20% to 10.05% (2021 - 2.69% to 10.05%) per annum and secured by:

- (a) the Group's motor vehicles and plant and machinery as disclosed in Note 6 to the financial statements;
- (b) a joint and several guarantee of the directors of the Group; and
- (c) a corporate guarantee of the Company.

18. TERM LOANS (SECURED)

	The Group	
	2022 RM	2021 RM
Current liabilities	485,815	763,283
Non-current liabilities	1,846,168	2,256,401
	2,331,983	3,019,684

The term loans of the Group at the end of the reporting period bore effective interest rates ranging from 3.50% to 7.85% (2021 - 3.40% to 12.50%) per annum and secured by:

- (a) a first legal charge over the Group's leasehold buildings and investment properties as disclosed in Note 7 and Note 8 respectively to the financial statements;
- (b) a fixed deposit with licensed financial institution as disclosed in Note 13 to the financial statements;
- (c) a joint and several guarantee of the directors of the Group; and
- (d) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

19. DEFERRED TAX LIABILITIES/(ASSETS)

	At 1.7.2021 RM	Recognised in Profit or Loss (Note 29) RM	At 30.6.2022 RM
The Group			
2022			
<i>Deferred Tax Liabilities</i>			
Contract asset	22,786	197,881	220,667
<i>Deferred Tax Assets</i>			
Property, plant and equipment	(378,798)	200,510	(178,288)
Provisions	(1,355,618)	(957,794)	(2,313,412)
	(1,734,416)	(757,284)	(2,491,700)
	(1,711,630)	(559,403)	(2,271,033)

	At 1.7.2020 RM	Recognised in Profit or Loss (Note 29) RM	At 30.6.2021 RM
The Group			
2021			
<i>Deferred Tax Liabilities</i>			
Contract asset	1,045,721	(1,022,935)	22,786
Property, plant and equipment	117,156	(495,954)	(378,798)
	1,162,877	(1,518,889)	(356,012)
<i>Deferred Tax Assets</i>			
Provisions	(865,710)	(489,908)	(1,355,618)
	297,167	(2,008,797)	(1,711,630)

20. TRADE PAYABLES

The Group's normal trade credit terms range from 30 to 120 (2021 - 30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other payables:-				
Third parties	344,323	685,568	57,010	-
Accruals	2,481,435	659,780	66,000	6,000
	2,825,758	1,345,348	123,010	6,000

22. AMOUNT OWING TO A FORMER RELATED PARTY

	The Company	
	2022	2021
	RM	RM
Amount owing to a former related party:		
- non-trade balance	-	94,931

In the previous financial year, the non-trade balance is unsecured interest-free advances granted to the Company by companies in which certain directors of the Company have controlling interests. The amount is repayable on demand and is to be settled in cash.

23. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group bore effective interest rates ranging from 3.55% to 4.75% (2021 - 3.55% to 4.27%) per annum respectively at the end of the reporting period and are secured by:

- (a) fixed deposits with licensed financial institutions as disclosed in Note 13 to the financial statements; and
- (b) a joint and several guarantee of the directors of the Group.

24. TRUST RECEIPT

In the previous financial year, the trust receipt of the Group bore an effective interest rate of 7.20% per annum at the end of the reporting period and were secured by:

- (a) fixed deposits with licensed financial institutions as disclosed in Note 13 to the financial statements; and
- (b) a joint and several guarantee of the directors of the Group.

25. BANK OVERDRAFTS

- (a) The bank overdrafts of the Group are secured by fixed deposits with licensed banks as disclosed in Note 13 to the financial statements and a joint and several guarantee of the directors of the Group.
- (b) The bank overdrafts of the Group at the end of the financial year bore floating interest rate of 6.95% per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

26. REVENUE

	The Group	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM
Revenue from Contracts with Customers		
<u>Revenue recognised over time</u>		
Construction contracts	103,857,936	115,023,244
<u>Revenue recognised at a point in time</u>		
Sales of goods	145,127	176,265
	104,003,063	115,199,509

27. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM
Impairment losses:		
- trade receivables (Note 9)	2,193,045	2,813,446
- contract assets (Note 11)	339,949	1,349,004
Reversal of impairment losses:		
- trade receivables (Note 9)	(48,470)	(613,275)
	2,484,524	3,549,175

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

28. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company 26.11.2020 (date of incorporation)	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	to 30.6.2021 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	113,000	51,000	45,000	6,000
- non-audit fees:				
- auditors of the company	7,000	-	7,000	-
Bad debt written off	16,000	-	-	-
Deposit written off	362,031	109,000	-	-
Depreciation:				
- property, plant and equipment (Note 6)	2,905,512	3,061,621	-	-
- investment properties (Note 7)	14,800	14,800	-	-
- right-of-use assets (Note 8)	145,130	104,414	-	-
Directors' fee (Note 33)	238,000	126,000	220,000	90,000
Directors' remunerations:				
- salaries and bonuses	1,182,000	902,000	-	-
- defined contribution benefits	141,840	107,040	-	-
- others	2,771	2,771	-	-
Staff costs:				
- short-term employee benefits	3,414,911	3,039,005	-	-
- defined contribution benefits	419,544	375,381	-	-
- others	507,069	502,609	-	-
Lease expenses:				
- rental of hostel	33,275	78,300	-	-
- rental of machinery	157,591	1,771,309	-	-
- rental of premises	14,800	74,450	-	-
- rental of site	17,500	12,000	-	-
- rental of store	5,900	7,200	-	-
Listing expenses	1,965,304	712,154	362,374	-
Interest expense on lease liabilities	12,316	9,562	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank acceptances	63,803	98,346	-	-
- bank overdrafts	910	1,163	-	-
- letter of credit	118	-	-	-
- hire purchase	150,058	277,105	-	-
- term loans	112,296	216,900	-	-
- trust receipt	16,957	41,162	-	-
Property, plant and equipment written off	-	2,430	-	-
Unrealised loss on foreign exchange	-	243	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

28. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company 26.11.2020 (date of incorporation)	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	to 30.6.2021 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):- (cont'd)				
Gain on disposal of property, plant and equipment	(30,099)	(30,999)	-	-
Gain on disposal of right-of-use assets	-	(205,716)	-	-
Covid-19 related subsidies from government	(240,800)	(178,200)	-	-
Interest income on financial assets measured at amortised cost:				
- fixed deposit with licensed banks	(46,097)	(54,779)	-	-
Lease income:				
- rental income from investment properties	(249,448)	(22,800)	-	-
Unrealised gain on foreign exchange	(79)	-	-	-

29. INCOME TAX EXPENSE

	The Group		The Company 26.11.2020 (date of incorporation)	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	to 30.6.2021 RM
Current tax expense	3,227,000	4,268,000	-	-
Underprovision in the previous financial year	23,795	134,860	-	-
	3,250,795	4,402,860	-	-
Real property gain tax	-	14,556	-	-
	3,250,795	4,417,416	-	-
Deferred tax (Note 19):				
- origination and reversal of temporary differences	(513,070)	(1,630,470)	-	-
- overprovision in the previous financial year	(46,333)	(378,327)	-	-
	(559,403)	(2,008,797)	-	-
	2,691,392	2,408,619	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

29. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company 26.11.2020 (date of incorporation)	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	30.6.2021 to 30.6.2021 RM
Profit/(Loss) before taxation	8,219,260	10,537,298	(713,315)	(100,931)
Tax at the statutory tax rate of 24% (2021 - 24%)	1,972,622	2,528,951	(171,196)	(24,223)
Tax effects of:-				
Non-deductible expenses	894,485	150,579	171,196	24,223
Non taxable income	(111,177)	-	-	-
Diferential in tax rates	(42,000)	(42,000)	-	-
Real property gain tax upon disposal of properties	-	14,556	-	-
Under/(Over) provision in the previous financial year:				
- Current tax	23,795	134,860	-	-
- Deferred tax	(46,333)	(378,327)	-	-
	2,691,392	2,408,619	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year.

30. EARNINGS PER SHARE

	The Group	
	1.7.2021 to 30.6.2022	1.7.2020 to 30.6.2021
Profit after taxation attributable to owners of the Company (RM)	5,527,868	8,128,679
Weighted average number of ordinary shares in issue*	341,110,274	327,000,000
Basic earnings per share (sen)	1.62	2.49

* Based on the weighted average number of issued share capital of 326,999,998 ordinary shares after the completion of the acquisition of subsidiaries as disclosed in Note 5 to the financial statements but before Public Issue.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

31. DIVIDENDS

	The Group	
	2022 RM	2021 RM
Ordinary Shares		
An interim dividend of 100 sen per ordinary share in respect of the previous financial year	-	1,000,000
First interim dividend of 8 sen per ordinary share in respect of the previous financial year	-	60,000
	-	1,060,000

32. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2022 RM	2021 RM
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	1,259,119	1,667,821
Less: Acquired through hire purchase arrangements	(691,000)	(1,580,326)
	568,119	87,495
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	736,577	26,649
Less: Additions of new lease liabilities (Note 16)	(736,577)	(26,649)
	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

32. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term Loans RM	Bank Overdraft RM	Bankers' Acceptances RM	Trust Receipt RM	Lease Liabilities RM	Hire Purchase RM	Letter Of Credit RM	Total RM
2022								
At 1 July	3,019,684	-	2,490,000	1,644,100	240,637	3,906,933	-	11,301,354
<u>Changes in Financing Cash Flows</u>								
Proceeds from drawdown	-	3,055	5,476,000	3,204,779	-	-	-	8,683,834
Repayment of principal	(687,701)	-	(5,730,000)	(4,848,879)	(141,484)	(2,219,978)	-	(13,628,042)
Repayment of interests	(112,296)	(910)	(63,803)	(16,957)	(12,316)	(150,058)	(118)	(356,458)
	(799,997)	2,145	(317,803)	(1,661,057)	(153,800)	(2,370,036)	(118)	(5,300,666)
<u>Non-cash Changes</u>								
Acquisition of new lease (Note 16)	-	-	-	-	736,577	-	-	736,577
Addition of hire purchase (Note 17)	-	-	-	-	-	691,000	-	691,000
Modifications of leases	-	-	-	-	208,871	-	-	208,871
Interest expense recognised in profit or loss (Note 28)	112,296	910	63,803	16,957	12,316	150,058	118	356,458
	112,296	910	63,803	16,957	957,764	841,058	118	1,992,906
At 30 June	2,331,983	3,055	2,236,000	-	1,044,601	2,377,955	-	7,993,594

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

32. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term Loans RM	Bank Overdraft RM	Bankers' Acceptances RM	Trust Receipt RM	Lease Liabilities RM	Hire Purchase RM	Total RM
2021							
At 1 July	3,054,779	-	1,573,000	504,000	333,876	5,047,663	10,513,318
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	2,299,990	-	8,579,000	2,453,643	-	-	13,332,633
Repayment of principal	(2,335,085)	-	(7,662,000)	(1,313,543)	(119,888)	(2,721,056)	(14,151,572)
Repayment of interests	(216,900)	(1,163)	(98,346)	(41,162)	(9,562)	(277,105)	(644,238)
	(251,995)	(1,163)	818,654	1,098,938	(129,450)	(2,998,161)	(1,463,177)
<u>Non-cash Changes</u>							
Acquisition of new lease (Note 16)	-	-	-	-	26,649	-	26,649
Addition of hire purchase (Note 17)	-	-	-	-	-	1,580,326	1,580,326
Interest expense recognised in profit or loss (Note 28)	216,900	1,163	98,346	41,162	9,562	277,105	644,238
	216,900	1,163	98,346	41,162	36,211	1,857,431	2,251,213
At 30 June	3,019,684	-	2,490,000	1,644,100	240,637	3,906,933	11,301,354

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

32. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Fixed deposits with licensed banks	3,874,409	2,904,828	-	-
Cash and bank balances	15,026,356	8,352,980	9,952,789	2
Bank overdraft (Note 25)	(3,055)	-	-	-
	18,897,710	11,257,808	9,952,789	2
Less: Fixed deposits pledged with licensed banks with maturity of less than 3 months (Note 13)	(1,187,330)	(1,345,582)	-	-
Fixed deposits pledged with licensed banks with maturity of more than 3 months (Note 13)	(2,687,079)	(1,559,246)	-	-
	(3,874,409)	(2,904,828)	-	-
	15,023,301	8,352,980	9,952,789	2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

33. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

(a) Directors

	The Group		The Company 26.11.2020 (date of incorporation)	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM
Directors of the Company				
Short-term employee benefits:				
- fees	238,000	126,000	220,000	90,000
- salaries and bonuses	1,182,000	902,000	-	-
- others	2,771	2,771	-	-
	1,422,771	1,030,771	220,000	90,000
Defined contribution benefits	141,840	107,040	-	-
Total directors' remuneration (Note 28)	1,564,611	1,137,811	220,000	90,000

(b) Other Key Management Personnel

	The Group		The Company 26.11.2020 (date of incorporation)	
	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM	1.7.2021 to 30.6.2022 RM	1.7.2020 to 30.6.2021 RM
Short-term employee benefits:				
- salaries and bonuses	252,800	-	-	-
- others	1,847	-	-	-
	254,647	-	-	-
Defined contribution benefits	30,336	-	-	-
Total compensation for other key management personnel	284,983	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

34. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Proceeds from disposal of property, plant and equipment to former related parties	-	344,800	-	-
Backcharge from former related parties	-	2,321	-	-
Purchases paid or payable to former related parties	-	(1,145,489)	-	-
Purchase of property, plant and equipment from former related parties	-	(52,000)	-	-
Proceeds from disposal of properties to a director	-	999,200	-	-
Rental paid or payable to a director	(74,400)	(74,400)	-	-
Advances to a subsidiary	-	-	6,130,806	-
Payment on behalf by a former related party	-	-	-	94,930

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

35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the directors as its 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 provided.

The Group is organised into 3 main reportable segments as follows:-

- (i) provision of underground utilities engineering services and solutions "Underground utilities engineering".
- (ii) provision of substation engineering services and solutions and trading and supplying "Substation engineering".
- (iii) provision of investment holding and management services "Investment holding".

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly current tax assets, current tax liabilities, deferred tax assets and deferred tax liabilities.

Transaction between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on combination.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS

2022	Underground utilities engineering RM	Substation engineering RM	Investment holding RM	The Group RM
Revenue				
Segment revenue	76,852,610	27,150,453	-	104,003,063
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods	-	47,127	-	47,127
<u>Revenue recognised over time</u>				
- Construction services	76,852,610	27,103,326	-	103,955,936
	76,852,610	27,150,453	-	104,003,063
Results				
Segment profit/(loss)	6,672,523	2,616,510	(713,315)	8,575,718
Finance costs	(262,937)	(93,521)	-	(356,458)
Profit before taxation				8,219,260
<u>Other Information</u>				
Interest income	(44,554)	(1,543)	-	(46,097)
Interest expenses	256,333	87,809	-	344,142
Interest expenses on lease liabilities	6,604	5,712	-	12,316
Depreciation on property, plant and equipment	2,778,237	127,275	-	2,905,512
Depreciation on right-of-use assets	82,512	62,618	-	145,130
Net impairment of trade receivables and contract assets	2,243,726	240,798	-	2,484,524
Unrealised gain on foreign exchange	-	(79)	-	(79)
Gain on disposal of property, plant and equipment	-	(30,099)	-	(30,099)
Assets				
Segment assets	86,218,743	18,707,284	9,952,789	114,878,816
Unallocated assets:				
- current tax assets				141,512
- deferred tax assets				2,271,033
- right-of-use assets				1,072,413
Consolidated total assets				118,363,774
Liabilities				
Segment liabilities	45,552,506	6,248,864	123,010	51,924,380
Unallocated liabilities:				
- lease liabilities				1,044,601
- term loans				2,331,983
- current tax liabilities				1,634,695
Consolidated total liabilities				56,935,659

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2021	Underground utilities engineering RM	Substation engineering RM	Investment holding RM	The Group RM
Revenue				
Segment revenue	92,781,548	22,417,961	-	115,199,509
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods	-	170,864	-	170,864
<u>Revenue recognised over time</u>				
- Construction services	92,781,548	22,247,097	-	115,028,645
	92,781,548	22,417,961	-	115,199,509
Results				
Segment profit/(loss)	7,745,016	3,537,450	(100,930)	11,181,536
Finance costs	(573,712)	(70,526)	-	(644,238)
Profit before taxation				10,537,298
<u>Other Information</u>				
Interest income	(45,823)	(8,956)	-	(54,779)
Interest expenses	567,347	67,329	-	634,676
Interest expenses on lease liabilities	6,365	3,197	-	9,562
Depreciation on property, plant and equipment	2,962,129	99,492	-	3,061,621
Depreciation on right-of-use assets	61,085	43,329	-	104,414
Net impairment of trade receivables and contract assets	3,362,579	186,596	-	3,549,175
Unrealised loss on foreign exchange	-	243	-	243
Gain on disposal of property, plant and equipment	-	(30,999)	-	(30,999)
Gain on disposal of right-of-use assets	(146,777)	(58,939)	-	(205,716)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2021	Underground utilities engineering RM	Substation engineering RM	Investment holding RM	The Group RM
Assets				
Segment assets	90,352,590	16,242,262	-	106,594,852
Unallocated assets:				
- current tax assets				201,614
- deferred tax assets				1,711,630
- right-of-use assets				272,095
Consolidated total assets				108,780,191
Liabilities				
Segment liabilities	57,621,485	6,366,093	6,000	63,993,578
Unallocated liabilities:				
- lease liabilities				240,637
- term loans				3,019,684
- current tax liabilities				2,278,520
Consolidated total liabilities				69,532,419

35.2 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment
	2022 RM	2021 RM	
Customer A	44,097,317	45,682,035	U and S & T
Customer B	-	11,978,471	S & T
	44,097,317	57,660,506	

U - Underground utilities engineering services and solutions

S & T - Substation engineering services and solutions and trading and supplying

36. CONTINGENT LIABILITY

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2022 RM	2021 RM
Performance guarantee extended by subsidiaries to third parties	4,301,455	3,357,171

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

37.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Company. The currency giving rise to this risk is primarily United States Dollar ("USD") and Renminbi ("RMB"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Company) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	United States Dollar RM	Renminbi RM	Ringgit Malaysia RM	Total RM
2022				
<u>Financial Assets</u>				
Trade receivables	-	-	26,020,861	26,020,861
Other receivables	-	-	691,749	691,749
Fixed deposits with licensed banks	-	-	3,874,409	3,874,409
Cash and bank balances	1,303	-	15,025,053	15,026,356
	1,303	-	45,612,072	45,613,375

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Renminbi RM	Ringgit Malaysia RM	Total RM
<u>Financial Liabilities</u>				
Lease liabilities	-	-	1,044,601	1,044,601
Hire purchase payables	-	-	2,377,955	2,377,955
Term loans	-	-	2,331,983	2,331,983
Trade payables	-	54,099	36,056,017	36,110,116
Other payables and accruals	-	-	2,825,758	2,825,758
Bankers' acceptances	-	-	2,236,000	2,236,000
Bank overdrafts	-	-	3,055	3,055
	-	54,099	46,875,369	46,929,468
Net financial assets/(liabilities)	1,303	(54,099)	(1,263,297)	(1,316,093)
Less: Net financial assets denominated in the Company's functional currency	-	-	1,263,297	1,263,297
Currency Exposure	1,303	(54,099)	-	(52,796)

The Group	United States Dollar RM	Renminbi RM	Ringgit Malaysia RM	Total RM
2021				
<u>Financial Assets</u>				
Trade receivables	-	-	29,767,327	29,767,327
Other receivables	-	-	70,828	70,828
Fixed deposits with licensed banks	-	-	2,904,828	2,904,828
Cash and bank balances	1,311	-	8,351,669	8,352,980
	1,311	-	41,094,652	41,095,963

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Renminbi RM	Ringgit Malaysia RM	Total RM
<u>Financial Liabilities</u>				
Lease liabilities	-	-	240,637	240,637
Hire purchase payables	-	-	3,906,933	3,906,933
Term loans	-	-	3,019,684	3,019,684
Trade payables	-	-	42,227,603	42,227,603
Other payables and accruals	-	-	1,345,348	1,345,348
Bankers' acceptances	-	-	2,490,000	2,490,000
Trust receipt	-	-	1,644,100	1,644,100
	-	-	54,874,305	54,874,305
Net financial assets/(liabilities)	1,311	-	(13,779,653)	(13,778,342)
Less: Net financial assets denominated in the Company's functional currency	-	-	13,779,653	13,779,653
Currency Exposure	1,311	-	-	1,311

The Company

The Company does not have any transaction or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		The Group	
		2022 RM	2021 RM
Effects on Profit After Taxation			
USD/RM	- strengthened by 5%	50	50
	- weakened by 5%	(50)	(50)
RMB/RM	- strengthened by 5%	(2,056)	-
	- weakened by 5%	2,056	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 16, 17 and 18 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2022	2021
	RM	RM
Effects on Profit After Taxation and Other Comprehensive Income		
Increase of 100 basis points	(43,734)	(54,471)
Decrease of 100 basis points	43,734	54,471

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

Equity Price Risk Sensitivity Analysis

The Group does not have any quoted investments and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 5 customers which constituted approximately 80% of its trade receivables (including related parties) at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related parties) and contract assets have been grouped based on shared credit risk characteristics and the days past due. The 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. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 120 days are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2022				
Current (not past due)	9,721,177	-	(211,726)	9,509,451
1 to 30 days past due	885,824	-	(23,802)	862,022
31 to 60 days past due	2,055,486	-	(46,201)	2,009,285
61 to 90 days past due	428,880	-	(34,411)	394,469
91 to 120 days past due	834,803	-	(62,407)	772,396
121 to 150 days past due	4,560,931	-	(709,808)	3,851,123
151 to 180 days past due	3,943,907	-	(712,596)	3,231,311
More than 180 days	11,540,117	(3,867,712)	(2,281,601)	5,390,804
Trade receivables	33,971,125	(3,867,712)	(4,082,552)	26,020,861
Contract assets	57,370,394	-	(1,688,953)	55,681,441
	91,341,519	(3,867,712)	(5,771,505)	81,702,302

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2021				
Current (not past due)	7,371,476	-	(30,009)	7,341,467
1 to 30 days past due	10,247,854	-	(50,209)	10,197,645
31 to 60 days past due	3,136,711	-	(19,911)	3,116,800
61 to 90 days past due	4,336,065	-	(10,731)	4,325,334
91 to 120 days past due	3,391,967	-	(18,695)	3,373,272
121 to 150 days past due	386,621	-	(13,261)	373,360
151 to 180 days past due	176,858	-	(5,080)	171,778
More than 180 days	6,525,464	(3,548,662)	(2,109,131)	867,671
Trade receivables	35,573,016	(3,548,662)	(2,257,027)	29,767,327
Contract assets	50,411,933	-	(1,349,004)	49,062,929
	85,984,949	(3,548,662)	(3,606,031)	78,830,256

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 9 and 11 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the intercompany balances.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within		
				1 Year RM	1 - 5 Years RM	Over 5 Years RM
2022						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	3.40	1,044,601	1,102,950	359,550	743,400	-
Hire purchase payables	7.13	2,377,955	2,591,359	1,178,673	1,298,420	114,266
Term loans	5.68	2,331,983	2,612,934	579,073	1,671,540	362,321
Trade payables	-	36,110,116	36,110,116	36,110,116	-	-
Other payables and accruals	-	2,825,758	2,825,758	2,825,758	-	-
Bankers' acceptances	3.95	2,236,000	2,236,000	2,236,000	-	-
Bank overdrafts	6.95	3,055	3,055	3,055	-	-
		46,929,468	47,482,172	43,292,225	3,713,360	476,587

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2021						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	3.40	240,637	248,550	139,800	108,750	-
Hire purchase payables	6.37	3,906,933	4,159,953	2,571,791	1,587,153	1,009
Term loans	5.14	3,019,684	3,325,813	839,261	2,127,244	359,308
Trade payables	-	42,227,603	42,227,603	42,227,603	-	-
Other payables and accruals	-	1,345,348	1,345,348	1,345,348	-	-
Bankers' acceptances	3.86	2,490,000	2,490,000	2,490,000	-	-
Trust receipt	7.20	1,644,100	1,644,100	1,644,100	-	-
		54,874,305	55,441,367	51,257,903	3,823,147	360,317

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2022				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	123,010	123,010	123,010
Amount owing to a subsidiary	-	27,423	27,423	27,423
		150,433	150,433	150,433
2021				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	6,000	6,000	6,000
Amount owing to a former related party	-	94,931	94,931	94,931
		100,931	100,031	100,931

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2022	2021
	RM	RM
Lease liabilities (Note 16)	1,044,601	240,637
Hire purchase payables (Note 17)	2,377,955	3,906,933
Term loans (Note 18)	2,331,983	3,019,684
Bankers' acceptances (Note 23)	2,236,000	2,490,000
Trust receipt (Note 24)	-	1,644,100
Bank overdrafts (Note 25)	3,055	-
	7,993,594	11,301,354
Less: Fixed deposits with licensed banks	(3,874,409)	(2,904,828)
Less: Cash and bank balances	(15,026,356)	(8,352,980)
Net debt	(10,907,171)	43,546
Total equity	61,428,115	39,247,772
Debt-to-equity (times)	^	*

^ As of 30 June 2022, the debt-to-equity ratio of the Group is not presented as its cash and cash equivalents exceeded the total external borrowings.

* As of 30 June 2021, the Group has insignificant net debt, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial Asset				
<u>Amortised Cost</u>				
Trade receivables	26,020,861	29,767,327	-	-
Other receivables	691,749	70,828	-	-
Amount owing by a subsidiary	-	-	6,035,875	-
Fixed deposits with licensed banks	3,874,409	2,904,828	-	-
Cash and bank balances	15,026,356	8,352,980	9,952,789	2
	45,613,375	41,095,963	15,988,664	2
Financial Liability				
<u>Amortised Cost</u>				
Term loans	2,331,983	3,019,684	-	-
Lease liabilities	1,044,601	240,637	-	-
Hire purchase payables	2,377,955	3,906,933	-	-
Trade payables	36,110,116	42,227,603	-	-
Other payables and accruals	2,825,758	1,345,348	123,010	6,000
Amount owing to a former related party	-	-	-	94,931
Amount owing to a subsidiary	-	-	27,423	-
Bankers' acceptances	2,236,000	2,490,000	-	-
Trust receipt	-	1,644,100	-	-
Bank overdrafts	3,055	-	-	-
	46,929,468	54,874,305	150,433	100,931

37.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group	
	2022	2021
	RM	RM
Financial Asset		
<u>Amortised Cost</u>		
Net gain recognised in profit or loss	46,097	54,779
Financial Liability		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(344,142)	(634,676)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	
	Level 1		Level 2	Level 1		Level 2	Level 3	RM
	RM	RM	RM	RM	RM	RM		
2022								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	2,331,983	-	2,331,983	2,331,983
Bankers' acceptances	-	-	-	-	2,236,000	-	2,236,000	2,236,000
Bank overdrafts	-	-	-	-	3,055	-	3,055	3,055
2021								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	3,019,684	-	3,019,684	3,019,684
Bankers' acceptances	-	-	-	-	2,490,000	-	2,490,000	2,490,000
Trust receipt	-	-	-	-	1,644,100	-	1,644,100	1,644,100

The fair value of hire purchase payables, term loans, bankers' acceptances, bank overdrafts and trust receipt that carrying fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2022 %	2021 %
Term loans	3.50 - 7.85	3.40 - 12.50
Bankers' acceptances	3.55 - 4.75	3.55 - 4.27
Trust receipt	-	7.20
Bank overdrafts	6.95	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Company has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

- (b) Acquisition of subsidiaries

On 10 March 2021, the Company entered into two conditional share sales agreement ("SSA") to acquire the entire issued share capital of Mutu Nusantara Sdn. Bhd. ("MNSB") and MN Power Transmission Sdn. Bhd. ("MPTSB") comprising 1,000,000 and 750,000 ordinary shares respectively from its existing shareholders for a total purchase consideration of RM32,699,999.80. The said purchase consideration will be fully satisfied by the issuance of 326,999,998 new ordinary shares of the Company at an issue price of RM0.10 per share, which will be issued to the shareholders of MNSB and MPTSB, namely to Loy Siong Hay, Dato' Toh Eng Keat and Dang Siong Diang.

The completion of the SSA is conditional upon certain conditions precedent being obtained/fulfilled/waived, which includes the approval of Bursa Malaysia Securities Berhad for the admission of the share capital of MN Holdings Berhad ("MNHB") to the official list of Bursa Malaysia Securities Berhad for its Listing.

On 12 November 2021, the Proposed Listing ("Prospectus") was approved by Bursa Malaysia Securities Berhad.

On 25 January 2022, the approval-in-principal for the registration of Prospectus was approved by Securities Commission.

On 26 January 2022, the Company has completed the acquisition of MNSB and MPTSB respectively and MNSB and MPTSB became wholly-owned subsidiaries of MNHB.

On 27 April 2022, the Company issued and allotted 81,750,000 new ordinary shares at an issue price of RM0.21 each for a total cash consideration of RM17,167,500 for cash pursuant to its Initial Public Offering exercise.

39. COMPARATIVE FIGURES

The acquisition of the entire issued share capital of Mutu Nusantara Sdn. Bhd. ("MNSB") and MN Power Transmission Sdn. Bhd. ("MPTSB") by the Company is a business combination involving entities under common control as defined by Note 4.2(a) in the significant accounting policies. Accordingly, the Group is a continuation of the acquired entities and are accounted for as follows:

- (a) the assets and liabilities of the acquired entities are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- (b) the retained earnings and other equity balances of acquired entities immediately before the business combination are added to those of the Group; and
- (c) the equity structure reflects the equity structure of the Company and the difference arising from the change in equity structure of the Group is accounted for in the merger deficit or merger reserve in the consolidated financial statements.

As explained above, the comparative figures in the Group's financial statements are presented as if the acquisition of subsidiaries had occurred before the start of the earliest period presented.

The comparative information of the Company is for the financial period from the date of incorporation on 26 November 2020 to 30 June 2021. Consequently, the comparative information in the statements of profit or loss and other comprehensive income, statements of cash flows, statements of changes in equity and related notes of the Company are not comparable with the current financial year.

LIST OF PROPERTIES

No.	Location	Description/ Existing Use	Tenure	Land Area/ Built-up Area (sq feet)	Date of Acquisition	Net Book Value @ 30 June 2022 (RM'000)
1	No. 21 and 21-1, Jalan Sentosa Kawasan Perusahaan Seri Cheeding 42700 Sungai Sedu Selangor Darul Ehsan HS(M) 16384, P.T. No. 59 Pekan Tanjung Dua Belas District of Kuala Langat State of Selangor.	Double storey terraced factory Rental	Freehold	1,646 / 3,300	05-Aug-13	296
2	No. 23 and 23-1, Jalan Sentosa Kawasan Perusahaan Seri Cheeding 42700 Sungai Sedu Selangor Darul Ehsan HS(M) 16385, P.T. No. 60 Pekan Tanjung Dua Belas District of Kuala Langat State of Selangor.	Double storey terraced factory Site office and store	Freehold	1,646 / 3,300	15-Jan-14	316
3	No. 7, Tingkat 1F Jalan Intan 1/1 Taman Puchong Intan 47100 Puchong Selangor Darul Ehsan. Block Title H.S.(D) 294451 P.T. No. 5941 Pekan Puchong Perdana District of Petaling State of Selangor.	Apartment located on 1 st floor of a four-storey walk- up shop apartment Store	Leasehold of 99 years expiring on 18 December 2112	N/A / 675	16-Dec-15	56

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

SHARE CAPITAL

Total Number of Issued Shares : 408,750,000
 Class of Shares : Ordinary Shares
 Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

SIZE OF SHAREHOLDINGS	No. of shareholders	Percentage of shares (%)	No. of shares	Percentage of shares (%)
LESS THAN 100	0	0.00	0	0.00
100 TO 1,000	176	8.84	100,500	0.02
1,001 TO 10,000	907	45.55	5,261,400	1.29
10,001 TO 100,000	749	37.62	26,644,700	6.52
100,001 TO LESS THAN 5% OF ISSUED SHARES	156	7.84	90,618,400	22.17
5% AND ABOVE OF ISSUED SHARES	3	0.15	286,125,000	70.00
TOTAL	1,991	100.00	408,750,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

No.	Names	Direct		Indirect	
		No. of Shares	Percentage of shares held (%)	No. of Shares	Percentage of shares held (%)
1	DATO' TOH ENG KEAT	117,152,000	28.66	-	-
2	LOY SIONG HAY	117,152,000	28.66	-	-
3	DATO' IR. ZAINURIN BIN HAJI KARMAN	735,700	0.18	-	-
4	SOH ENG HOOI	735,700	0.18	-	-
5	DANG SIONG DIANG	51,821,000	12.68	-	-
6	PANKAJKUMAR A/L BIPINCHANDRA	735,700	0.18	-	-
7	KHO ZHEN QI	679,800	0.17	-	-
8	LAU CHYUN IN	735,700	0.18	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2022

No.	Names	Direct		Indirect	
		No. of Shares	Percentage of shares held (%)	No. of Shares	Percentage of shares held (%)
1.	DATO' TOH ENG KEAT	117,152,000	28.66	-	-
2.	LOY SIONG HAY	117,152,000	28.66	-	-
3.	DANG SIONG DIANG	51,821,000	12.68	-	-

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 30 SEPTEMBER 2022

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
1.	LOY SIONG HAY	117,152,000	28.66
2.	TOH ENG KEAT	117,152,000	28.66
3.	DANG SIONG DIANG	51,821,000	12.68
4.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMPIANA MAHIR SDN BHD (M&A)	11,469,900	2.81
5.	RENTAK SEGAR SDN BHD	5,767,400	1.41
6.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	4,377,200	1.07
7.	RENTAK SEGAR SDN.BHD.	3,955,500	0.97
8.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH EQUITY FUND	3,350,000	0.82
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHENG KUAN (8070081)	2,375,000	0.58
10.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	2,096,700	0.51
11.	ONG KENG SENG	1,800,000	0.44
12.	ABDUL MALEK BIN ABDUL MUTALIB	1,600,000	0.39
13.	AMANAHRAYA TRUSTEES BERHAD PMB DANA AL-AIMAN	1,500,000	0.37
14.	GAN KOK KENG	1,500,000	0.37
15.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW DAI YING (M&A)	1,500,000	0.37
16.	AW YONG CHEE SHYONG	1,250,000	0.31
17.	ARTHUR YONG KING LUMN	1,079,900	0.26
18.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YIEW PENG CHENG	1,010,000	0.25
19.	LAU LI YIN	1,000,000	0.24
20.	AMANAHRAYA TRUSTEES BERHAD PMB DANA BESTARI	998,100	0.24
21.	SILVIA NG PING YONG	970,000	0.24
22.	LAM FAI MENG	950,000	0.23
23.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH INDEX FUND	920,000	0.23
24.	LEE CHAY CHYE	900,000	0.22
25.	NG YEE	900,000	0.22
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR VINCENT LIM ZHENG	893,600	0.22
27.	NG CHIN HOE	800,000	0.20
28.	LAU CHYUN IN	735,700	0.18
29.	PANKAJKUMAR A/L BIPINCHANDRA	735,700	0.18
30.	SOH ENG HOOI	735,700	0.18
	Total	341,295,400	83.51

NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting (“2nd AGM”) of MN Holdings Berhad (“MNHB” or “the Company”) will be held at Ballroom 2, Level 3, Geno Hotel, Jalan Subang Mas, Taman Subang Mas, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 22 December 2022 at 10:00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. *(Please refer Explanatory Notes 1)*
2. To approve and ratify the payment of Directors’ fees and other benefits payable of up to RM342,119.35 for the period commencing from 1 July 2021 until the conclusion of the 2nd AGM of the Company. *Ordinary Resolution 1*
3. To approve the payment of Directors’ fees and other benefits payable of up to RM220,000.00 payable to Non-Executive Directors of the Company for the period commencing from the conclusion of the 2nd AGM up to the conclusion of the 3rd AGM of the Company. *Ordinary Resolution 2*
4. To re-elect the following Directors who retire pursuant to Clause 105(1) of the Company’s Constitution and being eligible, have offered themselves for re-election: -
 - (i) Soh Eng Hooi *Ordinary Resolution 3*
 - (ii) Dang Siong Diang *Ordinary Resolution 4*
 - (iii) Pankajkumar A/L Bipinchandra *Ordinary Resolution 5*
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to hold office until the conclusion of the next AGM at such remuneration to be determined by the Directors of the Company. *Ordinary Resolution 6*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions: -

6. **PROPOSED AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *Ordinary Resolution 7*

“THAT subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons, firms or corporations and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total issued share capital of the Company or such higher percentage as Bursa Malaysia Securities Berhad allowed for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company.

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 61 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with existing issued shares in the Company.”

7. To transact any other business of which due notice have been given in accordance with the Companies Act, 2016.

NOTICE OF SECOND ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

TAN TONG LANG
(MAICSA 7045482)
(SSM PC No. 202208000250)
Company Secretary

Selangor
Dated: 31 October 2022

Notes:

1. A member of the Company who entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. A member, who is an Exempt Authorised Nominee which holds Securities in the Company for an Omnibus Account, may appoint one (1) or more proxies to attend on the same occasion. Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment of two (2) or more proxies shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Share Registrar, Aldpro Corporate Services Sdn Bhd's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
5. For the purpose of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 December 2022. Only members whose name appears on the Record of Depositors shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his/her stead.
6. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the 2nd AGM will be put to vote by way of poll.
7. In view of the COVID-19 pandemic, the Company has in place precautionary measures for the AGM in order to safeguard the health of attendees at the AGM. The Company has the right to impose any other precautionary measures as guided by the guidelines issued by the Government from time to time.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 30 June 2022

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

2. Ordinary Resolutions 1 and 2: To approve the payment of Directors' fees

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolutions 1 & 2, if approved, will authorise the payment of Directors' fees for the period from 1 July 2021 until the conclusion of the next AGM of the Company.

NOTICE OF SECOND ANNUAL GENERAL MEETING

3. Ordinary Resolutions 3, 4 and 5: Re-election of Directors who retire in accordance with Clause 105 of the Company's Constitution

Clause 105(1) of the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Pursuant to Clause 105(1) of the Company's Constitution, Ms. Soh Eng Hooi, Mr. Dang Siong Diang and Mr. Pankajkumar A/L Bipinchandra shall retire at the forthcoming AGM of the Company.

The performance of the Directors who are recommended for re-election has been assessed through the Board annual evaluation. The Nominating Committee and the Board are satisfied with the performance and effectiveness of Ms. Soh Eng Hooi, Mr. Dang Siong Diang and Mr. Pankajkumar A/L Bipinchandra who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 2nd AGM of the Company.

4. Ordinary Resolution 7 - Authority to allot and issue new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 7 is a new general mandate and if passed, will empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company or such higher percentage as Bursa Malaysia Securities Berhad allowed for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/ or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organize a general meeting.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

- (1) Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."*

Clause 61 of the Constitution of the Company provides as follows:

"61. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause."

The proposed Ordinary Resolution, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

NOTICE OF SECOND ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF THE SECOND ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad: -

1. Details of individual who are standing for election as Directors (excluding Directors for re-election)

No individual is seeking election as a Director at the 2nd AGM of the Company.
2. General mandate for issue of securities in accordance with Rule 6.04 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad.

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out under Explanatory Note.

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**MN HOLDINGS BERHAD**

Registration No. 202001038774 (1395095-M)
(Incorporated in Malaysia)

PROXY FORMCDS Account No. : No. of Shares held : Telephone No. : Email address :

*I/We _____ NRIC/Passport no./Registration no. _____

of _____

being a *member/members of MN HOLDINGS BERHAD ("**Company**"), hereby appoint:

(1) Name of proxy : _____ NRIC/Passport no. : _____

Address : _____

Email address : _____ Telephone no. : _____

(2) Name of proxy : _____ NRIC/Passport no. : _____

Address : _____

Email address : _____ Telephone no. : _____

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Second Annual General Meeting ("**2nd AGM**") of the Company which will be held at Ballroom 2, Level 3, Geno Hotel, Jalan Subang Mas, Taman Subang Mas, 47620 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 22 December 2022 at 10:00 a.m. or at any adjournment thereof in respect of *my/our shareholding in the manner indicated below:

Please indicate with a "x" in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit.

No.	Ordinary Resolutions	For	Against
1	To approve and ratify the payment of Directors' fees and other benefits payable of up to RM342,119.35 for the period commencing from 1 July 2021 until the conclusion of the 2 nd AGM of the Company.		
2	To approve the payment of Directors' fees and other benefits payable of up to RM220,000.00 payable to Non-Executive Directors of the Company for the period commencing from the conclusion of the 2 nd AGM up to the conclusion of the 3 rd AGM of the Company.		
3	To re-elect Soh Eng Hooi who retires pursuant to Clause 105(1) of the Company's Constitution.		
4	To re-elect Dang Siong Diang who retires pursuant to Clause 105(1) of the Company's Constitution.		
5	To re-elect Pankajkumar A/L Bipinchandra who retires pursuant to Clause 105(1) of the Company's Constitution.		
6	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to hold office until the conclusion of the next AGM at such remuneration to be determined by the Directors of the Company.		
7	Proposed Authority to Directors to allot and issue new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Dated this _____ day of _____ 2022

Signature of Shareholder(s) or Common Seal* *Strike out whichever is not applicable*

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
Total		100

Then fold here

Affix
Stamp

The Share Registrar of
MN HOLDINGS BERHAD
(Registration No. 202001038774 (1395095-M))
(Incorporated in Malaysia)

C/O: ALDPRO CORPORATE SERVICES SDN BHD
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor

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Notes:

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www.mnholdings.com.my

MN HOLDINGS BERHAD

Registration No.: 202001038774 (1395095-M)

F-07-01, Garden Shoppe One City,
Jalan USJ 25/1B, 47650 Subang Jaya,
Selangor Darul Ehsan.

 +603 - 5115 0008

 +603 - 5115 0018

 info@mnholdings.com.my