



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

ANNUAL REPORT 2023



NEW CHALLENGES
NEW OPPORTUNITIES

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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”).

In 2022, following the listing of the Group on the ACE Market of Bursa Malaysia Securities Berhad, the Group significantly expanded its infrastructure utilities solution services by investing into two newly incorporated entities. The two new entities are MN Semantra Sdn. Bhd. (“MSSB”), specialising in pipe jacking services, and MN Moxtech Sdn Bhd (“MMSB”), specialising in aerial bundled cable engineering solution services.

The Group is responsible for delivering engineering services and solutions, complete with the requisite machinery, skilled labor, and expertise, in the execution of projects it undertakes.

MN Holdings collaborates with globally recognized product manufacturers to distribute power control systems and substation components.

underground utilities engineering services and solutions

Through MNSB, MSSB and MMSB, we engage in the comprehensive process of procuring, supplying, delivering, installing, laying, constructing, testing, commissioning, inspecting, repairing, and maintaining underground utilities and product pipelines, which collectively comprise the essential components of utility systems for our valued customers.

substation engineering services and solutions

We primarily offer substation engineering services and solutions to both private and public utilities companies within the power industry of Malaysia through MPTSB.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Dato' Ir. Zainurin Bin Haji Karman

Independent

Non-Executive Chairman

Datuk Loy Siong Hay

Managing Director

Dato' Toh Eng Keat

Executive Director

Datuk 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

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

Kho Zhen Qi

NOMINATING COMMITTEE

Committee Chairman

Pankajkumar A/L Bipinchandra

Committee Members

Soh Eng Hooi

Kho Zhen Qi

RISK MANAGEMENT COMMITTEE

Committee Chairman

Pankajkumar A/L Bipinchandra

Committee Members

Soh Eng Hooi

Kho Zhen Qi

Datuk Loy Siong Hay

COMPANY SECRETARIES

TAN TONG LANG

(MAICSA 7045482) (SSM PC No.: 202208000250)

ANG WEE MIN

(MAICSA 7076022) (SSM PC No. 202208000334)

CORPORATE INFORMATION (CONT'D)

REGISTERED OFFICE

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur.
Tel : 03 9770 2200
Fax : 03 9770 2239
Email : boardroom@boardroom.com.my

**HEAD OFFICE/ PRINCIPAL
PLACE OF BUSINESS**

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

AUDITORS

Messrs 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
Fax : 03-2788 9998

SHARE REGISTRAR

**Aldpro Corporate
Services Sdn Bhd**
[Reg No. 202101043817 (1444117-M)]
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur.
Tel : 03 9770 2200
Fax : 03 9770 2239
Email : registrar@aldpro.com.my

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
W.P. Kuala Lumpur.
Tel : 03-2284 2911

STOCK EXCHANGE LISTING

**ACE Market of the Bursa
Malaysia Securities Berhad**
Stock Name : MNHLDG
Stock Code : 0245

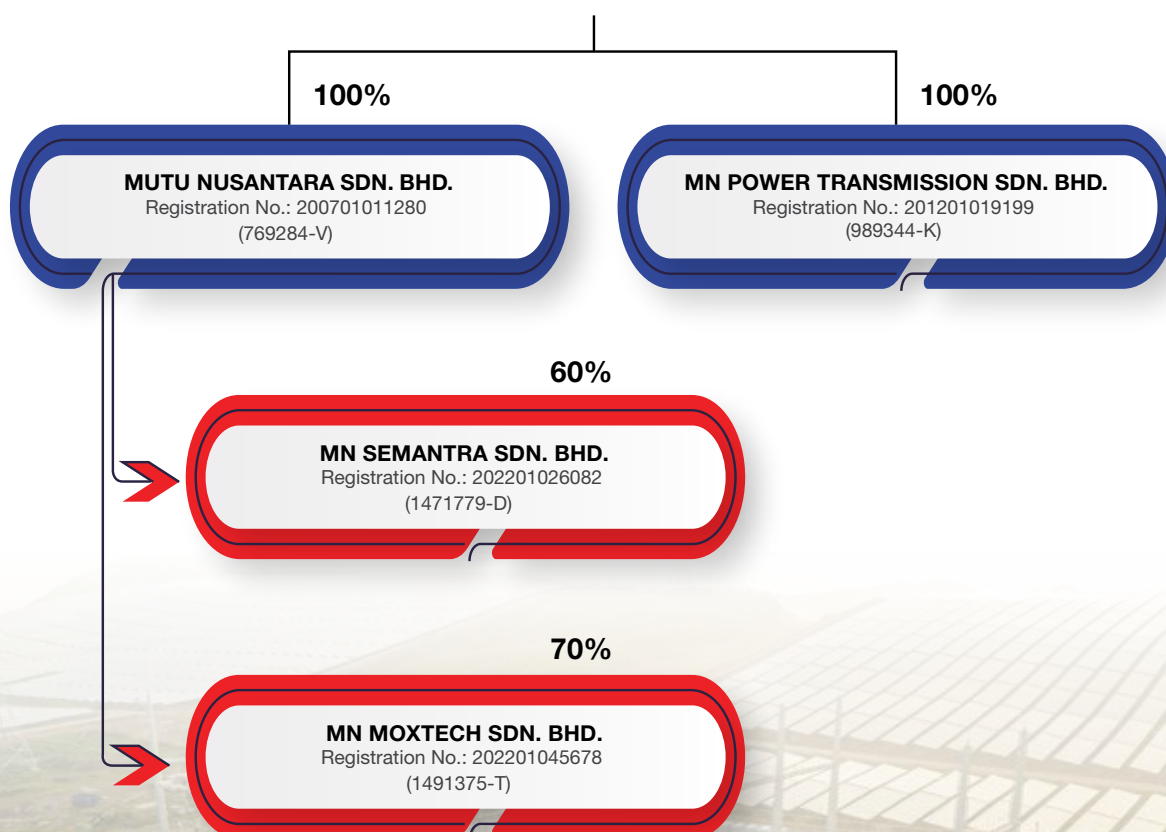


CORPORATE STRUCTURE



MN HOLDINGS BERHAD

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



CORPORATE MILESTONES

2010

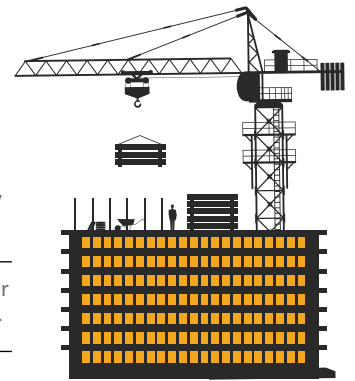
We completed our first underground utilities engineering services and solutions project with a contract value of RM2.70 million for the power sector in East Malaysia.

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 separate 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.



2011

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

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.

2012

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

2015

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).

2017

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 Zodion's range of street lighting cut out fuses in Malaysia.

2013

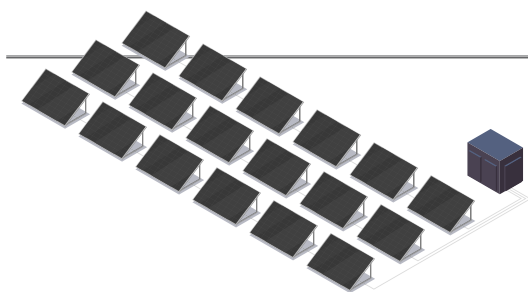
MNSB was registered with MOF, thereby allowing us to supply materials and services to agencies under the Government of Malaysia.

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



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.



CORPORATE MILESTONES (CONT'D)

2019

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.

2023

MPTSB secured its largest substation project for replacement of PMU 132Kv Bayan Baru gas insulated substation in-situ with contract value of RM43.5 million.

MPTSB entered into a Memorandum of Understanding with Intelligent Pie Consulting Sdn. Bhd. for collaboration in carrying out Operational Technology Cybersecurity projects in Malaysia.

Listing of 204,375,000 Bonus Issue of Warrants on ACE Market of Bursa Securities on 8 March 2023.

MNSB entered into a Memorandum of Understanding with DC-Science Co. Ltd. ("DCS") for collaboration to develop DCS first high performance data centre in Malaysia.

MNSB secured the Pilot Turnkey Project for construction of main distribution substation and related cable connection works for Distribution Network at a residential development project at Teluk Intan with contract value of RM40.1 million.

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.

2021

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.

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.

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.

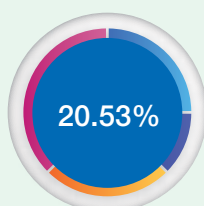


FINANCIAL HIGHLIGHTS

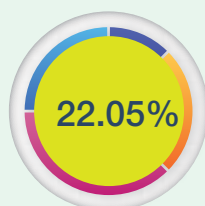
	2019	2020	2021	2022	2023
Revenue (RM'million)	65.676	68.008	115.200	104.003	164.453
Profit before tax (RM'million)	8.713	7.658	10.537	8.219	13.184
Profit attributable to owners of the company (RM'million)	6.367	5.662	8.129	5.528	9.502
Share capital (RM'million)	1.000	1.250	1.750	49.352	49.353
Shareholders funds (RM'million)	27.388	32.179	39.248	61.428	71.085
Number of shares (RM'million)	1.000	1.250	1.750	408.750	408.752
Net asset per share (RM)	27.388	25.743	22.427	0.150	0.174



GP MARGIN (%)



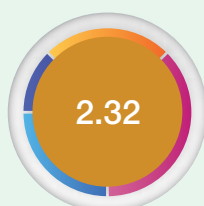
2023



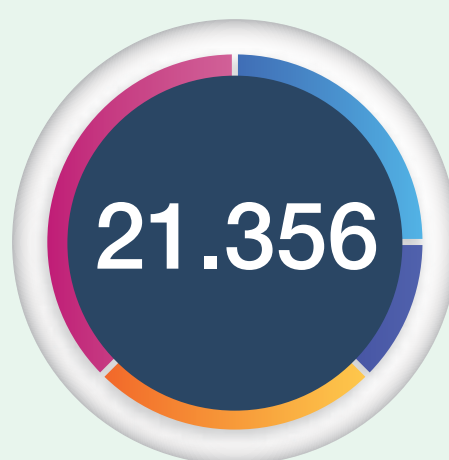
2022



BASIC EPS (SEN)

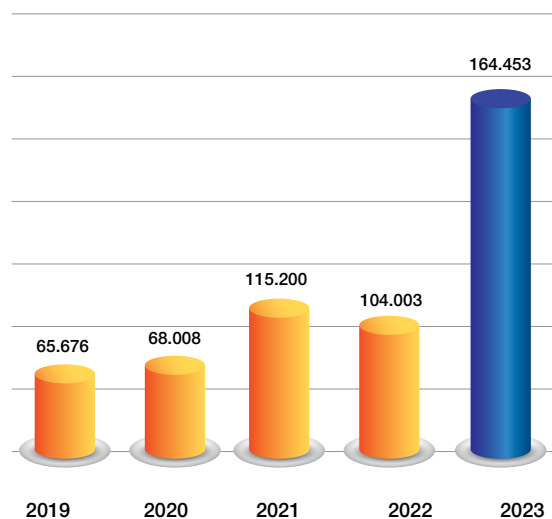


EBITDA (RM'million)

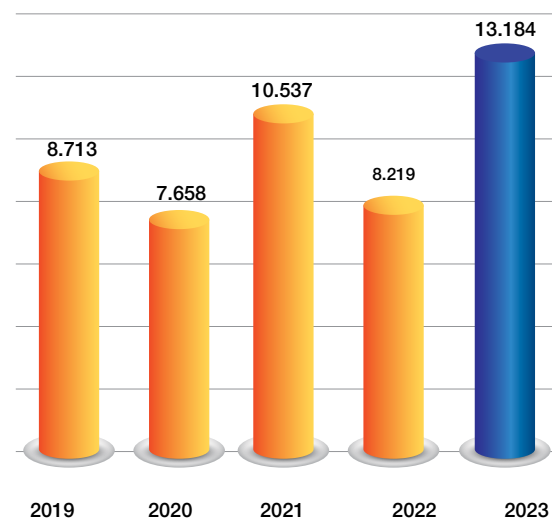


FINANCIAL HIGHLIGHTS (CONT'D)

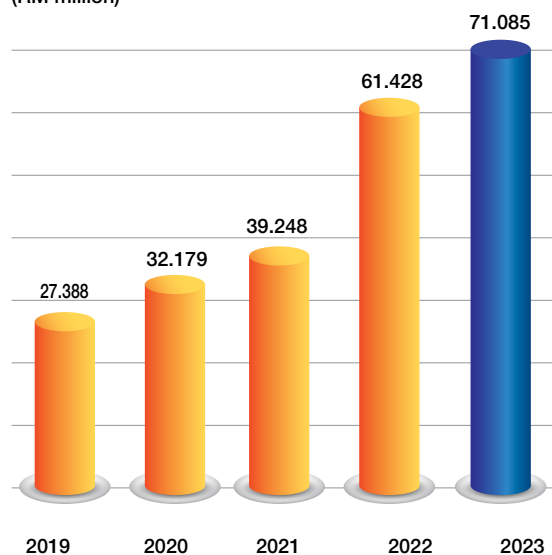
REVENUE
(RM'million)



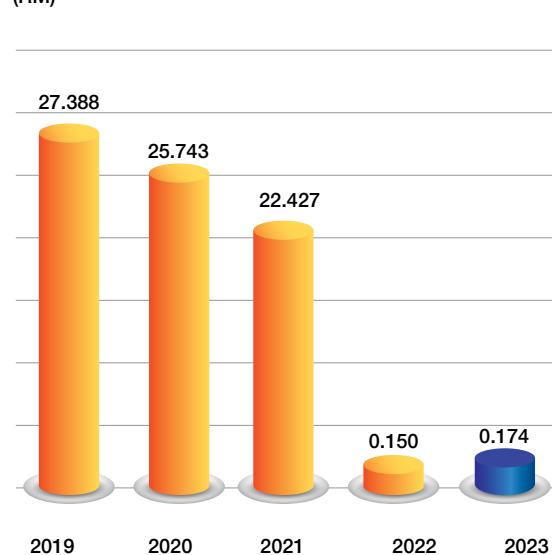
PROFIT BEFORE TAX
(RM'million)



SHAREHOLDERS FUNDS
(RM'million)



NET ASSET PER SHARE
(RM)



BOARD OF DIRECTORS' PROFILES

DATO' IR. ZAINURIN BIN HAJI KARMAN

Independent Non-Executive Chairman
59 | MALE | MALAYSIAN



Dato' Ir. Zainurin Bin Haji Karman, a Malaysian, aged 59, 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 served as an Independent Non-Executive Director on the board of directors for FajarBaru Builder Group Berhad and as an Independent Non-Executive Chairman for Iconic Worldwide Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

Presently, he does not hold any directorship in other public companies and listed issuer. He 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.

His interest in the securities of the Company is disclosed in the Annual Report. He has no family relationship with any Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

BOARD OF DIRECTORS' PROFILES (CONT'D)

DATUK LOY SIONG HAY

Managing Director

Member of Risk Management Committee

57 | Male | Malaysian



Datuk Loy Siong Hay, a Malaysian, aged 57, 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 Datuk 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 redesignated to his current position in our Group in November 2020.

He does not hold any directorship in other public companies and listed issuer.

His interest in the securities of the Company is disclosed in the Annual Report. He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

BOARD OF DIRECTORS' PROFILES (CONT'D)

DATO' TOH ENG KEAT

Executive Director

48 | Male | Malaysian

Dato' Toh Eng Keat, a Malaysian, aged 48, 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 Datuk 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 Inter-Chem 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.

He does not hold any directorship in other public companies and listed issuer.

His interest in the securities of the Company is disclosed in the Annual Report. He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

BOARD OF DIRECTORS' PROFILES (CONT'D)

DATUK DANG SIONG DIANG

Executive Director

47 | Male | Malaysian



Datuk Dang Siong Diang, a Malaysian, aged 47, 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.

He does not hold any directorship in other public companies and listed issuer.

His interest in the securities of the Company is disclosed in the Annual Report. He has no family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

BOARD OF DIRECTORS' PROFILES (CONT'D)

SOH ENG HOOI

Independent Non-Executive Director
 Chairperson of Audit Committee
 Chairperson of Remuneration Committee
 Member of Nominating Committee
 Member of Risk Management Committee
 53 | Female | Malaysian



Soh Eng Hooi, a Malaysian, aged 53, 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.

Her interest in the securities of the Company is disclosed in the Annual Report. She does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies for the financial year ended 30 June 2023.

BOARD OF DIRECTORS' PROFILES (CONT'D)

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
57 | Male | Malaysian



Pankajkumar A/L Bipinchandra, a Malaysian, aged 57, is our Independent Non-Executive Director. He was appointed to our Board on 15 December 2020. He is the Chairperson 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.

He is a member of the Institute of Corporate Directors Malaysia (ICDM), a member of FIDE Forum, a member of Financial Times Stock Exchange (FTSE) Bursa Malaysia Industry Advisory Panel and a former member of FTSE Bursa Malaysia Index Advisory Committee.

Currently, he sits on the board of OSK Ventures International Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad since 18 April 2023.

His interest in the securities of the Company is disclosed in the Annual Report. He does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

BOARD OF DIRECTORS' PROFILES (CONT'D)

KHO ZHEN QI

Independent Non-Executive Director
 Member of Audit Committee
 Member of Nominating Committee
 Member of Remuneration Committee
 Member of Risk Management Committee
 35 | Female | Malaysian

Kho Zhen Qi, a Malaysian, aged 35, is our Independent Non-Executive Director. She was appointed to our Board on 15 June 2021. She is a member of our Audit Committee, Nominating Committee, Remuneration 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.

She does not hold directorship in any other public listed companies and listed issuer.

Her interest in the securities of the Company is disclosed in the Annual Report. She does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies for the financial year ended 30 June 2023.

KEY SENIOR MANagements' PROFILE

PANG CHIEN CHANG

Chief Financial Officer
35 | Male | Malaysian

Pang Chien Chang, a Malaysian, aged 35, 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.

Presently, he does not hold any directorship in any other public listed companies and listed issuer. He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

TOH YENG YENG

Head of Corporate Administrative
38 | Female | Malaysian

Toh Yeng Yeng, a Malaysian, aged 38, is our Head of Corporate Administrative. She is in charge of administrative functions of the Group, as well as compliance issue regulations related to administrative functions.

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. On 1 October 2023, she has been re-designated as Head of Corporate Administrative, who in charge of administrative functions of the Group, as well as compliance issue regulations related to administrative functions.

Presently, she does not hold directorship in any other public listed companies and listed issuer. She is the younger sister of our Executive Director, Dato' Toh Eng Keat.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies for the financial year ended 30 June 2023.

KEY SENIOR MANagements' PROFILE (CONT'D)

MUHAMMAD FAIZUL BIN KOYAMANI @ HASSAN

Project Director – Operation (Substation)

33 | Male | Malaysian

Muhammad Faizul Bin Koyamani @ Hassan, a Malaysian, aged 33, is our Project Director – Operation in the Substation division. He oversees a range of crucial responsibilities, including project management, coordination, planning, project budgeting, installation, testing, commissioning, and safety management. He is also actively involved in client meetings, interactions with OEMs (Original Equipment Manufacturers), suppliers, and regulatory authorities. Additionally, he takes charge of preparing and submitting drawings to clients for approval.

He holds a Bachelor's Degree in Power Electrical Engineering, which he obtained from Universiti Tun Hussein Onn Malaysia in 2013.

He began his career in 2011 as a machine operator, where he was responsible for handling machinery at Ohta Precision (M) Sdn Bhd. In 2013, he joined T&T Inspection and Engineering Sdn Bhd as an Engineering Assistant, focusing on preparing inspection reports. His duties included conducting thermographic and ultrasound inspections, as well as partial discharge location assessments on switchgears, transformers, and overhead line cables. Subsequently, he moved to Magna Core Engineering Sdn Bhd, a fire protection company, as a Site/Project Engineer. In this role, he monitored site progress to ensure adherence to schedules, prepared shop drawings, and handled quantity assessments for various projects.

In 2014, he joined MN Power Transmission Sdn Bhd as a Senior Project Manager and was later promoted to the role of Project Director – Operation on 1 October 2023. In this capacity, he oversees the Substation Operation division, which include project execution and implementation and reports directly to the Executive Directors of the Company.

Presently, he does not hold directorship in any other public listed companies and listed issuer. He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

WONG SIU HAO

Project Director – Service (Substation)

50 | Male | Malaysian

Wong Siu Hao, a Malaysian, aged 50, is our Project Director – Service for Substation division. He oversees the coordination of service and maintenance work for high-voltage (HV) equipment, including transformers and circuit breakers. His responsibilities also encompass active participation in tender processes, support for specialist work related to Gas Insulated Switchgear (GIS) erection, installation, testing, and commissioning across various locations, as well as the maintenance, overhaul, and installation of high-voltage (HV) circuit breakers at substations.

He graduated from ITP College Kuala Lumpur and hold a Diploma in Electrical and Electronic Engineering in 1994.

He began his career in 1994 as a Testing & Commissioning Technical Assistant. In 1996, he joined ABB Malaysia Sdn Bhd as Technical Assistant/Site Supervisor and responsible for erection and testing & commissioning for Main Intake substation for several projects. He also supervised and assisted in Substation work, including erection, installation, testing, and commissioning. In 2010, he left ABB Malaysia Sdn Bhd and joined YPN Electrical Engineering & Construction Sdn Bhd and responsible for supervising online filtration, service and maintenance, and circuit breaker installation. His career progression led him to assume the role of Project Manager at MN Power Transmission Sdn Bhd in 2015, and later promoted to the role of Project Director – Services on 1 October 2023.

Presently, he does not hold directorship in any other public listed companies and listed issuer. He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

KEY SENIOR MANAGERMENTS' PROFILE (CONT'D)

YIP KOK KEEN

Contract Manager

35 | Male | Malaysian

Yip Kok Keen, a Malaysian, aged 35, is our Contract Manager. He is responsible for drafting, evaluating, and executing contracts on behalf of our Group. He also oversees financial monitoring and control of contracts.

He holds a Bachelor's Degree in Contract Management from Liverpool John Moores University in 2009.

He began his career in 2009 as a Contract Executive at PJD Construction Sdn Bhd. His responsibilities included overseeing post-contract activities such as interim claims, variation orders, sub-contractor payment claims, and reporting. He also managed budget revisions, sourced direct-sub workers, and handled material procurement. Additionally, he conducted productivity analysis and prepared reports for meetings, managed material control, and conducted regular on-site material inspections. In 2012, he left PJD Construction Sdn Bhd to join Sunway Construction Sdn Bhd as an Assistant Contract Executive. His dedication and performance led to his promotion and last position held as Assistant Contract Manager in 2020 before his departure in 2020, where he oversaw the post-contract team and handled tender calls for sub-contracts through SAP Ariba for numbers of project site.

In 2021, he took on the role of Contract Manager at SKE Alliance Sdn Bhd, where he oversaw the procurement and tendering processes of the Contract Department. He also played a key role in budget approval and monitored financial reports to ensure adherence to project budgets. In August 2023, he joined Mutu Nusantara Sdn Bhd as a Contract Manager for underground utilities segment.

Presently, he does not hold directorship in any other public listed companies and listed issuer. He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

CHAIRMAN'S STATEMENT

"DEAR ESTEEMED SHAREHOLDERS,

It is with profound honour that I address you as the Chairman of MN Holdings Berhad, reflecting on a milestone year of pivotal growth and forward stride. Presenting our performance review for the financial year ended on 30 June 2023 ("FY2023"), we proudly recognise our inaugural full financial year since our auspicious listing on the Bursa Malaysia ACE Market on 28 April 2022."



For MN Holdings Berhad ("MN Holdings" or "the Group"), the past year has been remarkably exciting, marking a time of strategic evolution and robust growth in our specialised fields of infrastructure utilities construction and substation engineering services. Navigating a market defined by swift transitions and escalating complexities, we have successfully solidified our standing as a competent solution provider, meeting the multifaceted demands of Malaysia's infrastructure utilities construction industries. Our consistent efforts to innovate and refine our services have ensured our strategic positioning to tap into emerging opportunities in our dynamic operating environment.

Navigating the Future with Accelerated Ambition and Strategic Excellence

Our strategic listing on the Bursa Malaysia ACE Market has been a linchpin, propelling our growth trajectory and amplifying our presence emphatically within the competitive landscape. This move elevated our corporate profile and armed us with financial leverage to effectively utilise the proceeds from the initial public offering ("IPO").

The timely infusion of capital has been instrumental in facilitating the purchase of new machinery and equipment, essential for enhancing our operational capabilities and service offerings. Additionally, the ability to repay bank borrowings has proven to be advantageous, particularly amid the prevailing environment of rising interest rates, thus fortifying our financial stability. Furthermore, the augmentation of our working capital has been vital in fuelling our expansion strategies, ensuring that MN Holdings is well-positioned to seize emerging opportunities and achieve sustained growth in the years to come.

In FY2023, we deployed several strategic initiatives to broaden our service offerings and deepen our industry expertise, delivering solutions that are not only innovative but also impactful, solidifying our presence across the power, gas, and sewerage sectors in Malaysia. Our strategic initiatives and the enhanced corporate profile post-IPO have significantly elevated our order book during the financial year. As of 30 June 2023, our total order book stood at a healthy RM328 million, marking an increase of 90.4% from RM172.2 million as of 9 March 2022.

CHAIRMAN'S STATEMENT (CONT'D)

Furthermore, MN Holdings has been proactive in maintaining and expanding our order book. We have actively pursued tenders, solidifying our position in the substation engineering segment and underground utilities engineering. These endeavours have not only contributed to our order book's healthy growth but have also positioned us for continued success in the coming years.

Our commitment to innovation, industry leadership, and delivering impactful solutions to our clients remains unwavering. As we move forward, we will continue to leverage our expertise and expand our service portfolio to meet the evolving needs of the power, gas, and sewerage sectors in Malaysia. Our strong order book reflects the confidence our clients have in our capabilities, and we look forward to further growth and success in the future. Our journey through the year has been marked by a steadfast commitment to excellence, operational integrity, and a vision to create sustainable value for our stakeholders. This is also in line with our vision to be at the forefront of the infrastructure utilities construction industries, particularly as the demand for data centres continues to escalate.

MN Holdings has consistently demonstrated its ability to ride the waves of investment and development within various industries, showcasing adaptability and forward-thinking strategies. Our journey has been marked by seizing opportunities during pivotal moments, contributing to our steady growth and resilience. For example, we benefitted from the glove and recycle paper sector expansion during the COVID-19 pandemic and swiftly transitioned to the semiconductor industry, meeting surging demand for electronic components. Presently, our focus is on the data centre sector, recognising its pivotal role in the digital age. Our adaptability, industry foresight, and commitment to innovation enable us to thrive in ever-evolving markets while creating value for our stakeholders.

On 1 April 2023, we entered into a Memorandum of Understanding ("MoU") with Shanghai DC-Science Co. Ltd ("DCS") for a proposed investment of DCS' first high-performance data centre outside of China. This collaboration, with a projected investment amounting to USD600 million or RM2.85 billion, is a testament to our growing international presence and good track record with several data centre players in the market.

Robust earnings growth fuelled by digitalisation wave and data centre expansion

Reflecting upon FY2023, MN Holdings demonstrated a strong financial performance that underscores our robust business acumen and strategic foresight. This financial year saw our revenue jumped by 58.1% year-on-year ("yoy") to RM164.5 million, reflecting the effectiveness of our strategic initiatives and adeptness in capitalising on prevalent market opportunities.

Moreover, our net profit experienced a substantial rise, escalating by 68.2% yoy to achieve RM9.30 million in FY2023, predominantly driven by an increment in gross profit. This underlines our capability to sustain operational efficiency, facilitating revenue augmentation and adept profit management to secure our Group's financial vitality. Notably, our two principal business segments - underground utilities engineering and substation engineering - contributed 53.29% and 46.71% of the total revenue, respectively. The latter, in particular, witnessed a significant leap, soaring from RM27.15 million to RM76.82 million, marking a staggering 183% yoy increase.

A notable uptick in technological assimilation and a surge in data demand across various sectors have amplified the need for data centres, positioning our underground utilities and substation engineering segments as key revenue drivers for the Group. This aligns MN Holdings aptly within a domain that is not merely of contemporary significance but also crucial for imminent technological and infrastructural developments, thereby ensuring our growth trajectory maintains its sustainability.

The strong growth reported in FY2023 was especially striking, given the subdued economic expansion in Malaysia throughout the period under scrutiny, which was notably marred by anticipated global macroeconomic uncertainties and a persistently elevated interest rate environment.

Championing Sustainable Growth and National Infrastructure Development

At MN Holdings, our actions are guided by a firm foundation in integrity, accountability, and consistent pursuit of excellence, always recognising that our growth is closely tied to the thriving communities we serve. Our commitment to corporate responsibility isn't just policy; it's a crucial part of who we are, steering our efforts toward crafting a future that's sustainable and broadly beneficial to our community.

In a practical sense, this means we are dedicated to make substantial contributions to the development of national infrastructure. This commitment enables us to build strong partnerships and streamline our operations across both private and public sectors. Simply put, MN Holdings remains a steadfast example of a business that aligns its profitable progression with purposeful action, ensuring our developments have positive, far-reaching implications across the community and national levels.

CHAIRMAN'S STATEMENT (CONT'D)



Ambitious strategic aspirations going forward

As we gaze into the future with an optimistic order book our financial prudence and proactive pursuit of opportunities pave a stable path for MN Holdings. Our focus is fixed on the rising data centre industry, ensuring that our initiatives are attuned to the global digitalisation wave and positioning us as crucial players in digital infrastructure development.

Ararmoured with expertise, MN Holdings aims to shape the next chapter of digital development, simultaneously contributing to the digital economy and exploring new revenue avenues. Our commitment extends to national infrastructure projects, supplementing national growth with robust infrastructure and embedding ourselves in projects that promise sustainable growth and stability.

While the global landscape continues to navigate through multifaceted challenges and uncertainties, the Group has exhibited remarkable resilience, sustaining and amplifying its earnings growth through strategic involvement in the rising demand for digitalisation and data centres. Our endeavours in these forward-looking industries have paved the way for a fortified financial stature, ensuring our steady yet exponential growth in earnings amid the prevailing challenges.

Acknowledging Pillars of Support

In reflection, a pause to extend heartfelt gratitude towards every integral component of MN Holdings' success is paramount. To our stakeholders, staff, Board Members, and Key Senior Management, your steadfast support, dedication, resilient leadership, and unwavering trust have sculpted our achievements and opportunities.

A special thank you to regulatory bodies and financial institutions for guiding and supporting us during our transition to a publicly listed company in FY2022. Your wisdom has ensured our adherence to regulatory standards and smoothed our entry into the public market.

As we stride into the future, our collective efforts will carve pathways of innovation, growth, and continued success, establishing MN Holdings as a bulwark in the industry.

Thank you for being an integral part of our journey and for contributing towards sculpting a future replete with possibilities, innovations, and accomplishments. Onward, to greater heights, together.

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

MANAGEMENT DISCUSSION AND ANALYSIS

"DEAR VALUED SHAREHOLDERS,

In a pivotal FY2023, MN Holdings navigated through the complexities of the Malaysian economic environment and successfully managed global challenges and harnessing opportunities in the dynamic data centre. This is in line with the Group's capability to capitalise on industry trends and developments, demonstrating adaptability and forward-thinking strategies throughout its journey. Amidst strategic evolution and robust performance, our alliances and collaborations mirrored a proactive market response, solidifying our foundation in a swiftly digitalising economy. In this ensuing Management Discussion and Analysis ("MDA"), we invite you to explore our strategic journey through FY2023, and we extend our heartfelt thanks for your steadfast support and trust in MN Holdings."



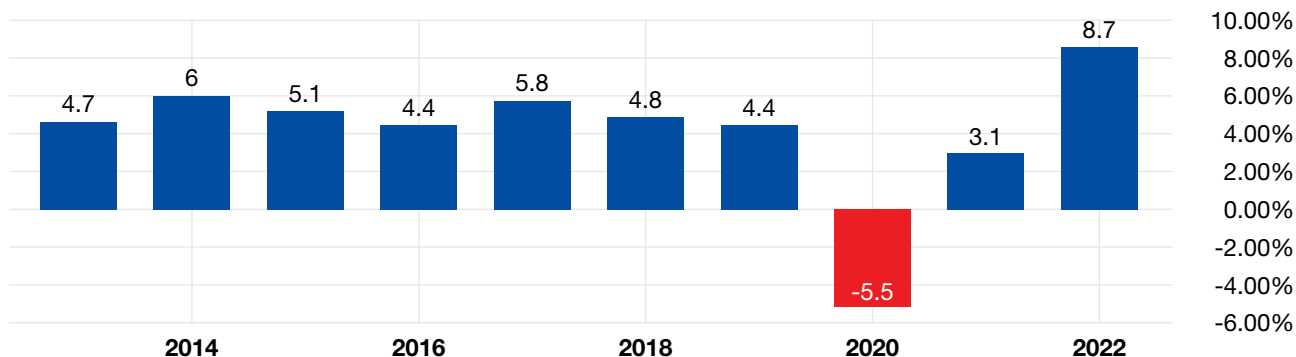
It is with great pleasure that I present to you the annual report of MN Holdings, detailing our operations and financial performance for the financial year ended on 30 June 2023 ("FY2023"). Reflecting on the year under review, MN Holdings stands at a strategic inflexion point, gracefully transitioning into the next growth phase as a publicly listed company while capitalising on robust expansion within our core businesses of underground infrastructure utilities engineering services and substation engineering services.

Over the last year, the economic canvas, particularly in Malaysia, was painted with resilience amidst a host of challenges, most notably the rippling effects of the global pandemic and the socio-political undercurrents shaped by domestic political activities, notably the 15th General Elections. The initial political uncertainty was subsequently resolved with the formation of a unity government, which brought stability to the political landscape.

Despite navigating through the thickets of geopolitical tensions, inflation, and shifting digital landscapes, Malaysia's Gross Domestic Product ("GDP") demonstrated a robust recovery to 8.7% in 2022 from the 3.1% recorded in 2021. While growth momentum was affected by the rising interest rate and persistent inflationary pressures, Malaysia still managed to record 5.6% growth during the Q1 2023 on the back of robust domestic demand. This was supported by the improvement in the labour market amid the reopening of the economy in the post-COVID era.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Annual GDP Growth (%)



Source: Department of Statistics Malaysia (DOSM), Trading Economics

In line with the economic recovery, MN Holdings has steadfastly enhanced its financial stability, demonstrating a sturdy financial performance indicative of our strategic initiatives and adept business expansion. MN Holdings has sustained a commendable performance throughout FY2023. We have also taken advantage of the digitalisation trend and tapped into the rising demand for data centres. This reflects our strength to ride on the waves of investment and development within various industries, showcasing adaptability and forward-thinking strategies. For instance, we seized opportunities during the COVID-19 pandemic by tapping on the surge in investment in the gloves, recycled paper and semiconductor sectors. During the current financial year, we have managed to put ourselves at the forefront of the digitalisation trend as we entered into a Memorandum of Understanding (“MoU”) with Shanghai DC-Science Co., Ltd. This initiative not only symbolises our progressive business strides but also signifies our commitment to embedding ourselves into the digital transformation currently shaping global industries.

Our order book highlights our financial health, standing healthily at RM327.8 million as of 30 June 2023, displaying a substantive improvement compared to RM172.2 million as of 30 June 2022, a testament to our strategic initiatives and operational adaptability. Our notable efforts are evident through the submission of numerous tender proposals for significant projects. These tender proposals are primarily focused on the substation engineering and underground utilities engineering business segments. These initiatives demonstrate our commitment to pursuing substantial opportunities and further strengthening our presence in these sectors.

Closing this introductory note, our heartfelt gratitude is extended to our dedicated team, our steadfast partners, and you – our esteemed stakeholders, for your unwavering support and belief in the vision and strategic pathways of MN Holdings. The ensuing pages will provide a deeper dive into our operational, financial, and strategic journey throughout FY2023, and we look forward to continuing this journey of collective growth and success with all of you.

BUSINESS OVERVIEW

MN Holdings is an investment holding company with a predominant focus on two principal domains through our wholly-owned subsidiaries, Mutu Nusantara Sdn Bhd (“MNSB”) and MN Power Transmission Sdn Bhd (“MPTSB”):

- 1) Underground Utilities Engineering Services and Solutions
- 2) Substation Engineering Services and Solutions

Dual key strategies to drive growth

Navigating through the dynamic landscape of the power utilities construction industry, MN Holdings deployed two key strategic initiatives to strengthen its market position and enhance stakeholders’ value. These dual strategies are as below:

1) Focus on the latest industry growth trends

Understanding the perpetual necessity for power connections across all sectors, MN Holdings consistently aligns its operations with the latest industry growth trends. The universal requirement for reliable power connectivity across varying industries becomes a cornerstone of our strategic planning, ensuring our solutions are current and adaptable to evolving industry needs.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS OVERVIEW (CONT'D)

Dual key strategies to drive growth (cont'd)

2) Active engagement with customers and suppliers

Additionally, we believe that fostering strong relationships and engaging collaboratively with our stakeholders—encompassing customers and suppliers—is pivotal to innovation and success. Our proactive engagement strategy facilitates dialogues on potential collaborations, encouraging collective input towards new projects and development opportunities. This enriches our service offerings and fortifies our presence and relevance within the industry.

Our Legacy and Services: Engineering Robust Foundations

Boasting over 16 years in the power utilities construction industry within Malaysia, MN Holdings has meticulously crafted a legacy underpinned by expertise, innovation, and service excellence. Our subsidiaries, MNSB and MPTSB, are recognised as Grade 7 (G7) contractors by the Construction Industry Development Board (CIDB) and, in the case of MNSB, the Sijil Perolehan Kontrak Kerajaan (SPKK), permitting participation in high-value tenders both public and private across Malaysia. Through diversified contract offerings—EPCC/Turnkey, Bulk Contracts, and Single Contracts—we champion engineering excellence, offering tailored solutions from inception through to operation.

Enabling Future Growth through Strategic Listing

The strategic listing of MN Holdings has markedly enhanced our capability to amplify growth, as seen by the strong growth achieved in FY2023. This listing has elevated our financial capability and augmented our position to tap into fast-expanding sectors such as data centres and national infrastructure development. The rising demand for data centres, driven by technological advancements and increased reliance on digital infrastructure, aligns seamlessly with our expertise in powering facilities.

As national infrastructure development thrives, our comprehensive suite of underground utilities and substation engineering services are well-poised to serve and contribute to these expansive projects. Our services are crucial in ensuring that power is reliably supplied to data centres and new infrastructural developments, reinforcing our contribution to the nation's digital and infrastructural transformation.

Clientele and Final Notes: Harnessing Power, Empowering Developments

Our clientele primarily consists of main contractors, property developers, and varied industries, with a collective need for our distinctive services and solutions to ensure consistent power supply to specified locales and premises. MN Holdings extends beyond being a project partner; we are steadfast in our commitment to energising landscapes, catalysing industries, and crafting sustainable development pathways with an amalgamation of expert and forward-thinking engineering solutions.

In conclusion, the Group moves forward with a strategic pulse on industry trends, an unwavering commitment to collaborative stakeholder engagement, and a keen focus on leveraging opportunities presented through our strategic listing to propel growth and contribute significantly to national development initiatives.

FINANCIAL REVIEW

Despite the macroeconomic challenges, such as the persistent inflationary pressure and rising interest rate environment, MN Holdings has cemented its reputation as a financially stable and resilient entity in FY2023 with notable successes in several key financial metrics.

The Group demonstrated remarkable resilience and adaptability by maintaining a robust financial performance and registering commendable growth. The Group's revenue experienced a substantial escalation, ascending by 58.1% year-on-year ("yoy") to reach RM164.5 million in FY2023, a growth significantly propelled by the substation engineering segment. Specifically, this segment skyrocketed from RM27.15 million to RM76.82 million, marking an exceptional 183% increase on a yoy basis.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Net profit also followed a similar trajectory, surging by 68.2% yoy to hit RM9.30 million in FY2023, with the increment chiefly attributed to a bolster in gross profit, reflecting astute operational management and strategic efficacy. Our core competencies in underground utilities and substation engineering services drove this. At the same time, the integration of advanced technologies and deployment of strategic management practices amplified operational efficiencies, thereby propelling profitability margins.

In terms of segmental contribution to MN Holdings' stellar performance, underground utilities engineering made up 53.29% of the total revenue, while the substation engineering business segment accounted for 46.71% of the total revenue. The strong growth reported in the substation engineering business segment was the primary growth driver for the Group in FY2023. Our order book highlights our financial health, standing healthily at RM384.3 million as at date of this report, displaying a substantive improvement compared to RM292.0 million as of last annual report.

Looking ahead, the Group has proactively engaged in tendering for projects within both the substation engineering and underground utilities engineering sectors. This strategic approach aims to maintain our order book at a healthy level, ensuring consistent and transparent earnings for the Group in the foreseeable future. It also positions us well to maintain our revenue growth in the upcoming quarters.

Importantly, the momentum of digitalisation, underscored by the increasing demand for data centres, has presented sustained growth opportunities, strengthening the Group's operational performance and propelling its future prospects.

Financially, MN Holdings has also showcased robust health with an enhanced cash position, growing to RM21.62 million as of 30 June 2023, up from RM18.9 million on 30 June 2022. Moreover, the working capital saw a commendable enhancement, increasing to RM63.2 million as of 30 June 2023 from RM55.7 million on 30 June 2022, indicating a sturdy financial foundation and an adept ability to navigate future investments and challenges.

In wrapping up, MN Holdings, through strategic manoeuvres across its business segments and alignment with the prevailing digital trends, has solidified its financial stance and positioned itself for ongoing success in the subsequent financial years. Focused on fortifying our financial stance, we continually seek ventures and opportunities that align with our corporate ethos that could drive financial prudence and sustainable growth.

OPERATIONS REVIEW

As of the time of this financial report, MN Holdings has rooted its operations firmly within the Malaysian market, showcasing a notable evolution in its revenue streams throughout FY2023. The principal contributor to the Group's total revenue has been its underground utilities engineering services and solutions segment, constituting a sizable 53.29% in FY2023.

The significant rise in our substation division's performance can largely be attributed to our enhanced ability to secure more EPCC ("Engineering, Procurement, Construction, and Commissioning") projects directly from project owners. This development came as a positive result of our listed status on Bursa Malaysia, which has notably increased revenue contributions from the substation business segment. Being listed provided us with a more robust platform, enabling us to build a solid reputation and a commendable track record in the market. As a result, we have established trust with our stakeholders, further attracting lucrative projects.

Furthermore, our commitment to providing comprehensive services has been a key differentiator in the competitive landscape. Our services include both substations and underground utilities engineering, an essential service considering the growing demand for power utilities solutions. This holistic approach has bolstered our market position, demonstrating our capability as a one-stop solution and thus attracting a broader client base.

Revenue trajectories within MN Holdings have been characterised by a substantial amplification, predominantly fueled by the bolstered construction activities and a queue of projects illuminating the path ahead. The growth is predominantly spearheaded by the substation engineering business, which has not only maintained but also amplified its momentum from FY2022 into the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW (CONT'D)

Since the Group's IPO, there has been a commendable surge in operational and financial strides, punctuated by securing new projects and fortifying its corporate profile and capacity. As of 30 June 2023, the Group's order book impeccably mirrors this upward trajectory, standing at RM327.8 million, representing a sharp improvement from RM172.2 million recorded on 30 June 2022, prior to the listing, demonstrating a fortified and upwardly mobile financial position.

Peering into the future, MN Holdings continues to cultivate growth through exploring novel opportunities, notably within the growth opportunities such as the data centre sector. In synergy with its operational diversification and robust financial health, this paves the way for a strategically fortified and growth-oriented journey ahead.

KEY MILESTONES AND DEVELOPMENTS

MN Holdings underscores its innovative and strategic prowess through significant milestones and alliances across the power utilities and infrastructural development sectors. Recent milestones and partnerships highlight MN Holdings' profound capabilities in managing high-value projects and establishing vital alliances at both national and international levels.

Here are some of the key milestones and developments during FY2023:

1. Building international collaborations

On 1 April 2023, a cornerstone was laid through a Memorandum of Understanding ("MoU") with Shanghai DC-Science Co., Ltd. ("DCS"). This collaboration, distinguished by DCS's first high-performance data centre outside China, signifies the international aspirations of both firms. MN Holdings' provision of utility infrastructure, coupled with DCS's commitment to drive the initiative from planning to operation, symbolises a strategic synergy. With an anticipated investment of USD600 million or RM2.85 billion, the venture poses a substantial footprint in the global market.

This is in line with the Group's strategic initiatives to tap into the rapid increase in data centre investments in Malaysia, which has received RM76 billion in investments from 2021 until March 2023. Malaysia is poised to become the region's next data centre hub, attracting global players such as Amazon Web Services (AWS), Google, and Microsoft. This development is poised to catalyse demand within the electrical industry, strategically positioning the Group for expedited growth in the future. Collaborating with DCS had further elevate MN Holdings' corporate profile amidst data centre players and fortify its track record, propel growth, and facilitate the acquisition of new contracts.

2. Strategic collaboration to seek potential cybersecurity projects

MN Holdings also entered into a strategic alliance with cybersecurity solutions provider Intelligent Pie Consulting Sdn Bhd ("IPIE") as part of its commitment towards safeguarding operational technologies across Malaysia. According to the MoU signed on 7 February, MN Holdings and IPIE will collaborate to conduct potential operational technology cybersecurity projects in Malaysia. Targeting impactful market segments, including Tenaga Nasional Bhd and its subsidiaries, the partnership seeks to navigate potential cybersecurity projects, ensuring power infrastructure and its secure, unhindered operation across varied industries.

3. Focus on data centres' growth with targeted tenders

Aside from forging collaborations and partnerships, MN Holdings concentrated on delivering exceptional electrical services for data centres and proactively seeks new opportunities by diligently participating in market tenders, ensuring a consistent pipeline of promising projects.

A series of tenders and proposals across varied projects, such as underground cable works for the 33kV, 132kV and 275kV power cables, as well as substation engineering works for data centres, private developers and from Tenaga Nasional Berhad underscores the Group's continuous, proactive endeavours in infrastructure industry related expansion. Furthermore, with an anticipated tender invitation by several world class data centre players, the Group aligns its operational path with consistent portfolio expansion and infrastructural development.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Project Highlights: A Showcase of the Group's Major Ongoing Projects

From data centre projects and Engineering, Procurement, Construction and Commissioning ("EPCC") work to infrastructural development for semiconductor operations, MN Holdings' ongoing projects are robust indicators of its capabilities and reputation in the power utilities construction domain. The broad-spectrum projects affirm the Group's multifaceted capabilities and stalwart industry position.

Diving into specifics, the Group has embarked on substantial data centre projects valued at RM51.92 million, which encompasses an assortment of tasks such as the construction of a consumer landing station for the Data Centre A located in Nusajaya Technology Park, involving intricate 33kV and 132kV underground cable works. Furthermore, the Group is managing the deployment of a 275kV underground cable stretching from PMU Sedenak to PMU Yellowwood Data Center and ensuring the establishment of 33kV and 132kV underground cables from PMU Gelang Patah to Data Centre B located in Johor Bahru, underscoring its commitment to establishing a reliable power infrastructure for critical data management centers.

Moreover, the Group is currently spearheading EPCC work for several esteemed Solar playesr for solar projects at Terengganu, Pahang and Perlis, with the major solar projects valuing an impressive RM67.6 million. This is supplemented by several major substation works for Tenaga Nasional Berhad (TNB) which are pegged at RM77.07 million, revealing the Group's profound involvement in substantial, high-value undertakings that bolster its industry positioning and financial prowess.

MN Holdings is also directing its expertise towards electrical system work and infrastructure development of power utilities for several semiconductor players, with an allocation of RM45.8 million. Furthermore, the Group is navigating through transmission works, HDD, and cable work for mixed development, attributing to an investment of RM20.9 million.

Of noteworthy mention is the Group's active involvement in EPCC gas distribution and the relocation of electrical services for the East Coast Rail Link (ECRL) project, totalling investments of RM20.2 million and RM13.1 million, respectively. The diversified nature of these projects illustrates MN Holdings' capacity and willingness to engage in a variety of sectors within the industry, highlighting its versatility and adaptability in handling distinct projects with varying scopes and requirements.

Through the above projects, MN Holdings does not just solidify its presence in the industry but also plays an integral role in propelling the nation towards infrastructural and technological advancements, enhancing its corporate portfolio and contributing to national development. Consequently, the Group's commitment to quality, adherence to deadlines, and effective project management reinforces its reputation, ensuring its continued dominance in the sector.

Fiscal Foresight: Navigating Corporate Strategies

The corporate strategies of MN Holdings, particularly visible through a proposed bonus issue of 204,375,000 warrants and the initiation of an Employee's Share Option Scheme (ESOS) in FY2023, exemplify financial and corporate sagacity. Designed to augment shareholder value, this issuance was structured on the principle of providing 1 Warrant for every 2 existing ordinary shares in MN Holdings, thereby injecting a palpable sense of confidence and stability into its investment community. The exact entitlement date was left to future determination, ensuring flexibility in aligning the issuance with optimal market conditions.

Concurrently, the foresight of the Group extended into rewarding and ensuring the welfare of its internal stakeholders – its employees and directors. This manifested in the form of the Proposed Establishment of an ESOS, earmarked to encompass up to 30% of the total number of issued Shares of MN Holdings. Excluding any treasury shares, this initiative demonstrates a clear intent to invest in the individuals who propel the Group forward, fostering a culture of ownership, motivation, and alignment with the Group's overarching objectives and success.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

KEY RISKS AND CHALLENGES

In the dynamic electrical and power industry landscape, MN Holdings—despite its commendable growth and strategic initiatives—navigates through an ocean where potential risks and challenges lurk beneath the waves of progress. Understanding and mitigating these aspects is pivotal to maintaining the trajectory of growth and ensuring sustainable development in the long run.

Below are some of the key risks and challenges that the Group may face going forward:

Key risks and Challenges	Description
Global economic volatility	- Potential impacts of global economic downturns or instability, which could affect the domestic economy - Geopolitical tensions affecting the industry and markets.
Technological advancement and adaptability	- Risk of obsolescence due to rapid technological developments. - Challenges in integrating and adapting to new technologies.
Regulatory and compliance	- Ensuring consistent adherence to local and global regulations. - Managing impacts of changes in legislation and industry standards.
Supply chain risks	- Disruptions in the procurement of materials and labor. - Potential escalation of costs due to global economic factors.
Competitive landscape	- Aggressive competitive bidding for projects. - Emergence of new players and strategic alliances among competitors.
Labour management	- Sourcing skilled labor and managing workforce requirements. - Ensuring continuous training and development to uphold quality.
Project management and execution	- Ensuring projects are delivered on time and within budget. - Managing the quality and client satisfaction in project delivery.
Environmental and sustainability challenges	- Addressing increasing demand for sustainable and eco-friendly practices. - Managing environmental impacts and adhering to green policies.
Market demand fluctuations	- Predicting and responding to changes in market demand for services. - Adjusting strategies to align with industry trends and client needs.
Clients' dependency	- Risk associated with dependency on key clients for revenue. - Diversifying client base to safeguard against client loss impacts.

In embracing the path forward, MN Holdings is celebrating its achievements, planning future strategies, and cautiously scrutinising the potential pitfalls and hurdles. Ensuring a thorough risk management and mitigation strategy is quintessential to manoeuvre through these challenges, transforming them into stepping stones towards a visionary future in the industry.

On this end, the Risk Management Committee at MN Holdings plays a pivotal role, spearheading our strategic approach towards comprehensive business risk management. Their responsibilities span across the supervision of the formation and deployment of a thorough risk management framework and subsequent evaluations to ascertain its efficacy.

The primary objectives of this framework are multifaceted: it seeks not only to guarantee the delivery of premium products and services but also to scrupulously monitor the risk culture and processes permeating the entire Group. This dual focus ensures that while we actively seize opportunities, we simultaneously manage risks that could detrimentally impact our reputation and impede the attainment of our business objectives.

Additionally, MN Holdings steadfastly upholds a commitment to ethical conduct and legal compliance. Our Whistleblowing and Anti-Bribery and Corruption policies are firmly in place, reflecting our dedication to transparent and integral practices. Furthermore, we strictly adhere to all pertinent laws and regulations, including the Capital Market & Services Act 2007, Companies Act 2016, Personal Data Protection Act 2010, Employment Act 1955, Occupational Safety and Health Act 1994, and the CIDB Act, ensuring our operations are consistently lawful and ethically sound.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OUTLOOK AND PROSPECTS

Navigating through an era of unbridled technological advancements and robust industrial development, MN Holdings is poised at the cusp of an exciting journey, looking forward to a panorama of opportunities and growth vectors. The key areas highlighting the promising outlook for MN Holdings encompass a diverse range of sectors, such as data centres, national infrastructure development, and the electrical industry, with each respective industry providing distinct possibilities and avenues for growth.

In the realm of data centres, MN Holdings is tapping into the growing market that rides on the back of the digitalisation wave sweeping across industries and sectors. Since data has become one of the most prized assets in the contemporary business ecosystem, the demand for data centres is witnessing an unprecedented spike. With its strategic approach towards collaborations and partnerships, MN Holdings, notably the alliance with Shanghai DC-Science Co., Ltd., is enhancing its corporate profile and fortifying its position in the data centre landscape. This association, in particular, is anticipated to weave a tale of mutually beneficial growth, as MN Holdings lends its expertise in providing utility infrastructure for the data centre, whereas DCS brings to the table its design, planning, and operational finesse. Moreover, the Group has already been an active player with its current involvement and good track record for data centre development in Malaysia.

Moving on to national infrastructure development, MN Holdings has been making strides in contributing to Malaysia's infrastructural landscape, a movement that indirectly propels the demand within the electrical industry. The Group's persistent focus on staying attuned to the latest industry growth trends, where power connections become an unequivocal necessity, aligns seamlessly with the upward trajectory of infrastructural developments. A multitude of projects, spanning from consumer landing stations for data centres to intricate substation work, underscore MN Holdings' capabilities and establish a promising pipeline that is anticipated to fuel growth in the forthcoming fiscal years. With the resumption of construction activities in Malaysia, we expect to see further growth in this business segment going forward.

Moreover, with the nation gradually transitioning towards sustainable energy solutions, MN Holdings' involvement in EPCC work for various solar farms diversifies its project portfolio and catapults it into the sphere of renewable energy. The on-going projects with various solar farm owners broaden MN Holdings's horizons, opening up new ventures and opportunities in the renewable energy sector, thereby adding a sustainable and future-proof facet to its operations.

Going forward, the Group will continue to benefit from the gradual economic recovery in Malaysia. In the Q2 2023, Malaysia's economy witnessed a 2.9% GDP expansion, driven by improvements in labour market conditions, a surge in household spending, and revitalised tourism activities, further accentuated by a quarter-on-quarter growth of 1.5%. Moreover, a 6.2% uplift in the construction sector's economic activities has been observed, primarily fuelled by the steadfast progression of large infrastructure projects and amplified by heightened special trade facilities.

Amidst this promising economic panorama, MN Holdings has demonstrated exemplary financial performance, showcasing notable accomplishments in the recent financial quarter, attributable to the systematic progression and inception of several pivotal projects previously secured, thereby playing an instrumental role in fortifying the Group's comprehensive performance and catalysing substantial expansion and financial uplift.

With the Group's existing order book, the contracts in hand are poised to constructively shape the Group's earnings over the ensuing two to three fiscal years, barring unforeseen circumstances, thereby situating the Group in a position primed for continuous expansion and forthcoming opportunities. In summary, MN Holdings emerges as a paragon of strategic growth, fusing innovative strategies with pragmatic operational frameworks. The Group not only harmonises with the present technological and infrastructural demands but also adeptly positions itself to steer future industry landscapes with acumen and foresight.

Datuk Loy Siong Hay
Managing Director

SUSTAINABILITY STATEMENT

THE STATEMENT

MN Holdings Berhad (“MN Holdings” or “the Group”) is pleased to present its Sustainability Statement (“Statement”) for the financial year ended 30 June 2023 (“FY2023”), which details the Group’s efforts to integrate Environmental, Social, and Governance (“ESG”) Sustainability initiatives into our business operations. Our core principle is to **embrace sustainability for enduring success** as we recognise the significance of the socio-economic and environmental impact on our business activities, which motivates us to create long-term value for our stakeholders.

At MN Holdings, our **‘Empower, Engage, and Enrich’** ethos steers our commitment to sustainable growth, mirrored in our key accomplishments of FY2023. Navigating through sustainable value development, we ensure our business practices positively impact societal, economic, and environmental realms, adhering to a future-forward approach that benefits all stakeholders.

During FY2023, the Group has proactively identified and implemented various initiatives supporting our sustainability aspirations. Our Statement encompasses information on material sustainable development activities and the management of risks and opportunities impacting the Group’s businesses’ economic, environmental, and social aspects.

While we are committed to embracing sustainability, we believe this is an ongoing journey and recognise the importance of evolving and enhancing our strategies to make consistent progress. We will continue to improve our reporting quality to offer greater clarity and transparency regarding our sustainability initiatives and approaches.

This Statement serves as a summary of our current sustainability approach and the significant outcomes achieved during the financial year and outlines our commitment to further advancements. We will remain committed to ensuring dynamic and impactful sustainability initiatives aligned with the evolving needs of our stakeholders and the environment.

REPORTING STANDARDS

This Statement has been produced in adherence to the following:

1. ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad
2. Global Reporting Initiatives (“GRI”) Standard Guidelines
3. FTSE4Good disclosure guidelines.
4. MN Holdings’ Sustainability Policy

In keeping with best practices for disclosure, additional facets of the United Nations Sustainability Development Goals (“UNSDGs”) have been considered.

Our sustainability framework is underpinned by robust governance, which provides oversight for these policies and processes. This framework and governance structure serve as a comprehensive roadmap that delineates our goals and the methods to attain them.

REPORT SCOPE AND BOUNDARY

This Sustainability Statement encompasses the reporting period from 1 July 2022 to 30 June 2023 (“FY2023”). Our focus spans economic, environmental, and social (“EES”) dimensions, spotlighting initiatives and areas we have identified. The Statement predominantly covers the business activities conducted by the Group, which is the provision of **infrastructure utilities construction services** and **solutions**, serving the **power, gas and sewerage industries** in Malaysia.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE STRUCTURE

Governance is at the core of our sustainability agenda. MN Holdings conducts its business activities ethically, complying with prevailing laws and regulations and showcasing our commitment to accountability and social responsibility. Our approach to governance reflects our commitment to identifying, evaluating, monitoring, and managing risks and opportunities across ESG areas, thereby driving sustainable development and value creation.

A clear governance structure, led by the Board of Directors (“the Board”), was established to drive sustainability initiatives in accordance with the Group’s vision. This governance structure empowers the Board and the Management to monitor critical material sustainability topics, progress, associated risks, and opportunities.

The Board will oversee the Group’s Sustainability direction, supported by the Risk Management Committee, Sustainability Working Group and the Head of Departments. The Sustainability Working Group is responsible for reporting material sustainability matters to the Risk Management Committee on a periodic basis. They ensure that all material sustainability matters are considered and managed by the Group through various activities, including stakeholder engagement and materiality assessment.



Currently, the Sustainability Working Group, comprising the following members:



Sustainability Policy: Embracing Sustainability for Enduring Success

At MN Holdings, sustainability is not just an aspect of our business; it is embedded in the core of our strategic objectives, reflecting our commitment to maintaining an equilibrium among economic performance, social responsibility, and environmental stewardship. Our overarching strategy elucidates our belief that responsible business practices, environmental conservation, and socio-economic advancements are inexorably linked to our long-term success and value creation for all stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE STRUCTURE (CONT'D)

Our Sustainability Pillars

The Group's sustainability policy focuses on four key pillars: **Economic Resilience**, **Environmental Stewardship**, **Social Responsibility** and **Governance and Ethics**.

Embedding sustainability into the core of its business operations, MN Holdings champions a comprehensive, 360-degree approach, harmoniously intertwining Economic Resilience, Environmental Stewardship, Social Responsibility, and Governance and Ethics into its strategic undertakings. This initiative would be led by the Sustainability Working Group.

Economic Resilience is the linchpin of the Group's sustainability strategy, navigating tumultuous economic waves by innovating and diversifying its business operations. The Group works diligently to strike a balance between safeguarding its economic value and steering through multifaceted challenges that manifest in its business environment. By exploiting arising opportunities and implementing robust risk mitigation strategies, the Group ensures its own robust financial performance and steadfastly enhances shareholder value.

Embracing **Environmental Stewardship**, MN Holdings endeavours to mitigate its environmental impact, recognising the urgency and responsibility to protect our planet. This is realised through the optimising resource utilisation and steering operations towards a low-carbon and circular economy. All facets of the Group's projects and operations are implemented strategically, focusing on minimising environmental repercussions while fostering a culture of sustainable practices.

Under the umbrella of **Social Responsibility**, the company seeks to contribute and embed itself as a positive force within the community. The aim is not merely to conduct business but to enhance the social and economic well-being of the communities in which it operates. Through targeted initiatives, active collaborations, and a genuine commitment to local upliftment, MN Holdings ensures its operations yield tangible, positive social impacts, such as generating employment, skills development, and fortifying local capacities.

Lastly, **Governance and Ethics** serve as the moral compass guiding MN Holdings, underpinning every venture with an unwavering commitment to integrity and ethical business conduct. Rigorous enforcement of compliance with legal and industry regulations, coupled with a pervasive culture of transparency, integrity, and ethical business dealings, safeguards the Group's reputation and ensures the trust of its stakeholders.

Economic Resilience

- Innovate and diversify its business operations to safeguard and enhance economic value
- Reinforce our economic footprints through risk mitigation strategies, ensuring robust financial performance and shareholders' value.

Environmental Stewardship

- Committed to reducing our environmental footprint through implementing green technologies, optimizing resource use, and contributing towards a low carbon and circular economy.
- Projects are executed with a meticulous focus on minimizing environmental impact and fostering sustainable practices across all phases of our business

Social Responsibility

- Make meaningful contributions to the community by focusing on initiatives that enhance social and economic well-being
- Actively collaborate with local communities to ensure that our operations bring about positive social impacts, including employment, skills development, and enhancing local capacities

Governance and Ethics

- Enforce compliance with legal regulations and uphold a culture of integrity and transparency across all our business undertakings.
- Ensuring robust governance and maintaining high ethical standards

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE STRUCTURE (CONT'D)

Strategies for Implementation

1. **Integrated Management Approach:** Employing an integrated management approach, we assimilate sustainability into our core business strategies and operational processes, ensuring alignment with our corporate mission and values.
2. **Stakeholder Engagement:** Recognising the value of our diverse stakeholders, we pursue active and transparent engagement practices to comprehend their expectations and integrate their insights into our sustainability journey.
3. **Technology and Innovation:** Leveraging technology and innovation, we strive to enhance our operational efficiency, develop sustainable solutions, and reduce our impact on the environment.
4. **Capacity Building:** Investing in our people and communities to build capacities, skills, and knowledge that enhance our collective ability to create sustainable outcomes.
5. **Impact Measurement and Continuous Improvement:** We remain dedicated to continuously assessing, measuring, and improving our social, environmental, and economic impacts, ensuring alignment with our sustainability objectives and global standards.

STAKEHOLDER ENGAGEMENT

The Board of MN Holdings profoundly acknowledges the pivotal role that internal and external stakeholders play in realising the Group's missions and ensuring enduring business sustainability and excellence. We are acutely aware that stakeholder engagement is at the heart of our sustainability journey, aiding in identifying, prioritising, and addressing material sustainability matters.

Recognising stakeholder engagement as the heartbeat of our sustainability journey, we are devoted to routinely and actively engaging with our varied stakeholder groups through formal and informal avenues. These meaningful engagements, crucial for understanding and addressing sustainability issues, also strategically align our business development efforts with our sustainability commitments. With interactions structured at consistent intervals, we maintain open communication, aiming to acquire insights, address apprehensions, and collectively navigate towards mutually beneficial sustainability objectives.

The subsequent, meticulously curated engagements across various stakeholder segments ensure that arising interests and concerns are acknowledged and seamlessly integrated into our sustainability strategies, propelling continual enhancement of our initiatives and cooperative understanding and alliance.

Stakeholders	Engagement Channels	Area of interests
Investors and shareholders	• Annual General Meeting • Annual Report • Quarterly interim report • Bursa announcement • Corporate website • Briefings/updates for analysts/fund managers • Media engagements	• Business growth strategy • Group's financial performance • Sustainable financial returns • Corporate governance • Regulatory compliance
Customers	• Corporate website • Actively engaging and building relationships • Participation in industry networking events • Regular feedback and meetings	• Product/service quality • Resolving complaints efficiently • Ensuring on-time service • Ensuring on-time product delivery • Relationship building • Health and Safety
Suppliers	• Suppliers and products assessment • Regular meetings with suppliers • Engaged contract on a need basis • Transparent procurement practices • Transparent pricing	• Product/service quality • Payment terms • Timely delivery • Regular/on-time payment schedule

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

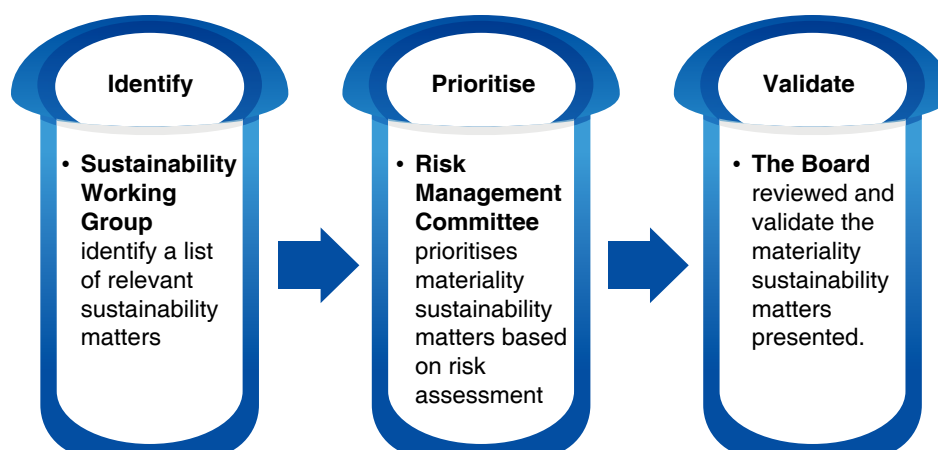
Stakeholders	Engagement Channels	Area of interests
Employees	• Company events and activities • Training and development programme • Safety training and awareness • Whistle-blowing policy • Annual performance appraisal • Staff orientation/onboarding • Employee engagement survey	• Career development • Competitive remuneration and rewards • Occupational safety and health
Governments and Regulators	• Corporate website • Policies in place to comply with relevant government laws and regulations • Seminars or information sessions held by authorities • Formal meetings • Emails and letters • On-site inspection • Dialogue session	• Compliance with law and regulations • Compliance with corporate governance • Compliance with labour, environmental safety and health regulations • Accuracy, transparency and disclosure
Media and analysts	• Media release/interviews • Financial results briefings • Public events	• Financial performance • Business strategies • Market presence
Local community	• Corporate website • Corporate social responsibility program • Volunteer opportunities • Charitable/community events	• Social responsibility • Environmental awareness and education • Business Opportunity • Employment support • Interact with local communities

FEEDBACK

In line with MN Holdings' 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

Materiality Assessment Process



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Materiality Assessment Process (Cont'd)

The Sustainability Working Group of MN Holdings identifies and lists pertinent sustainability matters, subsequently prioritised based on a risk assessment executed by the Risk Management Committee.

Ensuring rigorous oversight, the material sustainability matters undergo meticulous review and validation by the Board, aligning our sustainability endeavours with identified risks and opportunities to foster a resilient and responsible business operation.

MN Holdings has identified key sustainability matters based on the Group's Economic, Environment, Social and Governance sustainability pillars. 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.

Going forward, we will continue to enhance the disclosure of our sustainability performance and embed ESG into the core of our business operations and reporting.



A stringent adherence to sustainability principles is embedded deeply within MN Holdings's operational and strategic framework, steering its trajectory towards methodical economic growth. The Group meticulously endeavours to orchestrate direct and indirect economic value across its widespread operations and within the communities it engages in.

Recognising the paramount importance of innovative and creative dynamism, MN Holdings strives to navigate the brisk and substantial shifts within the global business arena, ensuring profitability and steadfast sustainability.

Alignment with UN SDG

MN Holdings' economic sustainability initiatives align seamlessly with the following UN SDG:

- 1) **UN SDG 7: Affordable and Clean Energy**
- 2) **UN SDG 8: Decent Work and Economic Growth**
- 3) **UN SDG 9: Industry, Innovation and Infrastructure**
- 4) **UN SDG 16: Peace, Justice and Strong Institutions**

The Group positions itself as a responsible entity dedicated to spearheading initiatives that echo sustainability and profitability while proactively contributing towards global economic and sustainable development objectives.

SUSTAINABILITY STATEMENT (CONT'D)

Alignment with UN SDG (Cont'd)

1) Sustainability Business Growth

MN Holdings aims to drive business sustainability by delivering quality customer services and creating sustainable value and returns to our stakeholders. To ensure sustainable business growth, we are constantly exploring opportunities to invest in new services and solutions that cater to our customers' needs. In FY2023, the Group has displayed a clear trajectory towards sustainable business growth through its strategic investments and collaborative initiatives. The MOU with Shanghai DC-Science Co., Ltd demonstrates the Group's commitment to grow and diversify by venturing into new, globally relevant sectors, such as data centre infrastructure, which has a resilient demand curve.

Risk Management: Adequate due diligence in international collaborations, is crucial to mitigate geopolitical and compliance risks, ensuring all ventures align with local and international legal and regulatory standards. The Group also closely monitors developments in the industry to set clear, well-researched and holistic targets.

2) Service Quality Assurance

MN Holdings assures the standards across our operations. The Group has established clear standard operating procedures in delivering our services, emphasising the check and balance of quality assurance. Sufficient resources are allocated for optimal delivery.

Our talent is our most valued asset. The Group has invested in, and will continue to invest in, training programmes to ensure our employees are equipped with the necessary skills to perform their respective tasks effectively.

The strong financial performance in FY2023 indicates a successful implementation of strategic operations, potentially underpinned by quality assurance at every project phase, from design to execution in both underground utilities and substation engineering services.

Risk Management: Implementing a comprehensive Quality Management System (QMS) that is subject to regular audits and optimisations ensures that the service quality is consistent, adhering to industry standards and mitigating risks associated with project failures or defects.

3) Customer Relationship Management

The active engagement strategy of MN Holdings is an indicator of its focus on robust customer relationship management. Open dialogues and collaborations appear to place customer input at the core of new developments, aligning projects closely with customer needs and industry requirements. Our customers' feedback is also an integral part of our process evaluation. The Group regularly solicits feedback to improve our services and meet their needs.

Risk Management: Maintaining a customer relationship management system that prioritises customer feedback and incorporates a mechanism to manage and address grievances reduces the risk of customer dissatisfaction and potential reputational damage.

4) Supply Chain Management

To support the economy's growth, 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. Strategic partnerships, like the one with Intelligent Pie Consulting Sdn Bhd ("IPIE"), suggest that MN Holdings is keen on augmenting its operational capabilities through collaborative supply chain mechanisms, potentially enhancing its operational capabilities and broadening its service offerings.

Risk Management: Ensuring a diversified supplier base and developing contingency plans for potential disruptions (such as geopolitical issues or natural disasters) will shield MN Holdings from risks related to supply chain dependencies and ensure continuity in project delivery.

SUSTAINABILITY STATEMENT (CONT'D)

Alignment with UN SDG (Cont'd)

5) Innovation

MN Holdings' foray into sectors such as cybersecurity, in tandem with its traditional operations in utility infrastructure, signifies an innovative streak in aligning its services with contemporary demands. The strategic collaboration with IPIE is a testament to its pursuit of innovation, combining utility services with Operational Technology cybersecurity, which is increasingly vital in our digitised era.

Risk Management: The risk of innovation stagnation can be managed by forming alliances with tech-focused entities, ensuring that MN Holdings stays abreast of technological advancements and integrates them effectively into its service portfolio.

6) Multiplier Effect

The impressive financial and operational metrics of MN Holdings underscore the multiplier effect that strategic and diversified investments can have on a company's growth. Investments in lucrative sectors like data centre infrastructure, cybersecurity, solar-related projects and traditional utility infrastructure have strengthened its current financial position and solidified its foundation for future growth. Aside from that, the Group's involvement in national infrastructure development ensures a multiplier effect that could drive employment, economic growth and empowerment for the local community.

Risk Management: Managing the risk associated with diverse ventures involves carefully analysing investment portfolios and recalibrating investments to ensure a balanced and risk-averse strategy that does not overly rely on a single segment for growth and profitability.



ENVIRONMENT



MN Holdings is committed to being at the forefront of environmental stewardship and focuses on measures to enhance environmental value. This approach navigates challenges and opportunities in our operational locales, ensuring our strategies fuel MN Holdings' progression and contribute meaningfully towards accessible, sustainable energy and judicious resource management, fostering a sustainable future alongside business growth.

We are determined to accomplish the following in our business operations:

- 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.

Alignment with UN SDG

MN Holdings' environment sustainability initiatives align seamlessly with the following UN SDG:

- 1) **UN SDG 7: Affordable and Clean Energy**
- 2) **UN SDG 12: Responsible Consumption and Production**

By intertwining our business strategies with these pivotal SDGs, MN Holdings endeavours to weave sustainability into the very fabric of our operations, thereby minimising our environmental impact and concurrently contributing to a greener, more sustainable future for all communities we touch with our business activities.

SUSTAINABILITY STATEMENT (CONT'D)

Alignment with UN SDG (Cont'd)

1) Reliable and Modern Energy Services

Reliable and modern energy services are pivotal in sustaining the momentum of economic growth and technological advancement. As our principal business provides solutions to the infrastructure utilities construction industry and substation engineering services to the power industry, we work closely with project owners and subcontractors to execute the development plan to ensure universal access to affordable, reliable, and modern energy services.

Aside from that, a robust and uninterruptable power supply through its utility and substation engineering services becomes paramount, especially in sectors like data centres, which necessitate uninterrupted power. Through strategic investments and collaborations, particularly in the domain of substation engineering, MN Holdings contributes significantly to sustaining the power grid and ensuring that businesses across multiple sectors experience no disruption in energy supply, thereby anchoring technological and economic activities.

Risk Management: Adopting smart grid technologies and integrated systems that predict and promptly address energy supply disruptions will manage the risk of outages. Moreover, investing in redundancy measures, like backup power systems and grid stabilisation technologies, will ensure that the supply remains continuous despite unexpected challenges, thereby safeguarding against service delivery failures and client dissatisfaction.

2) 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).

Risk Management: Engaging in thorough feasibility studies and using predictive models to analyse the long-term viability and stability of renewable energy projects will be critical. Ensuring that projects comply with local and international environmental regulations and hedging investments with adequate insurance will mitigate risks related to policy changes and physical or technological disruptions.

3) Resource and waste management

Efficient resource and waste management is instrumental in ensuring that operations are conducted with minimal environmental impact and optimal utilisation of resources. This involves incorporating strategies that optimise the use of materials, energy, and labour in projects, alongside implementing robust waste management practices. This ensures that any waste produced, be it material or energy, is either minimised or repurposed effectively, reflecting a commitment to environmental sustainability and operational efficiency.

Throughout our operations, 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.

Risk Management: Adopting a Circular Economy model, where resources are recycled and reused, will mitigate the risks associated with resource scarcity and cost volatility. Concurrently, having robust waste management protocols that comply with environmental regulations and employing technologies to reduce and repurpose waste will minimise the risk of regulatory non-compliance and potential environmental damage, preserving both the environment and the company's reputation.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL



As a responsible corporate citizen, the Group seeks to contribute and embed itself as a positive force within the community. The aim is not merely to conduct business but to enhance the social and economic well-being of the communities in which it operates. Through targeted initiatives, active collaborations, and a genuine commitment to local upliftment, MN Holdings ensures its operations yield tangible, positive social impacts, such as generating employment, skills development, and fortifying local capacities.

Alignment with UN SDG

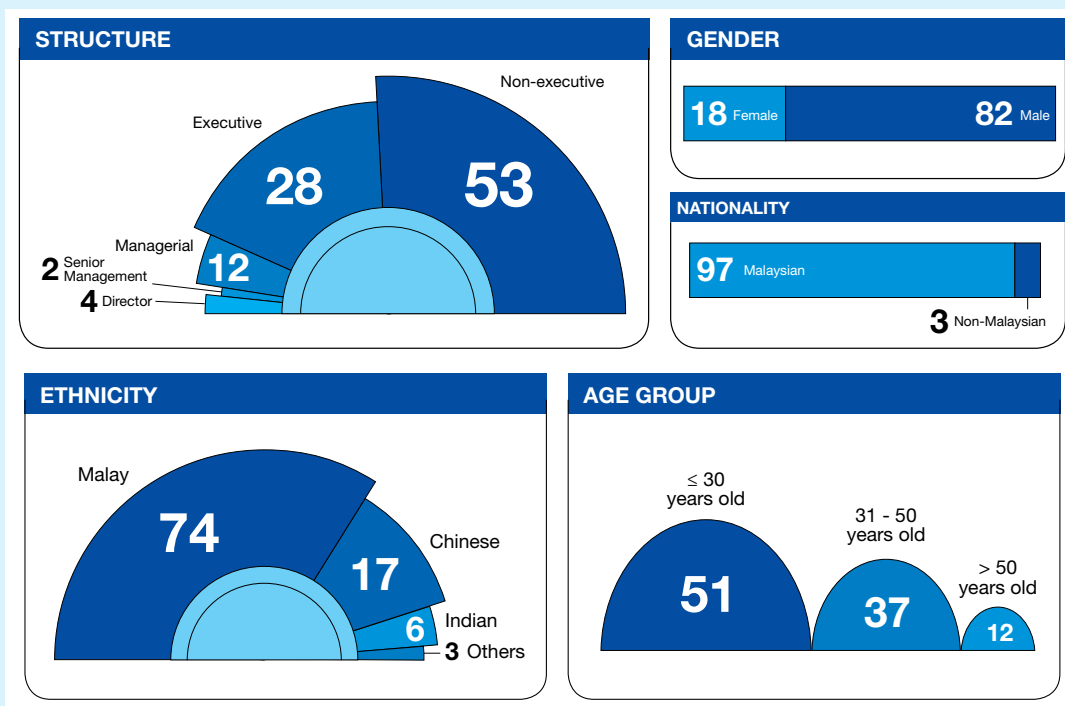
MN Holdings' social sustainability initiatives align seamlessly with the following UN SDG:

- 1) **UN SDG 3: Good Health and Well-being**
- 2) **UN SDG 6: Clean Water and Sanitation**
- 3) **UN SDG 8: Decent Work and Economic Growth**
- 4) **UN SDG 10: Reduced Inequalities**

The Group believes that the social initiatives guided by these SDGs, will be vital to drive values to all our stakeholders.

1) Workforce Diversity

Embracing workforce diversity signifies MN Holdings' commitment to cultivating an inclusive environment where various perspectives and experiences are welcomed and celebrated. This involves recognising and appreciating the myriad of skills, experiences, and viewpoints that a diverse workforce brings to the table, fostering innovation, enhancing problem-solving capabilities, and building a culture that mirrors the varied demographics of the global markets we operate. With this in mind, we aim to provide equal opportunity to all employees from different backgrounds, skills, genders, experiences, age groups and religions to promote a safe and inclusive working environment.



SUSTAINABILITY STATEMENT (CONT'D)

Alignment with UN SDG (Cont'd)

2) Employee Training and Development

MN Holdings underscores the pivotal role of continuous employee training and development in ensuring that our workforce is abreast of the latest industry knowledge and technologies and is aptly equipped to navigate the evolving landscapes of our operational domains. This fosters a culture of lifelong learning and positions us to be agile and adaptive in the face of industry shifts.

Risk Management: Ensuring a structured framework that identifies specific training needs, allocates adequate resources, and evaluates the efficacy of training initiatives is vital to managing the risk of skill obsolescence and maintaining a competitive edge.

3) Employee Welfare and Engagement

Prioritising employee welfare and engagement translates into the cultivation of a workplace where the well-being and input of every team member are valued and integrated into the organisational culture. It is the intention to create a supportive and empowering environment where employees are motivated to contribute towards the collective success of the Group.

Risk Management: To guard against the risk of employee dissatisfaction and turnover, continual surveys and feedback mechanisms must be implemented to gauge and enhance employee morale and identify potential areas of improvement.

4) Occupational Health and Safety

MN Holdings prioritises a robust occupational health and safety ("OHS") framework, ensuring that the physical and mental well-being of all stakeholders is safeguarded amidst all operational activities. This means establishing protocols and systems that anticipate, manage, and mitigate potential OHS risks and hazards within the workplace.

All our employees are trained to comply with the regulations and policies of the Department of Occupational Safety and Health. The Group has put in place OHS 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 preventing harm to employees, contractors, and the general public.

Risk Management: Continuous risk assessment and compliance checks with prevailing OHS standards and regulations are imperative to manage risks related to workplace incidents and ensure the consistent safety of all personnel.

5) Community development

The Group realises that our growth is intrinsically linked with the communities within which we operate. Community development initiatives, therefore, become a conduit through which we reciprocate the support, fostering socio-economic growth and enhancing the quality of life within these locales. Engaging in and sometimes leading community development projects also cements our position as a socially responsible and community-centric entity. For instance, we have organised events like the Raya 2023 Open House to bring communities together in celebration, fostering a sense of togetherness and unity. Additionally, we have extended invitations to students from UiTM Seremban to attend our EGM, providing them with firsthand experience of corporate governance in a listed company and further nurturing their academic and professional development.

Risk Management: Effective engagement and communication strategies must be employed to understand and align with community needs and expectations, thereby managing the risk of potential reputational damage and ensuring our community initiatives' efficacy and positive impact.

SUSTAINABILITY STATEMENT (CONT'D)



GOVERNANCE



At the cornerstone of MN Holdings' commitment to sustainable business practices lies a robust Governance structure fortified by adherence to a strict Code of Conduct and Ethics, stringent Anti-corruption policies, a transparent Whistleblowing procedure, and compliance to rules and regulations.

The Board of Directors of the Group is fully committed to upholding high standards of corporate governance throughout the Group's operations, with the ultimate objective of safeguarding the interests of all stakeholders and enhancing shareholder value. More information is available in this report's Corporate Governance Overview section on page 46.

Alignment with UN SDG

MN Holdings' governance sustainability initiatives align seamlessly with the following **UN SDG 16: Peace, Justice and Strong Institutions**.

1) Corporate Governance and Ethical Business

MN Holdings underscores the paramount importance of stringent corporate governance and ethical business practices, establishing a framework that promotes transparency, accountability, and fairness in all facets of our business operations. These principles are not mere guidelines but are embedded into our organisational culture, ensuring that decision-making processes across all tiers are informed by ethical considerations and adhere to statutory and fiduciary duties.

Risk Management: Continuous audits and reviews of governance structures and policies are imperative to identify and mitigate risks, ensuring they safeguard against ethical breaches and uphold organisational integrity.

2) Anti-Corruption

In our stride towards sustainable and ethical business, anti-corruption practices are woven into the very fabric of MN Holdings' operations. We remain steadfastly dedicated to opposing corruption in all forms, including bribery and extortion, through establishing rigorous protocols and ensuring that all stakeholders understand and align with our uncompromising stance against corrupt practices.

Risk Management: Incorporating regular training, monitoring, and stringent enforcement of anti-corruption policies is vital to managing the risk of unlawful practices and maintaining the trust of stakeholders and regulatory bodies.

3) Whistleblowing

MN Holdings is committed to promoting a secure and transparent whistleblowing mechanism where employees and stakeholders are empowered to raise concerns about any irregularities or malpractices without fear of retaliation. By fostering an environment that encourages speaking out against wrongdoing, we ensure that ethical standards are upheld, and transgressions are promptly addressed.

Risk Management: Implementing and communicating a clear whistleblowing policy, along with mechanisms to protect the identity and security of whistleblowers, is crucial to managing the risk of unreported issues and safeguarding our ethical standing. Whistleblower can refer to the Whistleblowing Policy and Procedures at the corporate website, if noted any improper conduct.

SUSTAINABILITY STATEMENT (CONT'D)

Alignment with UN SDG (Cont'd)

4) Compliance

Compliance is deeply embedded in MN Holdings' operational ethos, ensuring adherence to all relevant laws, regulations, and internal policies. Our compliance framework is meticulously sculpted to navigate the intricacies of legal and regulatory landscapes, ensuring that our business practices are aligned with current legislation and positioned to adapt to evolving regulatory frameworks.

Risk Management: Developing a comprehensive compliance management system that includes continuous monitoring, training, and adapting to legislative changes is essential to mitigate legal risks and assure consistent alignment with all pertinent compliance obligations.

Ethics and Principal	Anti-Bribery and Corruption	Whistleblowing
MN Holdings has policies in place to ensure that all directors, officers, managers and employees conduct business ethically and with integrity. The Human Resources Department will ensure that employees and other stakeholders adhere to the relevant laws and regulations. The Code and Policy are communicated to every employee during the induction programme and staff briefing session, which promote the corporate culture and engender business ethics conduct of the Group.	The Group is committed to conducting business dealings with integrity. The Group has adopted a zero-tolerance approach against all forms of bribery and corruption. The Board has highlighted the importance of ABC policies implementation across all business operations. As of 30 June 2023, all staff attended the ABC Policy briefing.	MN Holdings has a Whistleblowing policy that provides avenues and reporting channels for our stakeholders to alert us of any suspected wrongdoings while preserving their anonymity and confidentiality to prevent reprisal. Internally, an employee who believes that an injustice has been committed against him, including discrimination or harassment against race, religion, gender, age, sexual orientation, disabilities, or nationality, can raise a grievance following procedures outlined in the Code. No cases were reported in FY2023.

CONCLUSION

MN Holdings emphasises a profound journey toward holistic sustainability, intertwining **Economic, Environmental, Social, and Governance** pillars with principled initiatives beyond mere commitment. Rooted in the UN Sustainable Development Goals (SDGs), our endeavours echo a global blueprint, addressing pivotal challenges while steering a future of prosperity and ethical governance. Our pathway is moulded by perpetual learning and adaptability, striving for ecological prudence, social inclusivity, ethical governance, and economic vitality. Acknowledging sustainability as a collective, evolving pursuit, we are dedicated to consistent stakeholder engagement, experiential learning, and refining approaches to amplify our impact and elevate our contributions towards achieving the UN SDGs.

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 2023 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 2023 (“**FY2023**”), 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 manage 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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.

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, Datuk Loy Siong Hay overall 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 Datuk Dang Siong Diang 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 Committees based on his vast experiences.

QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Board is supported by qualified and competent Company Secretaries 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 (the "**Act**"), AMLR of Bursa Securities and MCCG.

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

The Company Secretaries are responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular the compliance of the Bursa Malaysia's 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 the 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 Secretaries and may request information and documents relating to the Company from the Company Secretaries in order to facilitate their work duties as a Director.

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.

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 and Procedures 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 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 Corruption Policy. The Anti-Bribery and Corruption Policy and Guidelines is available on the Company's website at www.mnholdings.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

COMPANY'S POLICIES (CONT'D)

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 stakeholders 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, assessment, management, 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

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.

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 seven (7) members, comprising of one (1) Independent Non-Executive Chairman, one (1) Managing Director, two (2) Executive Directors and three (3) 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 and 1 director is a woman. The Company also in line with Practice 5.2 of the MCCG where at least half of the Board are Independent Directors.

There are two (2) female members on the Board which representing 28.6% 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 FY2023, six (6) 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 FY2023
(a) Dato' Ir Zainurin Bin Haji Karman	6/6
(b) Datuk Loy Siong Hay	6/6
(c) Dato' Toh Eng Keat	6/6
(d) Datuk Dang Siong Diang	6/6
(e) Soh Eng Hooi	5/6
(f) Pankajkumar A/L Bipinchandra	6/6
(g) Kho Zhen Qi	6/6
(h) Lau Chyun In (resigned w.e.f. 14 July 2023)	6/6

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 FY2023 as listed below:

Name of Directors	Seminars/Conferences/Training Programmes Attended
Dato' Ir Zainurin Bin Haji Karman	• Payment to Non-Residents: Do we need to withhold Tax? and Debt vs. Equity Funding– Which is more Tax Efficient? • Understanding the Amendments to Listing Requirements 2022, Guidelines on Conduct of Directors of Listed Corporation and their subsidiaries and issued by Securities Commission, and the application of Fit & Proper Policy and Effective Business Continuity Management for business survival
Soh Eng Hooi	• MIA Town Hall 2022- Session 1(Public Practice Sector) • Sustainability and Environmental, Social and Governance Training • Sustainability Governance & Operationalizing Sustainability - What it all Means to the WTCH Group • Corporate Briefing on Sustainability and ESG • MIA Webinar Series: Briefings on Technical Changes Affecting Financial Reporting • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Cyber Security Awareness Training for WTCH & TCMH Board • Audit Quality Enhancement Programme for SMPs • International Standard on Quality Management Webinar 3.0 Powering Ahead • Securities Audit Oversight Board Conversation with Audit Committees • Advocacy Dialogue on the Bursa Malaysia's Enhanced Sustainability Reporting Framework • T Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) • APM Automotive Holdings Berhad & Warisan TC Holdings Berhad: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function & External Auditors • Corporate Liability Provision (Section17A) of the MACC act 2009 • Anti-Bribery Anti-Corruption, Fraud Prevention and Special Complaint • 2023 Cybersecurity Awareness Training for Independent Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Name of Directors	Seminars/Conferences/Training Programmes Attended
Pankajkumar A/L Bipinchandra	• Risk Management Conference 2022 • Scripting Malaysia's Economic Future • International Directors Summit 2022 • ESG & Sustainability Accounting Conference 2022 • CFO Conference 2022 • Business Luncheon Talk on "Can America stop China's rise? Will ASEAN be damaged?" by Professor Kishore Mahbubani • 15th Malaysian Property Summit 2023 • Invest Malaysia 2023 Series 1 – Strengthening Resilience & Sustaining Growth • Navigating ESG Data into Decisions • A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for all PLCs • SEMICON South East Asia • Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know
Kho Zhen Qi	• FMBA Business Forum 2023: Endemic Opportunities & Perils for Businesses "Thriving in the New Normal"

Saved as disclosed above, other Directors were not able to select any suitable training programme to attend during FY2023 due to busy working schedule.

The Directors are also constantly updated with relevant reading materials and technical updates, which will enhance their knowledge and equip themselves with the necessary skills to effectively discharge their duty as Directors of the Company. In addition, relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board reference.

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. Dato' Ir. Zainurin bin Haji Karman; and
2. Kho Zhen Qi

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 MCCG.

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 TOR which is available on the Company's website at www.mnholdings.com.my.

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

During the FY2023, NC had undertaken the following activities in discharging its duties: -

- a) Performed an assessment on the Board, Board Committees and individual Directors;
- b) Conducted annual assessment of the Independent Directors and recommended the continuance of Independent Directors;
- c) Reviewed and recommended the re-election of the retiring Directors for Board's approval;
- d) Reviewed the size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company; and
- e) Reviewed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors.

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 Chairman of the Board had performed excellently and contributed to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 FY2023 as are follows:

Category	Directors' Fee and Meeting Fees (RM)	Salaries and Other Remuneration (RM)	Benefits-in-Kind (RM)	Statutory Contribution (RM)	Total (RM)
Executive Directors					
Datuk Loy Siong Hay	-	441,000	13,325	54,039	508,364
Dato' Toh Eng Keat	-	441,000	13,325	54,039	508,364
Datuk Dang Siong Diang	-	438,000	17,400	53,679	509,079
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 (resigned w.e.f. 14 July 2023)	20,000	-	-	-	20,000

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 FY2023 are as follows:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 financial reporting process. The Chairman of the AC is not the Chairman of the Board.

The Board took note of Practice 9.2 of the MCCG requires 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 TOR 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 FY2023 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

CONDUCT OF GENERAL MEETINGS

General meetings serve as an invaluable platform for shareholders to engage with the Board and 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.

All Directors were present in person to respond to the shareholders’ queries and feedback at the Second AGM held on 22 December 2022. All the resolutions were put to vote by way of poll.

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 2023.

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 Malaysia**”), the Board of Directors (“**the Board**”) of MN Holdings Berhad (“**the Company**”) is pleased to provide 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 (“**the Group**”) for the financial period review and up to the date of approval of this Statement. The Group is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers’ as required by Bursa Malaysia. 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’S RESPONSIBILITY

The Board acknowledges its responsibilities for the Group to practice good risk management and sound internal controls as a platform for good corporate governance. The Board reviews its adequacy and effectiveness to ensure shareholder’s interest and the Group assets are safeguarded. In addition, the Board has also received assurance from the Managing Director (“**MD**”), Executive Directors (“**ED**”), and senior management that the Group’s risk management and internal control not only cover the financial aspects of the Group but also operational and compliance aspects of the Group’s system, and that they are operating adequately and effectively.

The Board approved policies and procedures on governance, risk and control by identifying and analysing risk information; designing and operating suitable internal controls to manage and control these risks; and monitoring effectiveness of governance, risk management and control activities.

Furthermore, the Board had established a Risk Management Committee (“**RMC**”) to identify, evaluate and manage the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements.

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

RISK MANAGEMENT FRAMEWORK

The Board has established an ongoing process for identifying, evaluating and managing the significant risks encountered by the Group in accordance with the guidance by Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issued by Bursa Securities. Risk Management is an integral part of the business operations and this process goes through a review process by the Board.

The RMC comprises a majority of Independent Non-Executive Directors and MD to identify, evaluate and manage significant risks faced by the Group as well as report to the Board on significant risks affecting the Group’s strategic and business plans, if any. The roles 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;
- 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.

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

RISK MANAGEMENT FRAMEWORK (CONT'D)

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 to the changing business and competitive environment.

INTERNAL CONTROL SYSTEM

The Board acknowledges that a sound system of internal control is designed to manage the Group's risks rather than 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 require the Board's attention are highlighted for review, deliberation and decision making on a timely basis. The Board will approve the appropriate responses or amendments to the Group's policies.

The internal control matters are reviewed by the Board on significant control gaps, if any and 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, Nominating Committee and Remuneration Committee;
- Well-defined organizational structure with clear lines of authority, accountability and responsibilities of the Management team;
- Clearly defined and formalised internal policies and procedures are in place to support the Group in achieving its business objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;
- Quarterly review of financial results by the Board and the 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 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 (CA(M)), member of the Malaysian Institute of Accountants (MIA), and Fellow member of the Association of Chartered Certified Accountants (FCCA) and Associate 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 Company 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 of 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.

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

INTERNAL AUDIT FUNCTION (CONT'D)

The outsourced internal audit function adopts the risk-based approach to develop its audit plan which addresses the critical business processes, internal control gaps, effectiveness, and adequacy of the existing state of internal control and recommends possible improvements to the internal control process. Each internal audit cycle within the internal audit plan is specific with regard to audit objectives, key risks assessed and scopes of the internal control review. The results of the audits are presented to the AC at their meeting.

Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the AC at their meetings.

During the financial year ended 30 June 2023 ("FY2023"), the outsourced internal audit function conducted reviews in relation to the following:

- i. Follow up review on Payroll and Human Resources Management;
- ii. Follow up review for findings highlighted in review of Anti-Bribery and Corruption Policies; and
- iii. Review of internal control weaknesses for Mutu Nusantara Sdn. Bhd. and MN Power Transmission Sdn. Bhd. highlighted by the External Auditor.

The cost incurred in maintaining the outsourced internal audit function for the FY2023 amounted to RM16,000.

ASSURANCE FROM MANAGEMENT

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

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 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 Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report (Revised November 2022), 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") and reported to the Board that nothing has come to their attention that causes them to believe that the Statement, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

The Statement is made in accordance with the resolution of the Board dated 25 October 2023.

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 2023 (“**FY2023**”).

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 six (6) meetings during the financial year under review. The details of attendance of the AC members are as follows:

AC Members	Attendance
Soh Eng Hooi	5/6
Pankajkumar A/L Bipinchandra	6/6
Kho Zhen Qi	6/6

The 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 the 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 unaudited 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 (“**TOR**”) of the AC which set out its duties and responsibilities are accessible via the Company’s website at www.mnholdings.com.my.

AUDIT COMMITTEE REPORT (CONT'D)

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 TOR 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 the 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 FY2023 are summarised as follows:

(a) Financial reporting

- Reviewed the unaudited quarterly financial reports and annual financial statements before 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 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 FY2023 and Audit Planning Memorandum for the FY2023 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 the 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 (CONT'D)

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 (CA(M)), member of the Malaysian Institute of Accountants (MIA), Fellow member of the Association of Chartered Certified Accountants (FCCA) and Associate 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 Company 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 FY2023 was approximately RM16,000.

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 FY2023, the following were the activities carried out by the Internal Auditors in discharging its responsibilities on the audit planned for the year:

- i. Follow up review on Payroll and Human Resources Management;
- ii. Follow review for findings highlighted in review of Anti-Bribery and Corruption Policy; and
- iii. Review of internal control weakness for Mutu Nusantara Sdn. Bhd. and MN Power Transmission Sdn. Bhd. highlighted by the External Auditor.

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 2023.

ADDITIONAL COMPLIANCE INFORMATION

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

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 RM’000	Variations of the IPO Proceeds utilisation RM’000	After variation of the IPO Proceeds utilisation RM’000	After variation RM’000	Balance Utilisation RM’000	Expected timeframe for utilisation of IPO Proceeds (from the listing date)
1.	Capital Expenditure	5,840	⁽¹⁾ (4,120)	1,720	1,027	693	Within 24 months
2.	Repayment of bank borrowings	3,995	-	3,995	3,995	-	Within 12 months
3.	General working capital	4,333	⁽¹⁾ 4,120	8,453	8,453	-	Within 24 months
4.	Estimated listing expenses	3,000	-	3,000	3,000	-	Within 1 month
		17,168	-	17,168	16,475	693	

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 TO EXTERNAL AUDITORS

During the financial year ended 30 June 2023 (“**FY2023**”), 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’000	Group RM’000
Audit fees	50	144
Non-audit fees ⁽¹⁾	8	8

Note:

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

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

3. EMPLOYEES SHARE OPTION SCHEME

The Employees Share Option Scheme (“**ESOS**”) was approved at the EGM held on 13 January 2023. The ESOS is for a duration of five (5) years and may be extended for a further period of up to a maximum of five (5) years and shall not in aggregate exceed a maximum period of ten (10) years at the discretion of the Board upon recommendation of the ESOS Committee.

During the FY2023, no options were granted pursuant to the Company’s ESOS.

4. MATERIAL CONTRACTS

During FY2023, save for the underwriting agreement dated 27 January 2022 entered into between the Company and M&A Securities Sdn Bhd to underwrite 28,612,500 shares of the Company for the purpose of the Company’s Initial Public Offering, 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.

5. MATERIAL CONTRACTS RELATING TO LOANS

During FY2023, 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.

6. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The Company is seeking approval from the shareholders for the proposed new shareholders’ mandate for the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to Rule 10.09 and Guidance Note 8 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad at the forthcoming Annual General Meeting to be convened.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 (“**the Act**”) and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial year ended 30 June 2023 (“**FY2023**”). 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.

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 FY2023, 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 2023.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM	The Company RM
Profit/(loss) after taxation for the financial year	9,296,826	(862,779)
Attributable to:-		
Owners of the Company	9,501,975	(862,779)
Non-controlling interests	(205,149)	-
	9,296,826	(862,779)

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 from RM49,352,477 to RM49,352,777 by way of issuance of 1,500 new ordinary shares from exercise of Warrants at the exercise price of RM0.20 per warrant as disclosed in Note 15 to the financial statements which amounted to RM300; and

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 (CONT'D)

WARRANTS

The Warrants are constituted by the Deed Poll date 10 February 2023 ("Deed Poll").

On 8 March 2023, a total of 204,375,000 Warrants were issued free by the Company pursuant to the bonus issue on the basis of one (1) Warrant for every two (2) existing ordinary shares held.

Salient features of the Warrants are as follows:-

- (a) Each Warrant entitles the registered Warrant holder thereof ("Warrant holders") to subscribe for one (1) new ordinary share at the exercise price of RM0.20, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which is the fifth (5th) anniversary from the date of the issuance of Warrants ("Exercise Period");
- (b) Any Warrants not exercised during Exercise Period will thereafter lapse and cease to be valid for any purpose;
- (c) Warrant holders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and share allotted and issued upon such exercise shall rank *pari passu* in all respects with the then existing shares of the Company, save and except that shall not be entitled to participate in any dividends, rights, allotments and/or other forms of distribution prior to the issue and allotment thereof;
- (d) Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company unless and until the Warrant holders exercise their warrants for new shares in the Company; and
- (e) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

The movement of the Warrants since the listing and quotation thereof is as follows:-

	< ----- Entitlement for Ordinary Shares ----- >				
	At 1.7.2022	Issued	Exercised	Lapsed	At 30.6.2023
Number of unexercised Warrants	-	204,375,000	(1,500)	-	204,373,500

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 there are no known bad debts 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 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.

DIRECTORS' REPORT (CONT'D)

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

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

Datuk Loy Siong Hay *
 Dato' Toh Eng Keat *
 Datuk Dang Siong Diang *
 Dato' Ir. Zainurin Bin Haji Karman
 Pankajkumar A/L Bipinchandra
 Soh Eng Hooi
 Kho Zhen Qi
 Lau Chyun In (Resigned on 14.7.2023)

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

Wong Yew Choong (Appointed on 19.7.2022)
 Sariman Bin Bakar (Appointed on 15.12.2022)

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	< ----- Number of Ordinary Shares ----- >			
	At 1.7.2022	Bought	Sold	At 30.6.2023
The Company				
<i>Direct Interests</i>				
Datuk Loy Siong Hay	117,152,000	100,000	(29,000,000)	88,252,000
Dato' Toh Eng Keat	117,152,000	1,534,800	(29,000,000)	89,686,800
Datuk Dang Siong Diang	51,821,000	875,000	(12,000,000)	40,696,000
Dato' Ir. Zainurin Bin Haji Karman	735,700	-	-	735,700
Pankajkumar A/L Bipinchandra	735,700	-	(135,700)	600,000
Soh Eng Hooi	735,700	-	(225,000)	510,700
Kho Zhen Qi	679,800	-	-	679,800
Lau Chyun In (Resigned on 14.7.2023)	735,700	-	(630,000)	105,700

	< ----- Number Of Warrants ----- >				
	At 1.7.2022	Allotted	Bought	Sold	At 30.6.2023
The Company					
<i>Direct Interests</i>					
Datuk Loy Siong Hay	-	46,126,000	-	-	46,126,000
Dato' Toh Eng Keat	-	46,276,000	-	-	46,276,000
Datuk Dang Siong Diang	-	21,083,000	-	-	21,083,000
Dato' Ir. Zainurin Bin Haji Karman	-	367,850	-	-	367,850
Pankajkumar A/L Bipinchandra	-	350,000	650,000	-	1,000,000
Soh Eng Hooi	-	255,530	-	(255,530)	-
Kho Zhen Qi	-	339,900	-	-	339,900
Lau Chyun In (Resigned on 14.7.2023)	-	52,850	-	-	52,850

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 (CONT'D)

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	220,000	220,000
Salaries, bonuses and other benefits	1,323,357	-
Defined contribution benefits	158,400	-
	1,701,757	220,000

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM44,050.

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

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

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	144,000	50,000
Non-audit fees	8,000	8,000
	152,000	58,000

Signed in accordance with a resolution of the directors dated 25 October 2023.

Datuk Loy Siong Hay

Dato' Toh Eng Keat

STATEMENT BY DIRECTORS

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

We, Datuk 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 74 to 140 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 25 October 2023.

Datuk Loy Siong Hay

Dato' Toh Eng Keat

STATUTORY DECLARATION

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

I, Pang Chien Chang, MIA Membership No: 41335, being the officer primarily responsible for the financial management of MN Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 140 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
Pang Chien Chang, NRIC Number: 871030-04-5183
at Kuala Lumpur
in the Federal Territory
on this 25 October 2023.

Pang Chien Chang

Before me

Shaiful Hilmi Bin Halim
No. W-804
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MN HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

REGISTRATION NO. 202001038774 (1395095-M)

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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 140.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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)
 (INCORPORATED IN MALAYSIA)
 REGISTRATION NO. 202001038774 (1395095-M)

Key Audit Matters (Cont'd)

Recoverability of trade receivables and contract assets Refer to Notes 4.10, 4.12(a), 9 and 11 to the financial statements	
Key Audit Matter	How Our Audit Addressed the Key Audit Matter
As at 30 June 2023, the carrying amounts of trade receivables and contract assets are RM42.208 million and RM61.396 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)

(INCORPORATED IN MALAYSIA)

REGISTRATION NO. 202001038774 (1395095-M)

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)
(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 202001038774 (1395095-M)

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 2023

Chan Kuan Chee
02271/10/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	32,700,000	32,700,000
Property, plant and equipment	6	6,597,482	5,631,007	-	-
Investment properties	7	597,633	612,433	-	-
Right-of-use assets	8	847,516	1,072,413	-	-
Deferred tax assets	20	3,250,482	2,271,033	-	-
		11,293,113	9,586,886	32,700,000	32,700,000
CURRENT ASSETS					
Trade receivables	9	42,207,541	26,020,861	-	-
Other receivables, deposits and prepayments	10	10,316,510	8,032,309	-	-
Contract assets	11	61,396,175	55,681,441	-	-
Amount owing by subsidiaries	12	-	-	11,964,899	6,035,875
Current tax assets		-	141,512	-	-
Short-term investments	13	1,102,842	-	1,102,842	-
Fixed deposits with licensed banks	14	10,294,910	3,874,409	-	-
Cash and bank balances		10,226,000	15,026,356	2,366,422	9,952,789
		135,543,978	108,776,888	15,434,163	15,988,664
TOTAL ASSETS		146,837,091	118,363,774	48,134,163	48,688,664
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	49,352,777	49,352,477	49,352,777	49,352,477
Merger reserve	16	(30,950,000)	(30,950,000)	-	-
Retained profits/(Accumulated losses)		52,527,613	43,025,638	(1,677,025)	(814,246)
Equity attributable to owners of the Company		70,930,390	61,428,115	47,675,752	48,538,231
Non-controlling interests	5	154,851	-	-	-
TOTAL EQUITY		71,085,241	61,428,115	47,675,752	48,538,231

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (CONT'D)

		The Group		The Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
NON-CURRENT LIABILITIES					
Lease liabilities	17	471,201	714,065	-	-
Hire purchase payables	18	1,589,555	1,309,333	-	-
Term loans	19	1,349,454	1,846,168	-	-
		3,410,210	3,869,566	-	-
CURRENT LIABILITIES					
Trade payables	21	50,178,107	36,110,116	-	-
Other payables and accruals	22	6,238,696	2,825,758	458,411	123,010
Contract liabilities	11	7,616,145	8,371,496	-	-
Amount owing to a related party	23	142,040	-	-	-
Amount owing to a subsidiary	12	-	-	-	27,423
Lease liabilities	17	360,053	330,536	-	-
Hire purchase payables	18	924,068	1,068,622	-	-
Term loans	19	502,250	485,815	-	-
Bankers' acceptances	24	4,193,000	2,236,000	-	-
Bank overdraft	25	-	3,055	-	-
Current tax liabilities		2,187,281	1,634,695	-	-
		72,341,640	53,066,093	458,411	150,433
TOTAL LIABILITIES		75,751,850	56,935,659	458,411	150,433
TOTAL EQUITY AND LIABILITIES		146,837,091	118,363,774	48,134,163	48,688,664

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		The Group		The Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
REVENUE	26	164,452,657	104,003,063	-	-
COST OF SALES		(130,686,255)	(81,075,020)	-	-
GROSS PROFIT		33,766,402	22,928,043	-	-
OTHER INCOME		971,938	1,213,131	103,209	503
		34,738,340	24,141,174	103,209	503
ADMINISTRATIVE EXPENSES		(13,328,745)	(7,688,154)	(965,988)	(351,444)
OTHER EXPENSES		(4,223,133)	(3,427,474)	-	-
LISTING EXPENSES		-	(1,965,304)	-	(362,374)
FINANCE COSTS		(591,483)	(356,458)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	27	(3,411,130)	(2,484,524)	-	-
PROFIT/(LOSS) BEFORE TAXATION	28	13,183,849	8,219,260	(862,779)	(713,315)
INCOME TAX EXPENSE	29	(3,887,023)	(2,691,392)	-	-
PROFIT/(LOSS) AFTER TAXATION		9,296,826	5,527,868	(862,779)	(713,315)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		9,296,826	5,527,868	(862,779)	(713,315)
PROFIT/(LOSS) AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		9,501,975	5,527,868	(862,779)	(713,315)
Non-controlling interests		(205,149)	-	-	-
		9,296,826	5,527,868	(862,779)	(713,315)
TOTAL COMPREHENSIVE INCOME/(EXPENSE)					
ATTRIBUTABLE TO:-					
Owners of the Company		9,501,975	5,527,868	(862,779)	(713,315)
Non-controlling interests		(205,149)	-	-	-
		9,296,826	5,527,868	(862,779)	(713,315)
EARNINGS PER SHARE (SEN)					
Basic	30	2.32	1.62		
Diluted	30	2.13	1.62		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The Group	Note	Share Capital RM	Non-Distributable Merger Deficit RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1.7.2021		1,750,002	-	37,497,770	39,247,772	-	39,247,772
Profit after taxation/Total comprehensive income for the financial year		-	-	5,527,868	5,527,868	-	5,527,868
Contributions by and distributions to owners of the Company:							
- Issuance of shares pursuant to acquisition of subsidiary company	15	32,700,000	-	-	32,700,000	-	32,700,000
- Adjustment on acquisition of subsidiaries	15	(1,750,000)	(30,950,000)	-	(32,700,000)	-	(32,700,000)
- Issuance of shares	15	17,167,500	-	-	17,167,500	-	17,167,500
- Listing expenses	15	(515,025)	-	-	(515,025)	-	(515,025)
Total transactions with owners		47,602,475	(30,950,000)	-	16,652,475	-	16,652,475
Balance at 30.6.2022		49,352,477	(30,950,000)	43,025,638	61,428,115	-	61,428,115
Balance at 30.6.2022/1.7.2022		49,352,477	(30,950,000)	43,025,638	61,428,115	-	61,428,115
Profit after taxation/Total comprehensive income for the financial year		-	-	9,501,975	9,501,975	(205,149)	9,296,826
Contributions by and distributions to owners of the Company:							
- Issuance of shares	15	300	-	-	300	-	300
- Acquisition of subsidiaries	31	-	-	-	-	69	69
- Changes in ownership interest in subsidiaries	31	-	-	-	-	359,931	359,931
Total transactions with owners		300	-	-	300	360,000	360,300
Balance at 30.6.2023		49,352,777	(30,950,000)	52,527,613	70,930,390	154,851	71,085,241

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Note	Share Capital RM	Accumulated Losses RM	Total Equity RM
The Company				
Balance at 1.7.2021		2	(100,931)	(100,929)
Issuance of shares pursuant to acquisition of subsidiary company	15	32,700,000	-	32,700,000
Issuance of shares	15	17,167,500	-	17,167,500
Listing expenses	15	(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 30.6.2022/1.7.2022		49,352,477	(814,246)	48,538,231
Issuance of shares	15	300	-	300
Loss after taxation/Total comprehensive expenses for the financial year		-	(862,779)	(862,779)
Balance at 30.6.2023		49,352,777	(1,677,025)	47,675,752

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	The Group		The Company	
Note	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	13,183,849	8,219,260	(862,779)	(713,315)
Adjustments for:-				
Bad debt written off	-	16,000	-	-
Deposit written off	1,012,915	362,031	-	-
Depreciation of property, plant and equipment	2,805,231	2,905,512	-	-
Depreciation of investment properties	14,800	14,800	-	-
Depreciation of right-of-use assets	351,572	145,131	-	-
Impairment loss in trade receivables	2,809,609	2,193,045	-	-
Impairment loss for contract assets	931,041	339,949	-	-
Interest expense on lease liabilities	30,328	12,316	-	-
Interest expense	561,155	344,142	-	-
Gain from disposal of property, plant and equipment	-	(30,099)	-	-
Interest income	(134,735)	(46,097)	(103,209)	-
Reversal of impairment loss on trade receivables	(329,520)	(48,470)	-	-
Unrealised loss/(gain) on foreign exchange	11,795	(79)	-	-
Operating profit/(loss) before working capital changes carried forward	21,248,040	14,427,441	(965,988)	(713,315)
(Increase)/Decrease in trade and other receivables, deposits and prepayments	(21,963,885)	1,793,705	-	-
Increase/(Decrease) in trade and other payables	17,469,134	(4,637,078)	335,401	117,010
Increase in contract assets	(6,645,775)	(6,958,461)	-	-
Decrease in contract liabilities	(755,351)	(4,008,098)	-	-
Increase in amount owing to a related party	141,771	-	-	-
CASH FROM/(FOR) OPERATIONS	9,493,934	617,509	(630,587)	(596,305)
Income tax paid	(4,172,374)	(3,941,620)	-	-
Income tax refund	-	107,102	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	5,321,560	(3,217,009)	(630,587)	(596,305)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		The Group		The Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries		69	-	-	-
Advances to a subsidiary		-	-	(5,929,024)	(6,035,875)
Interest income received		134,735	46,097	103,209	-
Increase in placement of pledged fixed deposits with licensed banks		(6,420,501)	(969,581)	-	-
Changes in ownership interest in subsidiaries		359,931	-	-	-
Purchase of property, plant and equipment	32(a)	(1,780,858)	(568,119)	-	-
Proceeds from disposal of property, plant and equipment		-	30,100	-	-
NET CASH FOR INVESTING ACTIVITIES		(7,706,624)	(1,461,503)	(5,825,815)	(6,035,875)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from a related party		269	-	-	-
Drawdown of bankers' acceptances	32(b)	16,858,000	5,476,000	-	-
Drawdown of trust receipts	32(b)	4,152,230	3,204,779	-	-
Drawdown of letter of credit	32(b)	1,398,422	-	-	-
Interest paid		(591,483)	(356,458)	-	-
Proceeds from conversion of warrants		300	-	300	-
Proceeds from issuance of ordinary shares, net		-	16,652,475	-	16,652,475
(Repayment)/Advances from a subsidiary		-	-	(27,423)	27,423
Repayment to a former related party		-	-	-	(94,931)
Repayment of lease liabilities	32(b)	(340,022)	(141,484)	-	-
Repayment of hire purchase obligation	32(b)	(1,855,180)	(2,219,978)	-	-
Repayment of term loans	32(b)	(480,279)	(687,701)	-	-
Repayment of bankers' acceptances	32(b)	(14,901,000)	(5,730,000)	-	-
Repayment of trust receipt	32(b)	(4,152,230)	(4,848,879)	-	-
Repayment of letter of credit	32(b)	(1,398,422)	-	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,309,395)	11,348,754	(27,123)	16,584,967
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,694,459)	6,670,242	(6,483,525)	9,952,787
EFFECT OF FOREIGN EXCHANGE TRANSLATION		-	79	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		15,023,301	8,352,980	9,952,789	2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32(c)	11,328,842	15,023,301	3,469,264	9,952,789

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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

Registered office : B-21-1, Level 21
Tower B, Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur.

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 2023.

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)

Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

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

- 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:-

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

	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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)

Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Depreciation of 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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 and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying 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 (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial 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 information. 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 current tax liabilities as at the reporting date is RM2,187,281 (2022 - RM1,634,695).

(g) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences or unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences or unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(h) Discount Rates used in Leases

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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) Business Combinations of Entities Under Non-Common Control

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Business Combinations of Entities Under Non-Common Control (Cont'd)

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

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

(c) 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.

(d) 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.

(e) 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 2023 (CONT'D)

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

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

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 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the fair value adjustments at inception date or the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 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%

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.

4.7 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENT PROPERTIES (CONT'D)

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.

4.8 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.

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.

4.9 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 CONTRACT COSTS (CONT'D)

(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.

4.10 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.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, deposits with licensed banks, 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.

4.12 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

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

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.

4.13 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.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 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.

4.16 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.

4.17 OPERATING SEGMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 EARNINGS PER ORDINARY SHARE

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

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

4.19 BORROWING COSTS

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

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.

4.20 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

The Group transfers control of a good or service at a point in time unless one of the following 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) Rendering of Services

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Rental Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	32,700,000	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
		2023 %	2022 %	
Subsidiaries of the Company				
Mutu Nusantara Sdn. Bhd. (“MNSB”)	Malaysia	100	100	Provision of underground utilities engineering services and solutions.
MN Power Transmission Sdn. Bhd. (“MPTSB”)	Malaysia	100	100	Provision of substation engineering services and solutions.
Subsidiaries of MNSB				
MN Semantra Sdn. Bhd. (“MSSB”)	Malaysia	60	-	Provision of underground utilities construction and pipe jacking services.
MN Moxtech Sdn. Bhd. (“MMSB”)	Malaysia	70	-	Provision of aerial bundled cable engineering services and solutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) During the current financial year, a wholly-owned subsidiary; MNSB has acquired 60% equity interests in MSSB and 70% equity interests in MMSB respectively. The details of the acquisition are disclosed in Note 31 to the financial statements.
- (b) In the previous financial year, the Company entered into two conditional Share Sales and Purchase Agreements to acquire the equity interests in the following companies:-
- (i) 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
 - (ii) 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.

- (c) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2023 %	2022 %	2023 RM	2022 RM
MSSB	40	-	155,787	-
MMSB	30	-	(936)	-
			154,851	-

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

	MSSB RM	MMSB RM
<u>At 30 June 2023</u>		
Non-current assets	2,751	25,634
Current assets	1,288,506	164,020
Current liabilities	(900,970)	(192,775)
Net assets/(liabilities)	390,287	(3,121)
<u>Period Ended 30 June 2023</u>		
Revenue	1,027,205	195,288
Loss for the financial year	(359,713)	(203,121)
Total comprehensive expenses	(359,713)	(203,121)
Total comprehensive expenses attributable to non-controlling interests	(144,213)	(60,936)
Net cash flows for operating activities	(216,428)	(728,981)
Net cash flows for investing activities	(27,463)	(2,798)
Net cash flows from financing activities	248,047	1,069,466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2022 RM	Additions (Note 32(a)) RM	Depreciation Charges (Note 28) RM	At 30.6.2023 RM
2023				
<i>Carrying Amount</i>				
Computer equipment	46,155	54,111	(19,587)	80,679
Electrical, fixtures and fittings	14,219	-	(6,026)	8,193
Furniture and fittings	30,966	78,000	(22,088)	86,878
Motor vehicles	1,379,164	1,191,349	(510,345)	2,060,168
Office equipment	45,321	34,229	(19,054)	60,496
Plant and machinery	4,017,770	1,844,445	(2,168,596)	3,693,619
Renovation	83,713	112,464	(33,900)	162,277
Signboard	644	-	(220)	424
Tools and equipment	13,055	457,108	(25,415)	444,748
	5,631,007	3,771,706	(2,805,231)	6,597,482

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Computer equipment	166,406	(85,727)	80,679
Electrical, fixtures and fittings	50,828	(42,635)	8,193
Furniture and fittings	169,255	(82,377)	86,878
Motor vehicles	5,500,039	(3,439,871)	2,060,168
Office equipment	131,710	(71,214)	60,496
Plant and machinery	17,563,253	(13,869,634)	3,693,619
Renovation	302,034	(139,757)	162,277
Signboard	2,090	(1,666)	424
Tools and equipment	485,117	(40,369)	444,748
	24,370,732	(17,773,250)	6,597,482
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

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 2023 (CONT'D)

7. INVESTMENT PROPERTIES

	The Group	
	2023	2022
	RM	RM
Cost:-		
At 1 July/30 June	740,000	740,000
Accumulated depreciation:-		
At 1 July	(127,567)	(112,767)
Depreciation during the financial year (Note 28)	(14,800)	(14,800)
At 30 June	(142,367)	(127,567)
	597,633	612,433
Fair value	2,144,233	1,959,783

- (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 19 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	Modification	Depreciation	At
	1.7.2022	Of Lease	Charges	30.6.2023
	RM	Liabilities	(Note 28)	RM
		(Note 17)	RM	
		RM		
The Group				
2023				
<i>Carrying Amount</i>				
Leasehold building	55,983	-	(625)	55,358
Hostel	9,994	-	(9,994)	-
Office	312,443	126,675	(160,317)	278,801
Factory	693,993	-	(180,636)	513,357
	1,072,413	126,675	(351,572)	847,516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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

The Group	At 1.7.2021 RM	Additions (Note 32(a)) RM	Modification Of Lease Liabilities (Note 17) RM	Depreciation Charges (Note 28) RM	At 30.6.2022 RM
2022					
<i>Carrying Amount</i>					
Leasehold building	56,608	-	-	(625)	55,983
Hostel	23,318	-	-	(13,324)	9,994
Office	143,795	106,594	157,775	(95,721)	312,443
Factory	48,375	629,983	51,096	(35,461)	693,993
	272,096	736,577	208,871	(145,131)	1,072,413

	The Group 2023 RM	2022 RM
Analysed by:		
Cost	1,550,349	1,423,674
Accumulated depreciation	(702,833)	(351,261)
	847,516	1,072,413

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

- (a) Leasehold building The Group has lease agreements for certain building for its own use. The lease is for a period of 96 (2022 - 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 2 to 3 (2022 - 1 to 4) years, with options to renew the leases.
- (c) Factory The Group leases a factory for its operations. The lease period is 1 (2022 - 2) years with an option to renew.
- (d) Hostel In the previous financial year, the Group leases hostel for employees and the lease period of the hostel typically run between 1 to 2 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

9. TRADE RECEIVABLES

	The Group 2023 RM	2022 RM
Trade receivables	52,637,894	33,971,125
Allowance for impairment losses	(10,430,353)	(7,950,264)
	42,207,541	26,020,861

Allowance for impairment losses:-

At 1 July	(7,950,264)	(5,805,689)
Addition during the financial year (Note 27)	(2,809,609)	(2,193,045)
Reversal during the financial year (Note 27)	329,520	48,470
At 30 June	(10,430,353)	(7,950,264)

- (a) The Group's normal trade credit term is 30 (2022 - 30) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) Included in the Group's trade receivables are retention sums amounting to RM2,426,637 (2022 - RM3,707,711).

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group 2023 RM	2022 RM
Other receivables		264,997	691,749
Advances to suppliers	(a)	3,289,496	44,498
Deposits	(b)	6,393,056	6,851,590
Prepayments		368,961	444,472
		10,316,510	8,032,309

- (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 RM2,903,037 (2022 - RM4,042,204). 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 2023 (CONT'D)

11. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2023 RM	2022 RM
Contract Assets		
Contract assets relating to construction contracts	64,016,169	57,370,394
Allowance for impairment losses	(2,619,994)	(1,688,953)
	61,396,175	55,681,441
Allowance for impairment losses:-		
At 1 July	(1,688,953)	(1,349,004)
Addition during the financial year (Note 27)	(931,041)	(339,949)
At 30 June	(2,619,994)	(1,688,953)
Contract Liabilities		
Contract liabilities relating to construction contracts	(7,616,145)	(8,371,496)

- (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 RM17,638,012 (2022 - RM14,462,418). These retention sums are expected to be collected within the periods ranging from 30 to 365 (2022 - 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

11. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (d) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group	
	2023	2022
	RM	RM
At 1 July	47,309,945	36,683,335
Revenue recognised in profit or loss during the financial year	163,760,539	103,857,936
Billings to customers during the financial year	(156,359,413)	(92,891,377)
Net impairment losses on contract assets (Note 27)	(931,041)	(339,949)
At 30 June	53,780,030	47,309,945
Represented by:-		
Contract assets	61,396,175	55,681,441
Contract liabilities	(7,616,145)	(8,371,496)
	53,780,030	47,309,945

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2023	2022
	RM	RM
Amount Owing by Subsidiaries		
<u>Current</u>		
Non-trade balances	11,964,899	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. SHORT-TERM INVESTMENTS

	The Group/ The Company			
	2023		2022	
	Carrying	Market	Carrying	Market
	Amount	Value	Amount	Value
	RM	RM	RM	RM
Short-term investments, at fair value (Note 32(c))	1,102,842	1,102,842	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

14. 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 3.95% (2022 - 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 RM10,294,910 (2022 - RM3,874,409) 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 19, 24 and 25 to the financial statements.

15. SHARE CAPITAL

	The Group			
	2023	2022	2023	2022
	Number of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 July	408,750,000	1,750,002	49,352,477	1,750,002
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	-	17,167,500
Issuance of shares pursuant to exercise of warrants	1,500	-	300	-
Listing expenses	-	-	-	(515,025)
At 30 June	408,751,500	408,750,000	49,352,777	49,352,477

	The Company			
	2023	2022	2023	2022
	Number of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 July	408,750,000	2	49,352,477	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
Issuance of shares pursuant to exercise of warrants	1,500	-	300	-
Listing expenses	-	-	-	(515,025)
At 30 June	408,751,500	408,750,000	49,352,777	49,352,477

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

15. SHARE CAPITAL (CONT'D)

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company increased its issue and paid up share capital from RM49,352,477 to RM49,352,777 by way of issuance of 1,500 new ordinary shares from exercise of Warrants at the exercise price of RM0.20 per warrant which amounted to RM300.
- (c) In the previous financial year, the Company increased its issued and paid-up share capital from RM2 to RM49,352,477 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.

16. 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.

17. LEASE LIABILITIES

	The Group	
	2023	2022
	RM	RM
At 1 July	1,044,601	240,637
Additions (Note 32(b))	-	736,577
Interest expense recognised in profit or loss (Note 28)	30,328	12,316
Changes due to lease modification (Note 32(b))	126,675	208,871
Repayment of principal	(340,022)	(141,484)
Repayment of interest expense	(30,328)	(12,316)
At 30 June	831,254	1,044,601
Analysed by:-		
Current liabilities	360,053	330,536
Non-current liabilities	471,201	714,065
	831,254	1,044,601

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

18. HIRE PURCHASE PAYABLES

	The Group	
	2023 RM	2022 RM
At 1 July	2,377,955	3,906,933
Additions (Note 32(b))	1,990,848	691,000
Interest expense recognised in profit or loss (Note 28)	177,185	150,058
Repayment of principal	(1,855,180)	(2,219,978)
Repayment of interest expense	(177,185)	(150,058)
At 30 June	2,513,623	2,377,955
Analysed by:-		
Current liabilities	924,068	1,068,622
Non-current liabilities	1,589,555	1,309,333
	2,513,623	2,377,955

The hire purchase payables of the Group at the end of the reporting period, with lease terms ranging from 3 to 7 (2022 - 3 to 7) years and bore effective interest rates ranging from 4.79% to 7.12% (2022 - 4.20% 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.

19. TERM LOANS (SECURED)

	The Group	
	2023 RM	2022 RM
Current liabilities	502,250	485,815
Non-current liabilities	1,349,454	1,846,168
	1,851,704	2,331,983

The term loans of the Group at the end of the reporting period bore effective interest rates ranging from 3.50% to 8.85% (2022 - 3.50% to 7.85%) per annum and secured by:-

- (a) a first legal charge over the Group's investment properties and leasehold buildings 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 14 to the financial statements;
- (c) a joint and several guarantee of the directors of the Group;
- (d) a corporate guarantee of the Company;
- (e) a guarantee from the Credit Guarantee Corporation Malaysia Berhad ("CGC");
- (f) a guarantee from the Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP"); and
- (g) a Business Loan Level Term Assurance ("BLLTA") of directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

20. DEFERRED TAX LIABILITIES/(ASSETS)

	At 1.7.2022 RM	Recognised in Profit or Loss (Note 29) RM	At 30.6.2023 RM
The Group			
2023			
<i>Deferred Tax Liabilities</i>			
Contract asset	220,667	20,698	241,365
<i>Deferred Tax Assets</i>			
Property, plant and equipment	(178,288)	(24,349)	(202,637)
Provisions	(2,313,412)	(975,798)	(3,289,210)
	(2,491,700)	(1,000,147)	(3,491,847)
	(2,271,033)	(979,499)	(3,250,482)

	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)

21. TRADE PAYABLES

The Group's normal trade credit terms range from 30 to 120 (2022 - 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 2023 (CONT'D)

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other payables:-				
Third parties	956,890	344,323	400,411	57,010
Accruals	5,281,806	2,481,435	58,000	66,000
	6,238,696	2,825,758	458,411	123,010

23. AMOUNT OWING TO A RELATED PARTY

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Amount owing to a related party:-				
Trade balance	141,771	-	-	-
Non-trade balance	269	-	-	-
	142,040	-	-	-

The trade balance is subjected to the normal trade credit term of 30 days.

The non-trade balance represents unsecured payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

24. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group bore effective interest rates ranging from 3.56% to 5.90% (2022 - 3.55% to 4.75%) 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 14 to the financial statements; and
- (b) a joint and several guarantee of the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

25. BANK OVERDRAFTS

In the previous financial year:-

- (a) the bank overdrafts of the Group are secured by fixed deposits with licensed banks as disclosed in Note 14 to the financial statements and a joint and several guarantee of the directors of the Group; and
- (b) the Group bore floating interest rate of 6.95% per annum.

26. REVENUE

	The Group 2023 RM	2022 RM
Revenue from Contracts with Customers		
<u>Revenue recognised over time</u>		
Construction contracts	163,760,539	103,857,936
<u>Revenue recognised at a point in time</u>		
Sales of goods	582,072	145,127
Rendering of services	110,046	-
	164,452,657	104,003,063

27. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group 2023 RM	2022 RM
Impairment losses:		
- trade receivables (Note 9)	2,809,609	2,193,045
- contract assets (Note 11)	931,041	339,949
Reversal of impairment losses:		
- trade receivables (Note 9)	(329,520)	(48,470)
	3,411,130	2,484,524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

28. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	144,000	113,000	50,000	45,000
- non-audit fees:				
- auditors of the company	8,000	7,000	8,000	7,000
Bad debt written off	-	16,000	-	-
Deposit written off	1,012,915	362,031	-	-
Depreciation:				
- property, plant and equipment (Note 6)	2,805,231	2,905,512	-	-
- investment properties (Note 7)	14,800	14,800	-	-
- right-of-use assets (Note 8)	351,572	145,131	-	-
Staff costs:				
- short-term employee benefits	5,583,405	3,414,911	-	-
- defined contribution benefits	697,560	419,544	-	-
- others	650,286	507,069	-	-
Lease expenses:				
- short-term leases	327,014	229,066	-	-
Listing expenses	-	1,965,304	-	362,374
Interest expense on lease liabilities	30,328	12,316	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank acceptances	243,201	63,803	-	-
- bank overdrafts	2,021	910	-	-
- letter of credit	8,499	118	-	-
- hire purchase	177,185	150,058	-	-
- term loans	100,918	112,296	-	-
- trust receipt	29,331	16,957	-	-
Realised loss on foreign exchange	26,820	-	-	-
Unrealised loss on foreign exchange	11,795	-	-	-
Gain on disposal of property, plant and equipment	-	(30,099)	-	-
Covid-19 related subsidies from government	-	(240,800)	-	-
Interest income on financial assets measured at amortised cost:				
- short-term investments	(102,842)	-	(102,842)	-
- fixed deposit with licensed banks	(26,252)	(46,097)	-	-
- others	(5,641)	-	(367)	-
Lease income:				
- rental income from investment properties	(22,800)	(249,448)	-	-
Unrealised gain on foreign exchange	-	(79)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

29. INCOME TAX EXPENSE

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense	4,793,713	3,227,000	-	-
Underprovision in the previous financial year	72,759	23,795	-	-
	4,866,472	3,250,795	-	-
Deferred tax (Note 20):				
- origination and reversal of temporary differences	(858,294)	(513,070)	-	-
- overprovision in the previous financial year	(121,155)	(46,333)	-	-
	(979,449)	(559,403)	-	-
	3,887,023	2,691,392	-	-

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation	13,183,849	8,219,260	(862,779)	(713,315)
Tax at the statutory tax rate of 24% (2022 - 24%)	3,164,124	1,972,622	(207,067)	(171,196)
Tax effects of:-				
Non-deductible expenses	837,977	894,485	231,749	171,196
Non taxable income	(24,682)	(111,177)	(24,682)	-
Differential in tax rates	(42,000)	(42,000)	-	-
Under/(Over) provision in the previous financial year:				
- Current tax	72,759	23,795	-	-
- Deferred tax	(121,155)	(46,333)	-	-
	3,887,023	2,691,392	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

30. EARNINGS PER SHARE

	The Group 2023	2022
Basic earnings per share		
Profit after taxation attributable to owners of the Company (RM)	9,501,975	5,527,868
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 July	408,750,000	327,000,000
Effects of new ordinary shares issued	304	14,110,274
Weighted average number of ordinary shares at 30 June	408,750,304	341,110,274
Basic earnings per ordinary share (sen)	2.32	1.62
Diluted earnings per share		
Profit after taxation attributable to owners of the Company (RM)	9,501,975	5,527,868
Weighted average number of ordinary shares for basic earnings per share	408,750,304	341,110,274
Shares deemed to be issued for no consideration:		
- warrants in issue	37,253,773	-
Weighted average number of ordinary shares for diluted earnings per share computation	446,004,077	341,110,274
Diluted earnings per ordinary share (sen)	2.13	1.62

31. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

- (a) On 19 July 2022, a wholly-owned subsidiary of the Company; Mutu Nusantara Sdn. Bhd. ("MNSB") acquired 51% equity interests in MN Semantra Sdn. Bhd. ("MSSB") comprising 51 ordinary shares for a fair value of purchase consideration of RM51 which represents 51% of the issued and paid-up capital of MSSB.

The fair value of net identifiable assets acquired is RM100 and net cash inflow from the acquisition of this subsidiary is RM49.

There was no goodwill arising from the acquisition and the non-controlling interests of MSSB are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

- (b) On 15 December 2022, a wholly-owned subsidiary of the Company; MNSB acquired 80% equity interests in MN Moxtech Sdn. Bhd. ("MMSB") comprising 80 ordinary shares for a fair value purchase consideration of RM80 which represents 80% of the issued and paid-up capital of MMSB.

The fair value of net identifiable assets acquired is RM100 and net cash inflow from the acquisition of this subsidiary is RM20.

There was no goodwill arising from the acquisition and the non-controlling interests of MMSB are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

31. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST (CONT'D)

- (c) On 21 April 2023, MNSB acquired an additional 9% while disposing 10% of its equity interest in MSSB and MMSB respectively for RM449,949 and RM139,920 in cash respectively. These acquisition and disposal changed the equity interests from 51% to 60% from MSSB and from 80% to 70% for MMSB respectively. The Group is of the view that the changes in non-controlling interests and in retained profits are not material and hence, they were not adjusted for.
- (d) The acquisition of these subsidiaries is to enable the Group to expand its business of underground utilities engineering services and solutions.
- (e) The subsidiaries have contributed revenue of RM1,222,493 and loss after taxation of RM562,834 to the Group since the date of acquisition.

32. CASH FLOW INFORMATION

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

	The Group	
	2023	2022
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	3,771,706	1,259,119
Less: Acquired through hire purchase arrangements	(1,990,848)	(691,000)
	1,780,858	568,119
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	-	736,577
Less: Additions of new lease liabilities (Note 17)	-	(736,577)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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
2023								
At 1 July	2,331,983	3,055	2,236,000	-	1,044,601	2,377,955	-	7,993,594
Changes in Financing Cash Flows								
Proceeds from drawdown	-	-	16,858,000	4,152,230	-	-	1,398,422	22,408,652
Repayment of principal	(480,279)	(3,055)	(14,901,000)	(4,152,230)	(340,022)	(1,855,180)	(1,398,422)	(23,130,188)
Repayment of interests	(100,918)	(2,021)	(243,201)	(29,331)	(30,328)	(177,185)	(8,499)	(591,483)
	(581,197)	(5,076)	1,713,799	(29,331)	(370,350)	(2,032,365)	(8,499)	(1,313,019)
Other Changes								
Addition of hire purchase (Note 18)	-	-	-	-	-	1,990,848	-	1,990,848
Modifications of leases (Note 17)	-	-	-	-	126,675	-	-	126,675
Interest expense recognised in profit or loss (Note 28)	100,918	2,021	243,201	29,331	30,328	177,185	8,499	591,483
	100,918	2,021	243,201	29,331	157,003	2,168,033	8,499	2,709,006
At 30 June	1,851,704	-	4,193,000	-	831,254	2,513,623	-	9,389,581

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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	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
Changes in Financing Cash Flows								
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)
Other Changes								
Acquisition of new lease (Note 17)	-	-	-	-	736,577	-	-	736,577
Addition of hire purchase (Note 18)	-	-	-	-	-	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 2023 (CONT'D)

32. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term investments (Note 13)	1,102,842	-	1,102,842	-
Fixed deposits with licensed banks	10,294,910	3,874,409	-	-
Cash and bank balances	10,226,000	15,026,356	2,366,422	9,952,789
Bank overdraft (Note 25)	-	(3,055)	-	-
	21,623,752	18,897,710	3,469,264	9,952,789
Less: Fixed deposits pledged with licensed banks with maturity of less than 3 months (Note 14)	(5,587,058)	(1,187,330)	-	-
Fixed deposits pledged with licensed banks with maturity of more than 3 months (Note 14)	(4,707,852)	(2,687,079)	-	-
	(10,294,910)	(3,874,409)	-	-
	11,328,842	15,023,301	3,469,264	9,952,789

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	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	220,000	238,000	220,000	220,000
- salaries and bonuses	1,320,000	1,182,000	-	-
- others	3,357	2,771	-	-
	1,543,357	1,422,771	220,000	220,000
Defined contribution benefits	158,400	141,840	-	-
Subtotal directors' remuneration	1,701,757	1,564,611	220,000	220,000
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries and bonuses	286,000	-	-	-
- others	1,623	-	-	-
	287,623	-	-	-
Defined contribution benefits	32,520	-	-	-
Total directors' remuneration	2,021,900	1,564,611	220,000	220,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

33. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) Other Key Management Personnel

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term employee benefits:				
- salaries and bonuses	330,400	252,800	-	-
- others	2,238	1,847	-	-
	332,638	254,647	-	-
Defined contribution benefits	39,648	30,336	-	-
Total compensation for other key management personnel	372,286	284,983	-	-

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Purchases paid or payable to a related party	(56,994)	-	-	-
Advances from a related party	(85,046)	-	-	-
Rental paid to a director	(74,400)	(74,400)	-	-
Advances to subsidiaries	-	-	5,929,024	6,130,806
Repayment to a subsidiary	-	-	27,423	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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.

35.1 BUSINESS SEGMENTS

2023	Underground utilities engineering RM	Substation engineering RM	Investment holding RM	The Group RM
Revenue				
External revenue	87,636,068	76,816,589	-	164,452,657
Inter-segment revenue	6,678,241	999,283	-	7,677,524
	94,314,309	77,815,872	-	172,130,181
Consolidation adjustments				(7,677,524)
Consolidated revenue				164,452,657
Results				
Segment profit/(loss)	7,582,921	7,055,190	(862,779)	13,775,332
Finance costs	(469,178)	(122,305)	-	(591,483)
Profit before taxation				13,183,849
Other Information				
Interest income	(31,526)	-	(103,209)	(134,735)
Interest expenses	461,446	99,709	-	561,155
Interest expenses on lease liabilities	7,732	22,596	-	30,328
Depreciation on property, plant and equipment	2,595,945	209,286	-	2,805,231
Depreciation on right-of-use assets	132,339	219,233	-	351,572
Net impairment of trade receivables and contract assets	3,197,395	213,735	-	3,411,130
Unrealised gain on foreign exchange	-	11,795	-	11,795

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2023	Underground utilities engineering RM	Substation engineering RM	Investment holding RM	The Group RM
Assets				
Segment assets	101,423,864	45,995,315	48,134,163	195,553,342
Unallocated assets:				
- deferred tax assets	2,862,913	387,569	-	3,250,482
Consolidation adjustments				(51,966,733)
Consolidated total assets				146,837,091
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	5,384,089	1,213,393	-	6,597,482
Investment properties	597,633	-	-	597,633
Right-of-use assets	151,107	722,869	-	847,516*
	6,132,829	1,936,262	-	8,042,631
* After consolidation adjustments of RM26,460.				
Liabilities				
Segment liabilities	61,155,402	25,404,448	458,411	87,018,261
Unallocated liabilities:				
- hire purchase payables	439,094	2,074,529	-	2,513,623
- lease liabilities	156,959	674,295	-	831,254
- term loans	1,036,329	815,375	-	1,851,704
- current tax liabilities	813,177	858,499	-	1,671,676
Consolidation adjustments				(18,134,668)
Consolidated total liabilities				75,751,850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

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
Results				
Segment profit/(loss)	6,672,522	2,616,511	(713,315)	8,575,718
Finance costs	(262,937)	(93,521)	-	(356,458)
Profit before taxation				8,219,260
Other Information				
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	82,513	62,618	-	145,131
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	87,165,476	19,592,076	48,688,664	155,446,216
Unallocated assets:				
- current tax assets	-	141,512	-	141,512
- deferred tax assets	1,939,786	331,247	-	2,271,033
Consolidation adjustments				(39,494,987)
Consolidated total assets				118,363,774
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	5,030,116	600,891	-	5,631,007
Investment properties	612,433	-	-	612,433
Right-of-use assets	283,446	815,427	-	1,072,413*
	5,925,995	1,416,318	-	7,315,853

* After consolidation adjustments of RM26,460.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

2022	Underground utilities engineering RM	Substation engineering RM	Investment holding RM	The Group RM
Liabilities				
Segment liabilities	49,709,191	6,455,328	150,433	56,314,952
Unallocated liabilities:				
- hire purchase payables	1,921,132	456,823	-	2,377,955
- lease liabilities	289,177	755,424	-	1,044,601
- term loans	1,291,265	1,040,718	-	2,331,983
- current tax liabilities	1,119,090	-	-	1,119,090
Consolidation adjustments				(6,252,922)
Consolidated total liabilities				56,935,659

35.2 MAJOR CUSTOMERS

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

	Revenue 2023 RM	Revenue 2022 RM	Segment
Customer A	33,262,586	44,097,317	U and S&T
Customer B	19,433,661	-	S&T
Customer C	21,904,628	-	S&T
	74,600,875	44,097,317	

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 2023 RM	2022 RM
Performance guarantee extended by subsidiaries to third parties	17,353,068	4,301,455

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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"), Euro ("EUR") 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	Euro RM	Ringgit Malaysia RM	Total RM
2023					
<u>Financial Assets</u>					
Trade receivables	-	-	-	42,207,541	42,207,541
Other receivables	-	-	-	264,997	264,997
Fixed deposits with licensed banks	-	-	-	10,294,910	10,294,910
Short-term investments	-	-	-	1,102,842	1,102,842
Cash and bank balances	1,285	-	-	10,224,715	10,226,000
	1,285	-	-	64,095,005	64,096,290

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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	Euro RM	Ringgit Malaysia RM	Total RM
2023					
<u>Financial Liabilities</u>					
Hire purchase payables	-	-	-	2,513,623	2,513,623
Term loans	-	-	-	1,851,704	1,851,704
Trade payables	-	284,317	1,110,737	48,783,053	50,178,107
Other payables and accruals	-	-	-	6,238,696	6,238,696
Bankers' acceptances	-	-	-	4,193,000	4,193,000
Amount owing to a related party	-	-	-	142,040	142,040
	-	284,317	1,110,737	63,722,116	65,117,170
Net financial assets/(liabilities)	1,285	(284,317)	(1,110,737)	372,889	(1,020,880)
Less: Net financial assets denominated in the Company's functional currency	-	-	-	(372,889)	(372,889)
Currency Exposure	1,285	(284,317)	(1,110,737)	-	(1,393,769)

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 2023 (CONT'D)

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
2022				
<u>Financial Liabilities</u>				
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
Trust receipt	-	-	3,055	3,055
	-	54,099	45,830,768	45,884,867
Net financial assets/(liabilities)	1,303	(54,099)	(218,696)	(271,492)
Less: Net financial assets denominated in the Company's functional currency	-	-	218,696	218,696
Currency Exposure	1,303	(54,099)	-	(52,796)

The Company

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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 Risk Sensitivity Analysis

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

		The Group	
		2023	2022
		RM	RM
Effects on Profit After Taxation			
USD/RM	- strengthened by 5%	49	50
	- weakened by 5%	(49)	(50)
EUR/RM	- strengthened by 5%	(42,208)	-
	- weakened by 5%	42,208	-
RMB/RM	- strengthened by 5%	(10,804)	(2,056)
	- weakened by 5%	10,804	2,056
Effects on Other Comprehensive Income			
USD/RM	- strengthened by 5%	49	50
	- weakened by 5%	(49)	(50)
EUR/RM	- strengthened by 5%	(42,208)	-
	- weakened by 5%	42,208	-
RMB/RM	- strengthened by 5%	(10,804)	(2,056)
	- weakened by 5%	10,804	2,056

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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 18 and 19 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	
	2023	2022
	RM	RM
Effects on Profit After Taxation and Other Comprehensive Income		
Increase of 100 basis points	(33,176)	(35,796)
Decrease of 100 basis points	33,176	35,796

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 5 customers which constituted approximately 44% 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.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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

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.

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2022 - 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.

Allowance for Impairment Losses

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2023				
Current (not past due)	21,057,262	-	(90,593)	20,966,669
1 to 30 days past due	10,479,012	-	(119,097)	10,359,915
31 to 60 days past due	4,701,837	-	(86,694)	4,615,143
61 to 90 days past due	2,486,229	-	(35,733)	2,450,496
91 to 120 days past due	205,783	-	(8,123)	197,660
121 to 150 days past due	48,587	-	(2,603)	45,984
151 to 180 days past due	1,554,913	-	(123,262)	1,431,651
More than 180 days	12,104,271	(3,727,252)	(6,236,996)	2,140,023
Trade receivables	52,637,894	(3,727,252)	(6,703,101)	42,207,541
Contract assets	64,016,169	-	(2,619,994)	61,396,175
	116,654,063	(3,727,252)	(9,323,095)	103,603,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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
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

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.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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 Receivable (Cont'd)

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 inter-company 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.

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 2023 (CONT'D)

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	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2023						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	3.20 - 3.40	831,254	866,600	381,600	485,000	-
Hire purchase payables	4.79 - 7.12	2,513,623	2,776,732	1,032,798	1,606,874	137,060
Term loans	3.50 - 8.85	1,851,704	2,080,595	580,242	1,214,932	285,421
Trade payables	-	50,178,107	50,178,107	50,178,107	-	-
Other payables and accruals	-	6,238,696	6,238,696	6,238,696	-	-
Amount owing to a related party	-	142,040	142,040	142,040	-	-
Bankers' acceptances	3.56 - 5.90	4,193,000	4,193,000	4,193,000	-	-
		65,948,424	66,475,770	62,746,483	3,306,806	422,481

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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	Contractual 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	3.20 - 3.40	1,044,601	1,102,950	359,550	743,400	-
Hire purchase payables	4.79 - 7.12	2,377,955	2,591,359	1,178,673	1,298,420	114,266
Term loans	3.50 - 7.85	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	3.55 - 4.75	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 2023 (CONT'D)

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	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2023				
<u>Non-derivative</u>				
<u>Financial Liabilities</u>				
Other payables and accruals	-	458,411	458,411	458,411
2022				
<u>Non-derivative</u>				
<u>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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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	
	2023	2022
	RM	RM
Lease liabilities (Note 17)	831,254	1,044,601
Hire purchase payables (Note 18)	2,513,623	2,377,955
Term loans (Note 19)	1,851,704	2,331,983
Bankers' acceptances (Note 24)	4,193,000	2,236,000
Bank overdrafts (Note 25)	-	3,055
	9,389,581	7,993,594
Less: Short-term investments (Note 13)	(1,102,842)	-
Less: Fixed deposits with licensed banks (Note 14)	(10,294,910)	(3,874,409)
Less: Cash and bank balances	(10,226,000)	(15,026,356)
Net debt	(12,234,171)	(10,907,171)
Total equity	71,085,241	61,428,115
Debt-to-equity (times)	^	^

^ The debt-to-equity ratio of the Group is not presented as its cash and cash equivalents exceeded the total external borrowings.

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2023 RM	2022 RM	2023 RM	2022 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 13)	1,102,842	-	1,102,842	-
<u>Amortised Cost</u>				
Trade receivables (Note 9)	42,207,541	26,020,861	-	-
Other receivables (Note 10)	264,997	691,749	-	-
Amount owing by subsidiaries (Note 12)	-	-	11,964,899	6,035,875
Fixed deposits with licensed banks (Note 14)	10,294,910	3,874,409	-	-
Cash and bank balances	10,226,000	15,026,356	2,366,422	9,952,789
	62,993,448	45,613,375	14,331,321	15,988,664
Financial Liabilities				
<u>Amortised Cost</u>				
Term loans (Note 19)	1,851,704	2,331,983	-	-
Hire purchase payables (Note 18)	2,513,623	2,377,955	-	-
Trade payables (Note 21)	50,178,107	36,110,116	-	-
Other payables and accruals (Note 22)	6,238,696	2,825,758	458,411	123,010
Amount owing to a related party (Note 23)	142,040	-	-	-
Amount owing to a subsidiary (Note 12)	-	-	-	27,423
Bankers' acceptances	4,193,000	2,236,000	-	-
Bank overdrafts	-	3,055	-	-
	65,117,170	45,884,867	458,411	150,433

37.4 GAIN OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group 2023 RM	2022 RM
Financial Asset		
<u>Fair Value Through Profit or Loss</u>		
Net gain recognised in profit or loss by: - mandatorily required by MFRS 9	(102,842)	-
<u>Amortised Cost</u>		
Net gain recognised in profit or loss	3,379,237	2,438,427
Financial Liability		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(591,483)	(356,458)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

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	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2023								
<u>Financial Assets</u>								
Short-term investments (Note 13)	-	1,102,842	-	-	-	-	1,102,842	1,102,842
<u>Financial Liabilities</u>								
Hire purchase payables (Note 18)	-	-	-	-	2,513,623	-	2,513,623	2,513,623
Term loans (Note 19)	-	-	-	-	1,851,704	-	1,851,704	1,851,704
Bankers' acceptances (Note 24)	-	-	-	-	4,193,000	-	4,193,000	4,193,000
2022								
<u>Financial Liabilities</u>								
Hire purchase payables (Note 18)	-	-	-	-	2,377,955	-	2,377,955	2,377,955
Term loans (Note 19)	-	-	-	-	2,331,983	-	2,331,983	2,331,983
Bankers' acceptances (Note 24)	-	-	-	-	2,236,000	-	2,236,000	2,236,000
Bank overdrafts (Note 25)	-	-	-	-	3,055	-	3,055	3,055

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2023								
<u>Financial Assets</u>								
Short-term investments (Note 13)	-	1,102,842	-	-	-	-	1,102,842	1,102,842
Amount owing by subsidiaries (current) (Note 12)	-	-	-	-	-	11,964,899	11,964,899	11,964,899
2022								
<u>Financial Assets</u>								
Amount owing by subsidiaries (current) (Note 12)	-	-	-	-	-	6,035,875	6,035,875	6,035,875

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair value of short-term investments is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

- (i) The fair value of the Group's term loan that carry floating interest rates approximated its carrying amount as it is repriced to market interest rates on or near the reporting date.

	The Group	
	2023	2022
	%	%
Term loans	3.50 - 8.85	3.50 - 7.85
Bankers' acceptances	3.56 - 5.90	3.55 - 4.75
Bank overdrafts	-	6.95

- (ii) The fair value of amounts owing by subsidiaries (non-current) is calculated based on the present value of the projected repayment of loans.

LIST OF PROPERTIES

No.	Location	Description/ Existing Use	Tenure	Land Area/ Built-up Area (sq feet)	Date of Acquisition	Net Book Value @ 30 June 2023 (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 mid terraced factory Rental	Freehold	1,647 / 3,300	05-Aug-13	289
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	1,647 / 3,300	15-Jan-14	309
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 walkup shop apartment Store	Leasehold of 99 years expiring on 18 December 2112	675 / N/A	16-Dec-15	55

ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2023

Class of Shares : Ordinary Shares
 Total Number of Issued Shares : 408,751,500
 Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 2 OCTOBER 2023

SIZE OF SHAREHOLDINGS	No. of shareholders	Percentage of shares (%)	No. of shares	Percentage of shares (%)
LESS THAN 100	2	0.11	100	0.00
100 TO 1,000	173	9.68	92,300	0.02
1,001 TO 10,000	710	39.71	4,475,100	1.10
10,001 TO 100,000	700	39.15	24,661,000	6.03
100,001 TO LESS THAN 5% OF ISSUED SHARES	199	11.13	195,073,000	47.72
5% AND ABOVE OF ISSUED SHARES	4	0.22	184,450,000	45.13
TOTAL	1,788	100.00	408,751,500	100.00

DIRECTORS' SHAREHOLDINGS AS AT 2 OCTOBER 2023

No.	Names	Direct		Indirect	
		No. of Shares	Percentage of shares held (%)	No. of Shares	Percentage of shares held (%)
1.	DATO' IR. ZAINURIN BIN HAJI KARMAN	735,700	0.18	-	-
2.	DATUK LOY SIONG HAY	88,252,000	21.59	-	-
3.	DATO' TOH ENG KEAT	90,646,800	22.18	-	-
4.	DATUK DANG SIONG DIANG	40,796,000	9.98	-	-
5.	SOH ENG HOOI	510,700	0.13	-	-
6.	PANKAJKUMAR A/L BIPINCHANDRA	600,000	0.15	-	-
7.	KHO ZHEN QI	679,800	0.17	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 2 OCTOBER 2023

No.	Names	Direct		Indirect	
		No. of Shares	Percentage of shares held (%)	No. of Shares	Percentage of shares held (%)
1.	DATUK LOY SIONG HAY	88,252,000	21.59	-	-
2.	DATO' TOH ENG KEAT	90,646,800	22.18	-	-
3.	DATUK DANG SIONG DIANG	40,796,000	9.98	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2023 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS AS AT 2 OCTOBER 2023

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
1.	DATUK LOY SIONG HAY	80,252,000	19.63
2.	DATO' TOH ENG KEAT	50,312,000	12.31
3.	DATUK DANG SIONG DIANG	30,846,000	7.55
4.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	23,040,000	5.64
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT (7012760)	8,500,000	2.08
6.	M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR RENTAK SEGAR SDN BHD	8,251,800	2.02
7.	PROVEN VENTURE CAPITAL PLT	8,135,000	1.99
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOY SIONG HAY (MY4612)	8,000,000	1.96
9.	PROVEN VENTURE CAPITAL PLT	6,246,400	1.53
10.	KAF TRUSTEE BERHAD KIFB FOR ALTIMA, INC	6,100,000	1.49
11.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH EQUITY FUND	6,000,000	1.47
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LIM CHIN SIU (SMART)	5,522,200	1.35
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO YONG BOON	5,115,000	1.25
14.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMPIANA MAHIR SDN BHD (M&A)	5,048,400	1.24
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	5,000,000	1.22
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DANG SIONG DIANG	4,500,000	1.10
17.	RENTAK SEGAR SDN BHD	4,257,700	1.04
18.	RENTAK SEGAR SDN.BHD.	3,955,500	0.97
19.	M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR IMPIANA MAHIR SDN BHD	3,817,800	0.93
20.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	3,594,800	0.88
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR ETHEREAL-ALPHA EQ FUND (445329)	3,312,400	0.81

ANALYSIS OF SHAREHOLDINGS

AS AT 2 OCTOBER 2023 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS AS AT 2 OCTOBER 2023 (CONT'D)

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
22.	DATUK DANG SIONG DIANG	3,300,000	0.81
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHYI BOON	3,050,000	0.75
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	2,628,000	0.64
25.	FRANCIS MARTIN VAN HUIZEN	2,481,200	0.61
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR ETHEREAL-OMEGA EQ FUND (445330)	2,432,200	0.60
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PHILLIP PEARL FUND (UT-PM-PPF) (419471)	2,401,900	0.59
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP JA CEEN (7013101)	2,258,500	0.55
29.	KEJAYA KAYA SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM YUET CHOON	2,200,000	0.54
30.	PHILLIP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	2,171,200	0.53
Total		302,730,000	74.08

ANALYSIS OF WARRANTS A

AS AT 2 OCTOBER 2023

Class of Shares : Warrants A
 Total Number of Warrants A : 204,373,500

DISTRIBUTION OF WARRANTS A HOLDINGS AS AT 2 OCTOBER 2023

SIZE OF HOLDINGS	No. of Warrants Holders	Percentage of Warrants (%)	No. of Warrants	Percentage of Warrants (%)
LESS THAN 100	90	8.60	4,417	0.00
100 TO 1,000	114	10.89	59,483	0.03
1,001 TO 10,000	387	36.96	1,664,200	0.81
10,001 TO 100,000	300	28.65	12,946,850	6.34
100,001 TO LESS THAN 5% OF ISSUED SHARES	153	14.61	93,388,550	45.70
5% AND ABOVE OF ISSUED SHARES	3	0.29	96,310,000	47.12
TOTAL	1,047	100.00	204,373,500	100.00

DIRECTORS' INTERESTS IN WARRANTS A AS AT 2 OCTOBER 2023

No.	Names	Direct		Indirect	
		No. of Shares	Percentage of shares held (%)	No. of Shares	Percentage of shares held (%)
1.	DATO' IR. ZAINURIN BIN HAJI KARMAN	367,850	0.18	-	-
2.	DATUK LOY SIONG HAY	46,126,000	22.57	-	-
3.	DATO' TOH ENG KEAT	46,276,000	22.64	-	-
4.	DATUK DANG SIONG DIANG	21,083,000	10.32	-	-
5.	SOH ENG HOOI	-	-	-	-
6.	PANKAJKUMAR A/L BIPINCHANDRA	1,000,000	0.49	-	-
7.	KHO ZHEN QI	339,900	0.17	-	-

ANALYSIS OF WARRANTS A

AS AT 2 OCTOBER 2023 (CONT'D)

LIST OF TOP 30 WARRANTS A HOLDERS/ DEPOSITORS AS AT 2 OCTOBER 2023

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
1.	DATUK LOY SIONG HAY	40,126,000	19.63
2.	DATO' TOH ENG KEAT	37,676,000	18.43
3.	DATUK DANG SIONG DIANG	18,508,000	9.06
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOY SIONG HAY (MY4612)	6,000,000	2.94
5.	TAN LYE BENG	5,220,000	2.55
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHENG KUAN (8070081)	4,000,000	1.96
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO YONG BOON	3,380,000	1.65
8.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	2,554,850	1.25
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	2,500,000	1.22
10.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	2,500,000	1.22
11.	YEO AIK GEE	2,130,000	1.04
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN ROY SOON (TAN8615M)	2,000,000	0.98
13.	OH ENG LEONG	2,000,000	0.98
14.	CHIN SIN LIN	1,800,000	0.88
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT (7012760)	1,750,000	0.86
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DANG SIONG DIANG	1,750,000	0.86
17.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	1,750,000	0.86
18.	LIM GEK SHAN	1,600,000	0.78
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	1,340,000	0.66
20.	CHIN KIAM HSUNG	1,300,000	0.64
21.	LEE BON LONG	1,140,000	0.56

ANALYSIS OF WARRANTS A

AS AT 2 OCTOBER 2023 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS AS AT 2 OCTOBER 2023 (CONT'D)

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
22.	CHIN KHEE KONG & SONS SENDIRIAN BERHAD	1,100,000	0.54
23.	LAI KOK SAN	1,100,000	0.54
24.	YEO AIK GEE	1,050,000	0.51
25.	CHIN CHIN SEONG	1,000,000	0.49
26.	LAU LI YIN	1,000,000	0.49
27.	LOW POW YING @ TAN LUAN	1,000,000	0.49
28.	PANKAJKUMAR A/L BIPINCHANDRA	1,000,000	0.49
29.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE ENG SHAN	1,000,000	0.49
30.	PUA KIM KIAN	1,000,000	0.49
Total		150,274,850	73.54

NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third (“3rd”) Annual General Meeting (“AGM”) of MN Holdings Berhad (“MNHB” or “the Company”) will be held at The Heron, Level 2, Four Points by Sheraton Puchong, 1201, Tower 3, Puchong Financial Corporate Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, Puchong, 47100 Selangor, Malaysia on Tuesday, 26 December 2023 at 10.00 am 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 2023 together with the Reports of the Directors and Auditors thereon. *(Please refer Explanatory Notes 1)*
Ordinary Resolution 1
2. To approve the payment of Directors’ fees and other benefits payable of up to RM273,000.00 payable to Non-Executive Directors of the Company for the period commencing from the conclusion of the 3rd AGM up to the conclusion of the Fourth (“4th”) AGM of the Company.
3. 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) Dato’ Ir. Zainurin Bin Haji Karman *Ordinary Resolution 2*
 - (ii) Kho Zhen Qi *Ordinary Resolution 3**Ordinary Resolution 4*
4. 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.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

5. **PROPOSED AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *Ordinary Resolution 5*

“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.”

NOTICE OF THIRD ANNUAL GENERAL MEETING (CONT'D)

6. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE***Ordinary Resolution 6*

"THAT, subject always to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (collectively the "**Group**") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 5 of the Circular to Shareholders dated 31 October 2023, provided that such transactions and/or arrangements which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "**Proposed New Shareholders' Mandate**"):-

THAT the Proposed New Shareholders' Mandate shall only continue to be in full force until:

- a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at said AGM, such authority is renewed; or
- b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed New Shareholders' Mandate."

- 7. To transact any other business of which due notice have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482) (SSM PC No. 202208000250)
 ANG WEE MIN (MAICSA 7076022) (SSM PC No. 202208000334)
 Company Secretaries

Kuala Lumpur
 Dated: 31 October 2023

NOTICE OF THIRD ANNUAL GENERAL MEETING (CONT'D)

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 multiple beneficial owners in one Securities Account ("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 B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur not less than 48 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 19 December 2023. Only members whose name appears on the Record of Depositors as at 19 December 2023 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 3rd AGM will be put to vote by way of poll.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 30 June 2023

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 Resolution 1: To approve the payment of Directors' fees and other benefits payable

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 Resolution 1, if approved, will authorise the payment of Directors' fees and other benefits payable for the period from 3rd AGM until the conclusion of the 4th AGM to be held in year 2024.

NOTICE OF THIRD ANNUAL GENERAL MEETING (CONT'D)

3. Ordinary Resolutions 2 and 3: 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, Dato' Ir. Zainurin Bin Haji Karman and Ms. Kho Zhen Qi 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 Dato' Ir. Zainurin Bin Haji Karman and Ms. Kho Zhen Qi who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 3rd AGM of the Company.

4. Ordinary Resolution 4 – Re-appointment of Auditors

The Audit Committee ("AC") has carried out an assessment on the suitability and independence of the External Auditors, Messrs Crowe Malaysia PLT and was satisfied with the suitability of Messrs. Crowe Malaysia PLT based on the quality of audit, performance, competency, and sufficiency of resources the external audit team provided to the Group.

The AC in its assessment also found Messrs Crowe Malaysia PLT to be sufficiently objective and independent. The Board therefore approved the AC's recommendation on the re-appointment of Messrs Crowe Malaysia PLT as External Auditors of the Company for the financial year ending 30 June 2024 be put forward for the shareholders' approval at the 3rd AGM.

5. Ordinary Resolution 5 - Authority to allot and issue new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 5, if passed, is a renewal of General Mandate to 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."

NOTICE OF THIRD ANNUAL GENERAL MEETING (CONT'D)

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.

6. Ordinary Resolution 6 - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 6, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. 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 3rd AGM of the Company.

2. General mandate for issue of securities in accordance with Rule 6.04 of the ACE Market Listing Requirements 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.

**MN HOLDINGS BERHAD**Registration No. 202001038774 (1395095-M)
(Incorporated in Malaysia)**FORM OF PROXY**

CDS 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 Third ("**3rd**") Annual General Meeting ("**AGM**") of the Company which will be held at The Heron, Level 2, Four Points by Sheraton Puchong, 1201, Tower 3, Puchong Financial Corporate Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, Puchong, 47100 Selangor, Malaysia on Tuesday, 26 December 2023 at 10.00 am 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 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 3 rd AGM up to the conclusion of the Fourth (" 4th ") AGM of the Company.		
2.	To re-elect Dato' Ir. Zainurin Bin Haji Karman who retires pursuant to Clause 105(1) of the Company's Constitution.		
3.	To re-elect Kho Zhen Qi who retires pursuant to Clause 105(1) of the Company's Constitution.		
4.	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.		
5.	Proposed Authority To Directors To Allot And Issue New Ordinary Shares Pursuant To Sections 75 And 76 Of The Companies Act 2016		
6.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Dated this _____ day of _____ 2023

Signature/Common Seal of Shareholder

* 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



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.
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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 B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
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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 3rd AGM will be put to vote by way of poll.

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AFFIX
STAMP

The Share Registrar of
MN HOLDINGS BERHAD
(Registration No. 202001038774 (1395095-M))
(Incorporated in Malaysia)

c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B, Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur,
W.P. Kuala Lumpur

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Fold This Flap For Sealing

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.

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