

MQ

TECHNOLOGY BERHAD

200301033383 (635804-H)

The cover features a central blue circle with the text 'ANNUAL REPORT 2021'. Surrounding this are four circular collage images: top-left shows a laptop with various scenes; top-right shows a glowing lightbulb with a network overlay; bottom-left shows a person in a suit using a tablet; bottom-right shows a microscope in a lab setting. The background is a dark blue circuit board pattern.

ANNUAL REPORT 2021

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Corporate Information

Board of Directors

Tong Sian Shyen

Executive Director / Chief Operating Officer

Terence Cheah Eu Lee

Executive Director

Gerald Nicholas Tan Eng Hoe

Non-Independent Non-Executive Director

Dato' Lim Char Boo

Senior Independent Non-Executive Chairman

Paulinus Mojiun

Independent Non-Executive Director

Dr. Koay Boon Hooi (Appointed on 12 March 2021)

Independent Non-Executive Director

Audit Committee

Dr. Koay Boon Hooi (Appointed on 12 March 2021)

Chairman

Independent Non-Executive Director

Paulinus Mojiun

Member

Independent Non-Executive Director

Dato' Lim Char Boo

Member

Senior Independent Non-Executive Chairman

Remuneration Committee

Dato' Lim Char Boo

Chairman

Senior Independent Non-Executive Chairman

Paulinus Mojiun

Member

Independent Non-Executive Director

Tong Sian Shyen

Member

Executive Director / Chief Operating Officer

Dr. Koay Boon Hooi (Appointed on 12 March 2021)

Member

Independent Non-Executive Director

Risk Management Committee

Dr. Koay Boon Hooi (Appointed on 12 March 2021)

Chairman

Independent Non-Executive Director

Dato' Lim Char Boo

Member

Senior Independent Non-Executive Chairman

Paulinus Mojiun

Member

Independent Non-Executive Director

Tong Sian Shyen

Member

Executive Director / Chief Operating Officer

Nomination Committee

Dato' Lim Char Boo

Chairman

Senior Independent Non-Executive Chairman

Paulinus Mojiun

Member

Independent Non-Executive Director

Dr. Koay Boon Hooi (Appointed on 12 March 2021)

Member

Independent Non-Executive Director

Corporate Information (CONT'D)

Company Secretary

Wong Youn Kim (MAICSA 7018778)
SSM Practising Certificate No. 201908000410

Auditors

Russell Bedford LC (AF 1237)
Suite 37, Level 21, Mercu 3
No. 3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur
Tel: (603) 2202 6666
Fax: (603) 2202 6699

Registered Office

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2241 5800
Fax: (603) 2282 5022

Head Office

506, Block D, Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7931 5701

Principal Place of Business

Plot 86-B, Lintang Bayan Lepas 9
Bayan Lepas Industrial Park 4
11900 Bayan Lepas
Penang, Malaysia
Tel: (604) 646 5888
Fax: (604) 644 6888
Web: www.mqtech.com.my

Solicitors

Lim, Ooi & Partners
Wei Chien & Partners

Principal Bankers

Hong Leong Bank Berhad
CIMB Bank Berhad

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel: (603) 2783 9299
Fax: (603) 2783 9222

Stock Exchange Listing

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: MQTECH
Stock Code: 0070

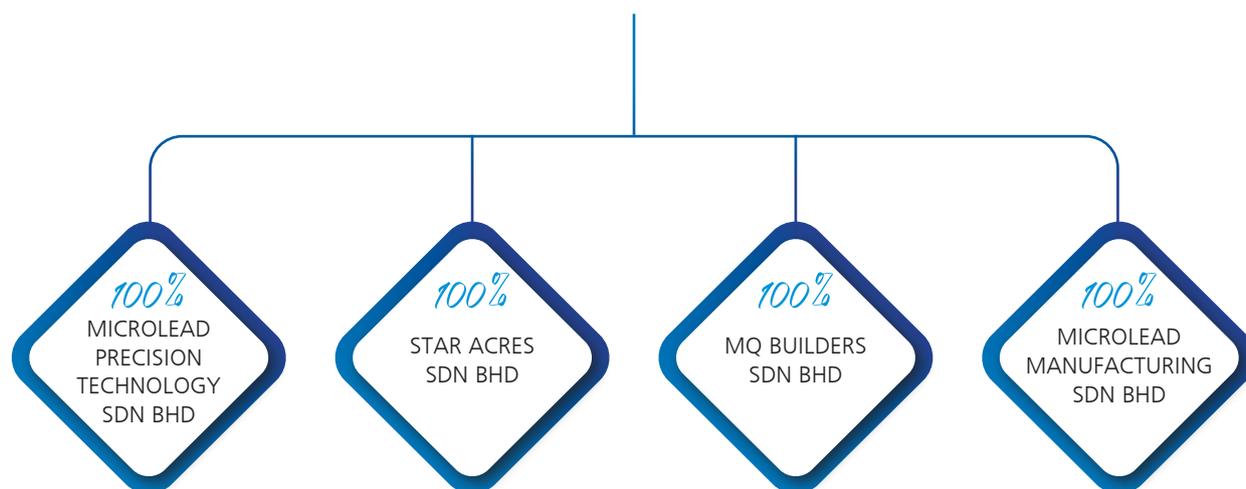
Corporate Structure

MQ

TECHNOLOGY BERHAD

MQ TECHNOLOGY BERHAD

200301033383 (635804-H)



MQ Technology Berhad ("MQ") was incorporated in Malaysia on 2 December 2003 as a private limited company under the name of MQ Technology Sdn Bhd. Subsequently, on 13 February 2004, it was converted to a public limited company and since then assumed its present name.

The details of the subsidiaries of MQ as at the date of this Annual Report are summarised below:-

Company	Date / Place of Incorporation	Effective Equity Interest %	Principal Activities
Microlead Precision Technology Sdn Bhd	12.12.1995/ Malaysia	100.00	(i) Manufacture of moulds, tools, dies, jigs and fixtures mainly for use in the manufacture of hard disk drives (ii) Design, development and manufacture of advanced suspension tooling, progressive tooling, semiconductor cavity/encapsulation moulds for application in hard disk drives and semiconductor industries (iii) Design, development and manufacture of advanced automation modules/ assemblies for digital data storage, medical instrument systems/devices and optoelectronics applications and related components
Star Acres Sdn Bhd	25.11.2014/ Malaysia	100.00	Investment Holding
MQ Builders Sdn Bhd	06.07.2018/ Malaysia	100.00	Property and project development related activities
Microlead Manufacturing Sdn Bhd	16.07.2018/ Malaysia	100.00	Manufacture of car spare parts, plastics moulds, metal moulds and blowing moulds for plastic products, tooling, jig and fixtures for electronic and semiconductor

Management Discussion and Analysis

On behalf of the Board of Directors of MQ Technology Berhad, it is my pleasure to present to you the Management Discussion and Analysis (“MDA”) on the Group. The objective of this MDA is to provide shareholders with a better understanding and an overview of the Group’s business, operations, financial position in the year 2021 and outlook for the year 2022.

Overview

MQ Technology Berhad is listed on the ACE Market of Bursa Securities under the Industrial Products category.

The company has an issued share capital of RM 69,396,533 comprising 877,676,331 shares at 29 November 2021.

Group’s Business and Operations

MQ Technology Berhad is an investment holding company which has subsidiaries Microlead Precision Technology Sdn Bhd (“MPT”), Star Acres Sdn Bhd, Microlead Manufacturing Sdn Bhd (“MM”) and MQ Builders Sdn Bhd under its group of companies. The Group’s core business is in the tooling fabrication and automation through its subsidiaries MPT and MM which together formed the Manufacturing Division. Our subsidiary Star Acres Sdn Bhd had entered into a subscription and shareholders’ agreement (“SSA”) with Cash Support Sdn Bhd to entry into the theme park business. MQ Builders Sdn Bhd (fks MQIM) will diversify into the group property development related business.

Manufacturing Division

The group’s main income stream derived from manufacturing activity.

The Group’s via MPT provides advanced and world class high precision mould making, magnetic coils for hard disk drive and related service. The manufacturing mainly revolves around the manufacture of moulds, tools, dies, jigs and fixtures mainly for use in manufacture of hard disk drives, the design, development and manufacture of advanced suspension tooling, progressive tooling, semiconductor cavity/encapsulating moulds and advanced automation modules/assemblies for application in hard disk drives, semiconductor industries, digital data storage, medical instrument systems/devices and optoelectronics applications and related components.

Theme Park Division

The Group ventured into the theme park industry via the signing of the SSA. The subsidiary, Star Acres Sdn Bhd will be holding 51% equity interest in the joint venture company upon completion of the SSA. The joint venture company will be principally involved in the development and carrying on the business of theme park via the development of the project land in Klebang, Melaka which is proposed to be known as Malacca Explorer Resort – Dive Park Zone. Due to covid-19 pandemic at present, the development of the theme park will be reassessed again by the management to ascertain the viability of the theme park project and the economic benefits derived after completion of SSA.

Financial Performance

The Group revised its year ended from June 2021 to September 2021 to allow more time to complete the final accounts and audit as movement control order (MCO) or lockdown was implemented during the time mentioned whereby certain percentage of workers are allowed to work in a premise. During the period of 15 months, the group recorded a revenue of RM 10.65 million for year ended 2021 as compared to RM 12.65 million registered in the preceding year 2020 for period of 18 months, representing an decrease of approximately RM 2.0 million or 15.77%. Based on monthly pro rata basis, year ended 2021 showed a marginal increase of RM 7.5k per month when compared with year ended 2020.

Margin from rapid tooling segment has improved the gross profit percentage for the current financial year as compared to previous financial year despite of lower revenue registered by the Group in the current year. The Group adopted vibrant strategy by continuous improving in house facilities and reliance less on outsources work in progress, on time delivery based on schedule are the factors contributing to remarkable lower cost of sales, thus giving good returns. Sales from prototyping and automation segment were consistent in the current year.

In the current financial year, the Group posted a Gross profit of RM 3.344 million representing 31.4% as compared to Gross profit of RM 0.942 million representing 7.45% in the previous financial year. Despite revenue lower by approximately RM 2.0 million in current financial year, the company was able to achieve a strong margin result from the manufacture of moulds, tools, dies, jigs and fixtures. The remarkable improvement in gross profit is mainly attributable to a change of new management which took over from previous team on November 2020. The new team emphasize on cost cutting exercise and trim down fat on subcontractors whose prices were deemed unrealistic.

As for the Theme Park segment, as at 30 September 2021, the Subscription and Shareholders’ Agreement between the subsidiary, Star Acres Sdn Bhd and Cash Support Sdn Bhd has yet to be completed pending the transfer of shares and payment to authority. The theme park business will not be kick start in next financial year even though transfer of shares is completed. The management will reassess the viability of the business in view of current pandemic.

As for the project development and construction activity, the company has entered into a Memorandum of Agreement with Oriental Link Sdn Bhd to acquire 51% stake in Oriental. Subject to compliance of precedents conditions, construction activity will not contribute any revenue to the group for the year 2022.

Management Discussion and Analysis (CONT'D)

Liquidity and Capital Resources

As at 30 September 2021, the Group's balance of cash and cash equivalent at RM 0.922 million compared with RM 0.663 million preceding year. The increase in liquidity is attributable to efficient management of cost and expense.

In this current financial year, the group's trade and other receivable balance stood at RM 30.29 million up from RM 25.24 million in previous financial year. The trade and other payable balance at RM 4.75 million for current year compared with RM 2.89 million last year. The increase is due an advance of RM 2.0 million from an unsecured creditor.

Gearing Ratio

The Group registered a gearing ratio of 13.81% as at 30 September 2021, in comparison of 11.87% recorded at 30 June 2020. The slight increase in gearing ratio is due to advances from unsecured creditor.

Outlook

The Hard Disk Drive ("HDD") industry remained to be seen as a significant revenue contributor for the Group's Rapid Tooling segment. However, the tooling business from the HDD industry in the past year has shown uptrend and the company is refocusing more on the Prototype and Automation segment as well as to look for opportunities for the tooling business by producing fabricated precision products on large scale production and components used in medical and other industries such as electronics, laser and test and analytical instrument. Sales to the HDD industry is expected to remain robust in the mid term due to increased demand for storage driven by the popularity of social media and cloud computing.

The management is also of the view that the manufacturing industry in which the Group is operating is becoming increasingly competitive and in light of the situation, the group has diversified into the theme park business following signing of the SSA with Cash Support Sdn Bhd. The theme park business is not commencing yet and the viability of theme park project will be reassessed upon fulfilment of unprecedented conditions. To diversify the revenue stream in future for the group, the company has participated in property development after the recent MOA was signed with owner of the vacant land in Penang to develop into Service Hotel or turn into tourism industry.

Acknowledgements

The financial period ended 30 September 2021 was truly indeed a challenging year for the Group as sales from the HDD industry remained to be seen as potential contribution to group sales, we are optimistic that the additional new business from existing customers and new customers will entry to HDD market which will help to further improve the performance of the Group for the next few financial years. This is made evident after the company has received sales forecast from existing main customers for the next two financial year. Though we are facing with regional unprecedented covid-19 pandemic, lockdown and global economic slowdown, our strong network and connectivity presence in the regional countries has helped mitigating business downturn.

I wish to express my sincere and heartfelt gratitude and appreciation to my fellow directors, management and staff for their dedication and commitment.

To all our valued suppliers, distributors and customers, we would like to thank you for your continuous support and trust on us. To our bankers, business associates, advisors and the regulatory authorities, thank you for your cooperation, trust and confidence given to us.

Last but not least, thank you for all our valued shareholders for your belief in MQ Technology Berhad.

Executive Director/Chief Operating Officer

Profile of Directors

TONG SIAN SHYEN

*Executive Director/Chief Operating Officer
Malaysian, Male, aged 58*

Mr. Tong Sian Shyen was appointed to the Board as an Executive Director on 4 March 2019 and was subsequently appointed as Chief Operating Officer on 3 July 2020. He is a member of Risk Management Committee and Remuneration Committee.

He is a member of Malaysian Institute of Accountant, associate member of Chartered Institute of Management Accountant (ACMA) and Chartered Global Management Accountant (CGMA). He is also an associate member of Chartered Tax Institute of Malaysia (ACTIM). He has extensive experience in accounting, finance, taxation and corporate finance.

He has more than 30 years of financial, management and HR experience in a wide array of industries which includes manufacturing, Information Technology, Mobile Application & Digital Marketing, Construction, Property Development, Assembler, Timber & Logging and Agriculture produce, etc.

He started his career in commercial firm with CI Holding group as Assistant Manager in charge of the operation and financial management of a divisional unit. He later moved to SME industries for a couple of years company specializing in debts and equity restructuring and financial management and reporting. In year 2009, he joined PLC company, Dolomite Group as Finance & Administrative Manager. In year 2010, he left Dolomite and joined NWP Group as Financial Manager for 4 years. He rejoined the company in 2017 as a Group Accountant. In 2018, He left NWP and joined MQ Technology as Financial Controller until he was appointed Executive Director.

Mr. Tong does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

He has not been convicted of any offences (other than traffic offences) within the past 5 years. Mr. Tong attended seven (7) Board meetings held during the financial period ended 30 September 2021.

TERENCE CHEAH EU LEE

*Executive Director
Malaysian, Male, aged 49*

Mr. Terence Cheah was appointed to the Board as an Executive Director on 3 July 2020. He has more than 15 years experience in Food and Beverage Industries and having good networking in the corporate world.

Mr. Terence Cheah started his career with Fairway Logistic (M) Sdn Bhd ("Fairway") since 2004. He is currently the Managing Director of Fairway.

Mr. Terence Cheah does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

He has not been convicted of any offences (other than traffic offences) within the past 5 years. Mr. Terence Cheah attended seven (7) Board meetings held during the financial period ended 30 September 2021.

GERALD NICHOLAS TAN ENG HOE

*Non-Independent Non-Executive Director
Malaysian, Male, aged 53*

Mr. Gerald was appointed to the Board as an Executive Director on 4 July 2017 and subsequently re-designated as Non-Independent Non-Executive Director on 21 August 2020.

Mr. Gerald has a Bachelor of Economics degree from the University of Western Australia and an MBA from the Graduate School of Business, The University of Sydney.

Mr. Gerald, is a successful entrepreneur and investor with extensive experience in interactive television, mobile and new media businesses as well as Gaming and Leisure industry throughout Asia, Europe and Australia.

He started his career as an Investment Banker in Malaysia and Australia. After returning to Malaysia in 2000, Mr. Gerald embarked on his entrepreneurial career by founding one of the earliest mobile technology companies in Malaysia, which was later sold to a Scandinavian mobile technology company.

Mr. Gerald founded and successfully exited several other technology and interactive media companies.

Since 2012, Mr. Gerald has been an active investor, investing in technology, online games and gaming and leisure businesses both in Asia as well as Australia.

Mr. Gerald does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

He has not been convicted of any offences (other than traffic offences) within the past 5 years. Mr. Gerald attended seven (7) Board meetings held during the financial period ended 30 September 2021.

DATO' LIM CHAR BOO

*Senior Independent Non-Executive Chairman
Malaysian, Male, aged 68*

Dato' Lim was appointed to the Board as an Independent Non-Executive Director on 1 July 2015 and subsequently appointed as Chairman of the Board on 29 November 2019. He is the Chairman of Remuneration Committee, Nomination Committee and member of Audit Committee and Risk Management Committee.

Dato' Lim pursued his studies in various places, he graduated from University of Malaya with B.Sc (Hons), an Advance Dip in Business Administration at the same university and holds a LLB (Hons) from University of London.

Dato' Lim started his police career on 28 February 1982 as cadet Assistant Superintendent with 11 months of basic training programme. He was a CID investigation officer for 2 years in police district in Johor Baru. From 1985-1989 he served as an intelligence official in Special Branch. In 1989, he was transferred to Commercial Crime Department to carry out investigation work mostly on corporate fraud and banking cheating cases. From 1996-2003, he was promoted to Superintendent and assuming the post of Deputy OCPD in Kuantan Pahang involving all aspects of police duties and management. In 2003, he was transferred to Terengganu as Assistant Commissioner, holding the post of OCCI, i.e. State Head for all CID matter. In 2006, he was promoted to Senior Assistant Commissioner as Unit Head in Anti Money Laundering Unit in Commercial Investigation Department at Bukit Aman.

Dato' Lim does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

He has not been convicted of any offences (other than traffic offences) within the past 5 years. Dato Lim attended seven (7) Board meetings held during the financial period ended 30 September 2021.

Profile of Directors (CONT'D)

PAULINUS MOJIUN

*Independent Non-Executive Director
Malaysian, Male, aged 69*

Mr. Paulinus was appointed to the Board as an Independent Non-Executive Director on 14 March 2017. He is the member of Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.

Mr. Paulinus is a member of the Malaysian Institute of Accountants.

He worked with Sabah Urban Development Corporation (a subsidiary of Sabah Economic Development Corporation) for more than 20 years and served in various capacities. His last position was as Senior Manager (Finance).

He is a Board member of the Yayasan Penyelidikan Antartica Sultan Mirzan (YPASM) and was previously a Board Member of Lembaga Koko Malaysia, a member and past President of the Rotary Club of Penampang, Sabah and a Treasurer of the Board of Governors of SM St. Michael's School, Penampang, Sabah. He served as a Council Member of the Penampang District Council for 3 years until 2013.

Mr. Paulinus does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

He has not been convicted of any offences (other than traffic offences) within the past 5 years. Mr. Paulinus attended seven (7) Board meetings held during the financial period ended 30 September 2021.

DR. KOAY BOON HOOI

*Independent Non-Executive Director
Malaysian, Male, aged 60*

Dr. Koay was appointed to the Board as an Independent Non-Executive Director on 12 March 2021. He is the Chairman of Audit Committee and Risk Management Committee and member of Nomination Committee and Remuneration Committee.

Dr. Koay born in 1962 with academic qualification and award of BBA major in Accounting (1990 - University of Montevallo, USA), MBA (1992 - University of Alabama at Birmingham, USA), EDDBA (2022 - SABI University, France). He also holds professional membership of 1) Fellow, Institute of Public Accountants (IPA, Australia), 2) Fellow, Institute of Financial Accountants (IFA, UK), 3) elected as Honorary Fellow, Association of Professional Managers and Entrepreneur (APME, UK), and 4) Fellow and Trustee of Malaysian Institute of Human Resource Management.

Dr. Koay has more than 30 years of hands on and professional experience in Financial Advisory, Merger and Acquisition, Overseas and Offshore Company Establishment, Human Capital Advisory, Seminar and Conference Organizing, Management Advisory, and Project Management. He left his public listed company Chief Financial Officer position in the year of 2006 and subsequently actively providing his professional services in Asia region.

Throughout his career with continuous improvement and actively participate in social responsibility activities, he had received Knighthood conferred by the Ruler of Pahang (Malaysia) in 1997, Malaysian Institute of Human Resource Management General Assembly Award in 2020, Honorary DBA (SABI University) in 2020, and Honorary PHD (University of Swahili, Panama) in 2021. He was conferred "Honourable Kentucky Colonel" the highest state title of the Commonwealth of Kentucky by the Governor and State Secretary of The Commonwealth of Kentucky, USA in 2021.

Dr. Koay does not hold any other directorships in other listed entities. He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest in any business arrangements involving the Company and its subsidiaries.

He has not been convicted of any offences (other than traffic offences) within the past 5 years. Mr. Koay attended two (2) Board meetings held during the financial period ended 30 September 2021 as he was appointed as Director on 12 March 2021.

Key Senior Management

KOK SENG PING

Malaysian, Male, aged 44

Kok Seng Ping graduated from Northumbria University Newcastle with a bachelor's degree in Business Administration (major in Finance and Accounting).

He begins his career as an account auditor for three years. Later he got the opportunity to enrol in the engineering field, to work as a production controller in Lite-Tech Solution Sdn Bhd, UV-Lamps manufacturer in Malaysia. From there, he started to pick up the knowledge and skills of manufacturing.

In 2011, he joined Microlead Precision Technology as a Production Planner. In the past 10 years, he has worn many hats from Production Planner to Business Development Manager and beyond.

During the management restructuring at the end of 2020, he was promoted as Microlead's Chief Operating Officer. In this role, he has worked to ensure the financial health and stability of Microlead through diligent monitoring of spending and profitability and risk mitigation, which has helped to turn this year revenue profitable.

LIM CHUNG MING

Malaysian, Male, aged 40

Lim Chung Ming graduated from Chung Ling High School Penang and later pursued a Diploma in Information Technology in College IPG.

After graduation, he joined Microlead Precision Technology as a machinist apprentice in 2002. With his outstanding performance during his apprentice period, he was awarded the opportunity to involve in machine programming and later, he got promoted to QA Supervisor.

As the business grew in 2010, Lim Chung Ming was promoted to Production Planner and later Business Development Manager in the year 2015, to communicate with customers and work with the production team to meet customers' needs.

During the management restructuring at the end of 2020, he was promoted to Production Director.

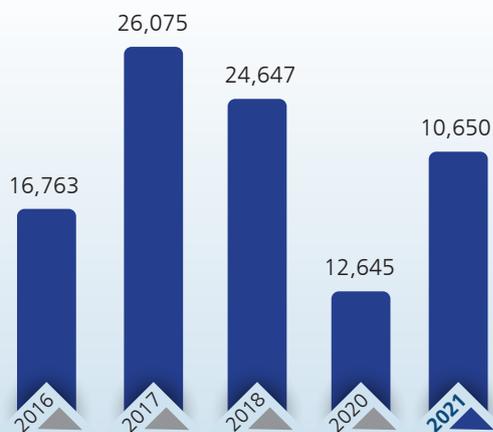
He has worked to ensure productivity in this role and plan approaches and pitches to the customers' needs, concerns, and objectives.



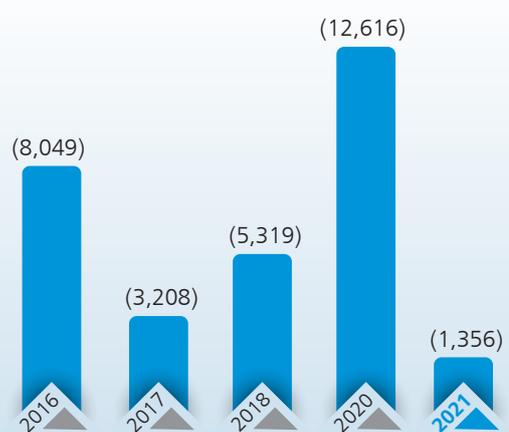
Financial Highlights

	Group 2016 RM'000	Group 2017 RM'000	Group 2018 RM'000	Group 2020 RM'000	Group 2021 RM'000
Turnover	16,763	26,075	24,647	12,645	10,650
Loss Before Tax	(7,732)	(3,250)	(5,361)	(12,632)	(1,458)
Loss After Tax	(8,049)	(3,208)	(5,319)	(12,616)	(1,356)
No. of Share assumed in Issue ('000)	321,971	414,765	497,718	634,773	734,370
Loss per Share (sen)	(2.50)	(0.77)	(1.15)	(1.99)	(0.18)

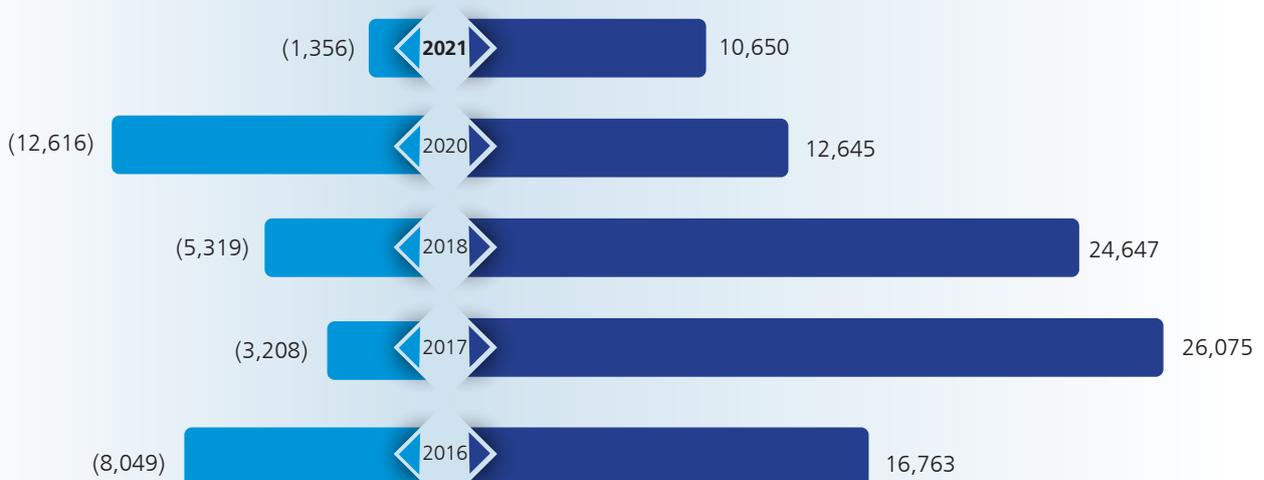
Turnover
(RM'000)



Loss After Tax
(RM'000)



Turnover vs Loss After Tax
(RM'000)



Loss After Tax Turnover

Corporate Governance Overview Statement

The Board of Directors (“Board”) of MQ Technology Berhad (“MQ” or “the Company”) is committed to uphold the high standards of corporate governance throughout MQ and its subsidiaries (“the Group”) with the ultimate objective of realizing long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise.

Details of the Group’s application of each practice set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group’s website at www.mqtech.com.my.

1. Board Responsibilities

1.1 Board Charter and Board Committees

The Board is responsible and is accountable to shareholders for managing the business of the Group. The Board retains full and effective controls of the Company and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall wellbeing.

The Board has retained for itself decisions in respect of matters significant to the Group’s business operations which include the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board’s conducts and guide the business strategic initiative of the Group. The Board Charter is available on the Company’s website at www.mqtech.com.my.

The Board has established six (6) Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee, Share Issue Scheme Committee and Investment Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed annually in accordance with the needs of the Company and considering the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees’ duties and responsibilities.

The Chairman of the various Committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

1.2 Company Secretary

The Board is supported by a qualified secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and is qualified to act as Company Secretary under the Companies Act, 2016. As a practicing company secretary, she has also attended continuous professional development programmes as required by MAICSA.

The Company Secretary supports the Board in carrying out their fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. The Company Secretary also served as an advisory role to the Board, particularly with regards to the Company’s Constitution, Board’s policies and procedures and various compliance with regulatory requirement, codes, guidelines, legislation and the principles of corporate governance practices.

The Company Secretary circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board’s reference and brief the Board quarterly on these updates, where applicable at Board meetings. Throughout their period in office, the Directors are continually updated on the Group’s business and the regulatory requirements.

The Company Secretary also attends Board, Board Committees and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books and subsequently communicated to the relevant party for necessary actions. Such minutes of meetings are confirmed by the respective Board Committees and signed by the Chairman of the meeting.

1. Board Responsibilities (Cont'd)

1.3 Information and support for Directors

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings. All the Directors had committed their time to the Board meetings held during the financial year. Prior to the meetings, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis in order to enable the directors to be well informed and briefed before the meetings.

Besides Board meetings, the Board also exercise control on matters that require its approval through the circulation of resolutions.

All the Directors have full and free access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman.

The External Auditors also briefed the Board members on the latest Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

1.4 Code of Conduct and Ethics

The Board observes the Code of Conduct and Ethics for the Company Directors established by the Companies Commission of Malaysia in discharging its role effectively. The Code of Conduct and Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and to act in good faith in the best interest of the Group and its Shareholders.

1.5 Whistle-blowing Policy

The Board had adopted the Whistle-blowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law, regulations or any illegal acts observed in the Group but not limited to financial malpractice or fraud, non-compliance, criminal activity and corruption. The Whistle-blowing Policy is reviewed annually and is available on the Company's website. There were no reported incidents pertaining to whistleblowing during the financial period.

2. Board Composition

The principle emphasises the importance of right board composition in bringing value to the board deliberation and transparency of policies and procedures in selection and evaluation of Board members.

The present Board, comprises of six (6) Directors i.e. one (1) Senior Independent Non-Executive Chairman, two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Company complies with the criteria of Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements of ensuring that at least two (2) Directors or one-third (1/3) of the Board of Directors, whichever is the higher, are independent directors.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regards to the long-term interest of all stakeholders. They have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision-making process of the Board.

The Board is confident that its current size and composition reflects an appropriate balance of Executive Directors and Independent Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

The Company currently does not have a policy to limit the tenure of its Independent Directors. In compliance with the recommendations of Malaysian Code on Corporate Governance, none of the Independent Non- Executive Directors of the Company has served more than nine (9) years.

2. Board Composition (Cont'd)

2.1 Diversity on Board and Senior Management

The Board and the Nomination Committee take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). The Committee has the responsibility to ensure that the Board comprises suitably qualified members that demonstrate appropriate qualities and experience that contribute to the effective oversight and stewardship.

During the financial period, two (2) new Directors were appointed. The Board will continue to review the optimum Board size based on the business requirement. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

2.2 Gender Diversity

The Board is committed to maintain an appropriate balance in terms of diversity in experience, skills, competence, caliber and gender in order to have balanced, comprehensive and thorough decision makings. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Nonetheless, the Board is supportive of gender diversity in the Boardroom composition as recommended by the MCCG and will endeavour to consider suitable and qualified female candidates for appointment to the Board.

2.3 Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. Full details of the Nomination Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Non-Executive Director. The Committee meets as and when required, at least once a year. During the financial period, one (1) meeting was carried out, with attendance as follows:

<u>Name of Directors</u>	<u>Designation</u>	<u>No. of Meetings Attended</u>
Dato' Lim Char Boo (Senior Independent Non-Executive Chairman)	Chairman	1/1
Paulinus Mojiun (Independent Non-Executive Director)	Member	1/1
Dr. Koay Boon Hooi (Appointed on 12 March 2021) (Independent Non-Executive Director)	Member	N/A
Hong Eng Kwee @ Hong Eng Hwe (Retired on 16 December 2020) (Independent Non-Executive Director)	Member	N/A

During the financial period, the Nomination Committee had carried out the following activities:

- assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit Committee and each of its members;
- assessed the independence of the Independent Directors;
- reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming Annual General Meeting ("AGM");
- reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness;
- ensure all Directors receive appropriate continuous training programs.

2. Board Composition (Cont'd)

2.4 Review of proposed Directors for Re-election/Re-appointment

In accordance with Clause 97 of the Company's Constitution, all Directors of the Company shall retire from office at the first AGM and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being, or if their number is not three or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office.

In accordance with Clause 104 of the Company's Constitution, all newly appointed Directors of the Company during the financial year shall retire at the forthcoming AGM.

Based on the results of the assessment undertaken for the financial period ended 30 September 2021, the Nomination Committee resolved to recommend to the Board that:

- Dato' Lim Char Boo and Mr. Gerald Nicholas Tan Eng Hoe who are due to retire pursuant to Clause 97 of the Company's Constitution stands for re-election at the forthcoming AGM.
- Dr. Koay Boon Hooi who is due to retire pursuant to Clause 104 of the Company's Constitution stand for re-election at the forthcoming AGM.

2.5 Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs a board self-evaluation to evaluate the performance of the Board, Board Committees and individual Director, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial period, the Nomination Committee had concluded the following:-

- (a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- (b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
- (c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- (d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- (e) The Board Chairman had performed an excellent manner and contributed to the Board.
- (f) The performances of the Board Committees were found to be effective.

2. Board Composition (Cont'd)

2.5 Evaluation of Board, Board Committees and Individual Directors (Cont'd)

2.5.1 Time commitment

The Board undertakes to meet at least four (4) times a year, which are scheduled in advanced to facilitate the Directors in planning their meeting schedule for the year. During the financial period ended 30 September 2021, seven (7) Board meetings were held and the details of the attendance of the Directors are set out as below:-

<u>Name of Directors</u>	<u>Attendance</u>
Dato' Lim Char Boo	7/7
Paulinus Mojiun	7/7
Gerald Nicholas Tan Eng Hoe	7/7
Tong Sian Shyen	7/7
Terence Cheah Eu Lee	7/7
Dr. Koay Boon Hooi (Appointed on 12 March 2021)	2/2
Hong Eng Kwee @ Hong Eng Hwe (Retired on 16 December 2020)	3/3

2.5.2 Directors' training

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industry and changes to the regulatory environment. The assessment on individual Director also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant.

During the financial year, the Directors had participated in various training programs. Particulars of the seminars and courses attended are as follows:

<u>Name of Directors</u>	<u>Date</u>	<u>Programmes/Seminar</u>
Tong Sian Shyen	20/11/2020 02/12/2020 04/12/2020 07/12/2020 12/08/2021	MFRS 121 MFRS 136 MFRS 16 MACC Sec 17A Review of latest development in MFRS
Dr. Koay Boon Hooi	31/5/2021 – 2/6/2021	Mandatory Accreditation Program for Directors of Public Listed Companies

All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by Bursa Securities for Directors of public listed companies.

During the financial period ended 30 September 2021, besides from attending the briefings conducted by the Company Secretary pertaining to the updates on the Listing Requirements and MCGG, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affect the Group's Financial Statements.

3. Remuneration

3.1 Remuneration Policy

The Board has recognized the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key Senior Management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors and key Senior Management, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The Remuneration Policy also covers bonus framework for the Executive Directors and Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

3.2 Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Terms of Reference which is available on the Company's website.

The Remuneration Committee comprises of all Independent Non-Executive Directors with a majority of Independent Non-Executive Directors. During the financial period, one (1) meeting was carried out with attendance as follows:

<u>Name of Directors</u>	<u>Designation</u>	<u>No. of Meetings Attended</u>
Dato' Lim Char Boo (Senior Independent Non-Executive Chairman)	Chairman	1/1
Paulinus Mojiun (Independent Non-Executive Director)	Member	1/1
Tong Sian Shyen (Executive Director)	Member	1/1
Dr. Koay Boon Hooi (Appointed on 12 March 2021) (Independent Non-Executive)	Member	N/A

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors and Senior Management. The Executive Directors and Senior Management did not participate directly in any way in determining their individual remuneration. The Board as whole determines the remuneration of Non-Executive Directors with individual Director abstaining from decisions in respect of their individual remuneration. The Board recommends the Directors' fees payable to independent Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

Corporate Governance Overview Statement (CONT'D)

3. Remuneration (Cont'd)

3.3 Remuneration of Directors

The aggregate remuneration of the individual Director for the financial period ended 30 September 2021 is as follows:-

Company Level

Name of Directors	Salaries and Other Emoluments	EPF and SOCSO	Director Fees	Total
Executive Directors				
Tong Sian Shyen	225,000	28,154	0	253,154
Terence Cheah Eu Lee	109,613	14,318	0	123,931
Non-Executive Directors				
Dato' Lim Char Boo	0	0	75,000	75,000
Paulinus Mojiun	0	0	45,000	45,000
Gerald Nicholas Tan Eng Hoe	8,226	1,212	40,065	49,503
Dr. Koay Boon Hooi (Appointed on 12 March 2021)	0	0	19,935	19,935
Hong Eng Kwee @ Hong Eng Hwe (Retired on 16 December 2020)	0	0	16,548	16,548

Group Level

Name of Directors	Salaries and Other Emoluments	EPF and SOCSO	Director Fees	Total
Executive Directors				
Tong Sian Shyen	270,008	33,966	0	303,974
Terence Cheah Eu Lee	109,613	14,318	0	123,931
Non-Executive Directors				
Dato' Lim Char Boo	0	0	75,000	75,000
Paulinus Mojiun	0	0	45,000	45,000
Gerald Nicholas Tan Eng Hoe	8,226	1,212	40,065	49,503
Dr. Koay Boon Hooi (Appointed on 12 March 2021)	0	0	19,935	19,935
Hong Eng Kwee @ Hong Eng Hwe (Retired on 16 December 2020)	0	0	16,548	16,548

3. Remuneration (Cont'd)

3.4 Remuneration of Senior Management

The remuneration of the Senior Managements is set out as follows:-

Range of Remuneration (RM)	Number of Senior Management
Up to RM 50,000	-
RM50,001 to RM 100,000	-
RM100,001 to RM150,000	2
RM150,001 to RM200,000	-
RM200,001 to RM250,000	-

(The details of Senior Management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Senior Management's remuneration are appropriately served by the disclosures in the RM50,000 bands. The total remuneration paid to each Senior Management reflects the time and effort devoted to fulfil his or her responsibilities on the Board and linked to the Group's performance).

4. Effective Audit and Risk Management

4.1 Audit Committee

Name of Directors	Designation
Dr. Koay Boon Hooi (Appointed on 12 March 2021) Independent Non-Executive Director	Chairman
Dato' Lim Char Boo Senior Independent Non-Executive Chairman	Member
Paulinus Mojiun Independent Non-Executive Director	Member

The Chairman of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee comprise exclusively of Independent Non- Executive Directors. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

4.2 Oversight of External Auditors

The External Auditors of the Company fulfill an essential role in giving assurance to the Company's shareholders on the reliability of the Group's Financial Statements.

The Audit Committee reviews the independence, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM on an annual basis. The External Auditors would provide written assurance to the Board in respect of its independence to act as the External Auditors of the Group. The Audit Committee would convene a private session with the External Auditors without the presence of the Executive Directors and Senior Management.

Details of the audit and non-audit fees paid/payable to the External Auditors for the financial period ended 30 September 2021 are as follows :-

	COMPANY RM	GROUP RM
Statutory audit fees paid/payable	83,000	153,000
Non-audit fees paid/payable	5,000	5,000

The full details of the role of the Audit Committee in relation to the External Auditors is set out in the Audit Committee Report of this Annual Report.

4. Effective Audit and Risk Management

4.3 Risk Management and Internal Control Framework

The Board acknowledges that risk management and internal control system are an integral part of effective management practice. As risk is inherent in all business activities, hence it is not the Group's objective to eliminate risk totally. There is an on-going process in place to identify, evaluate, monitor and manage key risks faced by the Group and the Board reviews the key risks highlighted to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders' investment and Group's assets.

The Board is assisted by the Risk Management Committee to ensure the risk and control framework is embedded into the culture, processes and structure of the Group.

Further details of the Group's Risk Management and Internal Control Systems are reported in the Statement of Risk Management and Internal Control of this Annual Report.

4.4 Internal Audit Function

The Board has established an Internal Audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting periodic reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Group.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report.

5. Communication with Stakeholders

The Company refers to ACE Market Listing Requirements of Bursa Securities as a fundamental basis for the ongoing disclosure and announcement to Bursa Securities. The Board is advised by Management, Company Secretary, the External Auditors and Advisors on the contents and timing of disclosure of the financial results and various announcements in accordance with the Listing Requirements.

The Board is committed in providing accurate, useful and timely information about the Company, its business and its activities. Realising the importance of timely and thorough dissemination of material information to the shareholders, investors and the public at large, the Company maintains an open communication policy with its shareholders, investors and public at large and welcome feedback from them.

The Group's information is disseminated through various disclosures and announcements made to Bursa Securities.

5.1 Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting in the near future.

5.2 Conduct of General Meetings

5.2.1 Notice of general meeting

The Board recognises the rights of shareholders. In order to continue encouraging shareholders participation in the general meetings, the Board would ensure that the Notice of AGM is sent to shareholders at least twenty-eight (28) days ahead of the date of general meeting and to provide sufficient time and opportunities for shareholders to seek clarifications during general meetings on any matters pertaining to the issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company.

5. Communication with Stakeholders (Cont'd)

5.2 Conduct of General Meetings (Cont'd)

5.2.2 Attendance of Directors at general meetings

The AGM is the key element of the Company's dialogue with its shareholders. During the AGM, shareholders are encouraged to ask questions about the resolutions being proposed, about the Company's operations in general or about the annual reports of the Company and of the Group. All the Directors, Senior Management and External Auditors are available in the AGM to provide responses to questions from the shareholders.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective Chairmen of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

5.2.3. Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) Independent scrutineer is appointed to validate the votes cast at the meeting.

6. COMPLIANCE STATEMENT

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code on Corporate Governance throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 27 January 2022.

Statement on Risk Management and Internal Control (CONT'D)

1. INTRODUCTION

The Malaysia Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment, the Group's assets and the interest of other stakeholders.

The Board of Directors of MQ Technology Berhad is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of the group for the financial period ended 30 September 2021. This statement on Risk Management and Internal Control is issued and prepared pursuant to Rule 15.26(b) of ACE Market Listing Requirements, and in accordance with the Malaysia Code on Corporate Governance ("the code").

The board is committed to maintain a sound system of internal control of the Group to safeguard stakeholders' investment, Groups' assets and interest of other stakeholders. The board is pleased to outline the nature and the scope of the internal control of the Group during the financial period.

2. BOARD RESPONSIBILITIES

The Board recognises the importance of a sound risk management and internal control systems in safeguarding the Group's assets. The Board has delegated the review of adequacy and effectiveness of the internal control system to the Risk Management Committee ("RMC"). The RMC is assigned with task in reference to terms of reference approved by the board, to review the adequacy and effectiveness of the company's risk management and internal control process. Through the RMC, the Board is kept informed of the significant financial and non-financial control issues raised by the management, the Internal Auditor and External Auditor for the attention of the RMC.

The system of internal controls covers inter-alia, risk assessment, financial, operational, environmental and compliance controls. However, in view of the inherent limitations of the system of internal control, the system is designed to manage and not to eliminate the risks totally. Therefore, in pursuing these objectives, the Group has in place an ongoing process to ensure the system can only provide a reasonable and not absolute assurance against the occurrence of any material misstatement or losses and fraud.

3. RISK MANAGEMENT FRAMEWORK

The Board recognises the importance of the risk management framework to manage the risk within the Group and regards as an integral part of business operations. The board maintains that an ongoing commitment is effective way of achieving the framework and to assist in the process, the following objective will be drawn up

- a) Communication and dissemination of company vision, direction and objectives across the organisation
- b) Identifying and evaluating various risks affecting the group's business
- c) Creating a risk awareness culture and risk ownership for better management of risks
- d) Formulating a systematic process of review and report risk identified and correspondingly implement mitigating procedures.

Risk analysis is conducted on regular basis including reviewing the process of identifying, evaluating and managing significant risks faced by the Group during the financial year under review. The duties of the identification, evaluation and management of the risk key's issues are delegated to the functional head and are subsequently reported to Executive Director who subsequently brought to the attention of Board at the scheduled meetings.

The functional management is given a clear line of accountability and responsibilities They are responsible to formulate business rules, processes and structures that was established as part of the internal control efforts through the standard operating practices and agreed risk parameters. In reviewing the process, the functional management is assisted with outsourced independent consulting firm (Messrs Qwest Corporate Consultant Sdn Bhd) to further review and improves the existing internal control process within the Group. Management will supplement the Audit Committee review on control and risk assessment when presenting its half yearly internal audit report. A systematic risk management process is stipulated in the Risk Management Policy. Risk parameters are also predetermined in accordance with Group's risk appetite to ensure the Group is managed with tolerable expectation.

INTERNAL CONTROL SYSTEM

The Board maintains key elements of an organisational structure that clearly defined levels of responsibility and authority and appropriate reporting procedures. The Board meets on regular schedule meeting and matters arising on risk and control will be brought in for decision making to ensure effective control over strategic, financial, operation and compliance issues within the Groups can be maintained.

Statement on Risk Management and Internal Control (CONT'D)

INTERNAL CONTROL SYSTEM (CONT'D)

The following outlines the main elements of the Group's internal control system:

- i. Organisational structure outlines segregation of duties and responsibilities among employees. The Group implement an appropriate level of checks and balances on the activities of individual employee. General approval authority usually requires two signing authority.
- ii. The management provides comprehensive financial and management reports to the Audit Committee and the Board on a quarterly basis for review, monitoring, decision making and facilitate effective discussion at Board meeting.
- iii. Regular update on recruitment policy is set to ensure that only capable and competent staffs are employed which in turn ensures each operating unit is functioning effectively.
- iv. The Group's performance is monitored through management and operational meeting attended by Senior Management. Senior management and each Head of Department within the group exercise a hand-on approach on the operational and financial affairs of the Group. The COO/Executive Directors are involved and oversee in the day to day operations of the Group.
- v. Internal policies and procedures are updated regularly to reflect changing risk or to resolve operational deficiencies.
- vi. Clearly defined Terms of Reference of the Board Charter, i.e. Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee.

The Group's internal control systems are continuously reviewed, monitored and update to ensure that any changes in the Group's business and operating environment are adequately managed.

The Board has also received verbal assurance from the Chief Operating Officer that the risk management and internal control system of the Company and its subsidiaries are operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted.

INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to an independent professional firm Qwest Corporate Consultants Sdn Bhd to carry out reviews and assess the adequacy and integrity of the system of internal control of the Group. The internal auditors report directly to the Audit Committee, who receives reports on issues, weaknesses and recommendations from each department responsible for the proposed action taken. The internal auditors have also carried out follow-up reviews to ensure that recommendations for improving the internal control systems were being implemented according to agreed time frame and completed satisfactorily. The cost incurred for internal audit for the financial year 2021 was RM7,000.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This external auditors have reviewed this Statement on Risk management and Internal Control as required under Chapter 15.23 of ACE Market Listing Requirements for inclusion in the annual report. Their review was performed in accordance with Recommended Practice Guide 5 (Revised): 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. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risk and control, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board and management thereon. The report from the External Auditors was made solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad ACE Market Listing Requirement and for no other purpose or parties. The External Auditor do not assume responsibility to any person other than the Board in respect of any aspect of this statement.

CONCLUSION BY THE BOARD

The Board has reviewed the adequacy and effectiveness of the risk management and internal control systems based on the information provided by the key management in the Company including detailed audit report by outsourced internal auditor and assurances provided by External Auditors.

No material losses were incurred during the financial year under review due to weaknesses in risk management and internal control systems. The Board and management will continue to ensure adequate measures are in place to strengthen the control environment within the groups.

The Board has reviewed and satisfied that the risk management and internal control systems that is ongoing for a financial year ended 30 Sept 2021 are adequate and effective to safeguard shareholders' investments, the Group's assets and interest of other stakeholders.

This statement was made in accordance with a Board of Directors' Resolution dated 27 January 2022.

Sustainability Report

The Sustainability report of the Group covers the financial periods from 1 July 2020 to 30 September 2021. ("FYE2021). The statement is prepared in compliance with the MMLR of Bursa Securities and guided by the Sustainability Reporting Guide issued by Bursa Securities.

The Company recognises that sustainability is the core of the group to collectively spearheaded and towards improving the sustainable growth path that is decided by the Board of Directors. Sustainability is an integral part of company's strategies and operations system and plays an utmost important role in managing our business responsibly. while creating added value to our customers, employees, shareholders, community and the environment.

The company is committed to maintain and provide a socially responsible, environmentally friendly and sustainable returns to our stakeholders.

The company pursue its sustainability approach in accordance with its laid down principle.

Mission

Committed to provide our customer satisfaction with the highest quality at the most competitive price through implementing stringent process control and continuous innovative technology design standards .

Vision

To become the "Partner of Choice" with best known for quality, integrity and commitment with highest competitive price

Our Core Values

We are continuously maintaining high standards of KAIZEN's 5S practices at our work place, through team and self-discipline to embrace a neat and organized values

SEIRI (SORT) - REMOVE ALL UNNECESSARY ITEMS FROM THE WORKPLACE

SEITON (STABILIZE) - CREATE A SPECIFIC LOCATION FOR EVERYTHING

SEISO (SHINE) - KEEP THE WORKPLACE CLEAN

SEIKETSU (STANDARDIZE) - IMPLEMENT THE BEST PRACTICES IN ALL AREAS

SHITSUKE (SUSTAIN) - MAINTAIN HIGH STANDARDS WITH CONTINUOUS IMPROVEMENTS, UPGRADING AND AUDITS

With 5S practices at work place, the company has achieved more satisfaction and objectives. This achievement is monitored through staff high morale with lower staff turnover. Cost reduction can be seen from lower rejection rate. We also committed to time delivery as promised to customers. In a way breakdown time is reduced and helps improve productivity. Consistency in quality has always been the mindset for head of department. Not forgotten, safe workplace is the utmost importance for the 5S objectives to be achieved.

SUSTAINABILITY FRAMEWORK

A SUSTAINABLE GROWTH BEGINS WITH A SOLID FOUNDATION

The Company is continuously strived to provide a conducive working environment and provide our employees with various structured skills so that they can enhance their capabilities in facing with business challenges. In terms of occupational health hazard and safety, it is one of our key priorities to ensure that our occupational health, safety and environmental management system are in compliance with the industry's requirements and standard. Appropriate trainings are provided in handling machinery and equipment to newly joined staff. Therefore, in carrying our business activities, we always place top priority on creating value for customers, which in turn leads to the creation of value for society, shareholders, employees and other stakeholders.

Our Quality Policy

"DELIVERY ON TIME WITH QUALITY IS OUR COMMITMENT TO CUSTOMER SATISFACTION"

QUALITY KPI:

1. Customer Return Shipments below 3%
2. On-time deliveries above 95%
3. Customer satisfaction level to be more than 80%

The Company has built quality checks in each and every step of the manufacturing process. Stringent process controls are employed right from incoming materials, up to final inspection of the finished product. As an added value, we are equipped with a full set of quality control equipment such as coordinate-measuring machines (CMM), profile projector, digimatic linear height gauges, digital micrometer and slip gauges and gauges. Coupled with highly skilled manpower for sound judgement and expertise, the Company thrives to eliminate non-conformance in our quest to achieve zero defects.

The company is committed to engage Quality Control Circle (QCC) in order to maintain Quality Policy. The QCC entails circle 1) Act – to standardize the process of identification 2) Plan – to analyse problem in perspectives 3) Do- to implement and improve quality 4) Check – to perform analysis. QCC has embedded in every process, thus company has overall inspire more effective team work. Inspiration creates more job involvement from all section of the manufacturing. This directly or indirectly resolve any technical problems which resulted enhanced solving capacity. Personal and human relationship in the plant will be further strengthened. In a way, leadership development evolves from problem solving. With participation from all sectors of department, communications within the organisation will be improved.

While ensuring that investors' needs are taken care of, the Company also practices good business ethics and transparency, taking into consideration the welfare of its employees while ensuring an inclusive and holistic approach towards building a sustainable business that is both beneficial to the society the environment. In line with the United Nation's 17 Sustainable Development Goals, MQ Tech makes every possible effort to include these SDGs into our daily operations.

Corporate Governance

MQ Tech conducts business responsibly and fairly, adhering to the long-standing business philosophy of providing our customers with the highest quality at the most competitive price. The Company upholds the principles of corporate governance, Risk Management, the Code of Conduct and compliance and adheres to anti-corruption and antitrust practices. Also ensure transparency and accountability in accordance with business philosophy Corporate Governance is incorporated into our company's working culture to ensure sustainability.

Corporate Social Responsibility (CSR)

MQ Technology's CSR activities reflects the ever-changing needs of the society by holding dialogues with its employees and stakeholders to build trust and to better the overall conditions of the existing communication structure. The Company recognizes the need to improve social conditions by working in partnership with the local communities. The company conducts business with ethics and concern for social responsibility and participate in enhancing people quality of life. When implementing policies, the Company takes into consideration the social, economic and environmental impact to the society to generate better social values.

Quality Training

MQ Tech will send workers to engineering institution for periodical trainings to upgrade their knowledge and skills after the bought in machinery has delivered. The company had sent workers for other training called 8D which provided the trainees equipped with how to resolve 8D problems and get learning skills to resolve the roots, cause and corrective action by applying 8D formula. The training enriched the workers' performance and productivity while at the same time, increase their output value and future marketability. Our Company utilizes an integrated and sustainable procurement, warehouse and accounting management system which eases streamlines the workflow.

In the long run, the Company is committed to staff development by providing on-the-job training and external training programs for all level of staff in order to improve their skills and knowledge for their career advancement. The Company reviews the adequacy and suitability of the training requirements for all staff on a regular basis. Presently, MQ Tech is certified with ISO 9001 – 2008 and conforms to the stringent requirements of a quality management system.

The company also sent selected members of the Safety and Security department to join in training organised by Kastam Malaysia to update the latest requirement and knowledge.

Climate Action, Green Effort and Waste Management

As climate change affects everyone, MQ Tech plays an active role in promoting a green and healthy living. Fifty percent of the lights are energy-saving LED lights and efforts are being made to reduce wastage in the organization. Water and electricity consumption are monitored closely; and production errors are minimized to prevent unnecessary use of materials and resources. Our employees are also reminded to reduce stationery and paper usage to protect the environment.

The Company recognizes the importance of pollution prevention and environmental protection by reducing the usage of the hazardous compounds in materials. The Company also separates recyclable wastes and engages a vendor to collect wastes for

recycling purposes. Our manufacturing plant generates roughly 4,000kg of recyclable wastes monthly.

As for our new ventures which require construction, we aim to adhere to the best green practices that are in line with the Green Building Index (GBI).

Employee Welfare, Well-being, Gender Equality and Anti-Discrimination Policies

MQ Technology Berhad adopts a non-discriminatory policy for hiring and promoting employees. Our Human Resource Department also offer jobs to persons with disabilities, especially to those who are autistic. The Company also have 20 percent of women at the management and supervisory level.

To recognize the efforts and to boost the morale of our employees, MQ Tech holds annual dinners in appreciation of all of our employees who are and have tirelessly worked to meet the demands of their jobs. The annual dinner provides a chance for staffs from all departments and subsidiaries to bond and forge teamwork.

Employees are welcome to give their suggestions and feedback through the employee suggestion box. The HR Department will then look into these suggestions, collate and escalate them to the upper management and the board of directors. If viable, these will be implemented. At MQ Tech, we encourage a bottom-up approach where input from employees is highly appreciated.

Health and Safety

MQ Tech properties – manufacturing plants and offices – are fully equipped with CCTVs and fire extinguishers to ensure safety. The management and employees are responsible for contributing towards a safe working environment including fostering safe working attitudes to avoid workplace accidents.

No smoking signs are placed at intervals, and the floorplan of our premises are prominently displayed for evacuation purposes. The Company also carry out mock fire drills and mock emergency situations to prepare our employees in case of unforeseen circumstances such as fire, chemical spill, explosion, medical emergency and injury.

Economic Growth

The country economy is moving towards recovery after Covid-19 pandemic landed the country almost two (2) years ago, barring any unforeseen circumstances, the company's main driver of revenue, precision mould making and tooling will continue its growth path to another greater height. The company is expected to procure additional plant and machineries to meet unprecedented demand for our advance world class precision tooling. The country under its latest economic report that property will be one of the main drivers for the country economy to move forward. Therefore, MQ will diversify its revenue stream to include property development and its related activities in the near future. However, revenue can only be realisable probably in the next financial year. The company had discarded previous plan of acquisition of companies involved for glove production and Covid-19 vaccine distribution due to business model unviable. Recently MQ Tech also signed a Head of Agreement (HOA) with 5G Infra Tech Solution Sdn Bhd along with consortium five (5) listed companies to finance 5G projects. The investment in 5G telecommunication companies will improve consortium's revenue stream and bottom line. The details of the investment have not been finalized at the point of signing the agreement.

Audit Committee Report

COMPOSITION

The Audit Committee ("AC") of MQ Technology Berhad ("MQ Tech" or "the Company") is chaired by an Independent Director and comprises of three members, all of whom are Independent Non-Executive Directors. The current composition meets the requirement of Rule 15.09 and 15.10 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The AC currently comprises the following Independent Non-Executive Directors, namely:-

1. Dr. Koay Boon Hooi (Chairman)
2. Dato' Lim Char Boo
3. Mr. Paulinus Mojiun

The AC is authorised by the Board to independently investigate any activity within its Terms of Reference and shall have unrestricted access to information pertaining to the Group, from the Internal and External Auditors, Management and all employees.

MEETINGS

During the financial period ended 30 September 2021, the AC conducted six (6) meetings of which all were duly convened with sufficient notices given to all AC members together with the agenda, report and proposals for deliberation at the meetings. The Executive Directors were invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the AC at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial period ended 30 September 2021.

In the AC meetings, the External Auditors were given opportunities to raise any matters and gave unrestricted access to the External Auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

Details of attendance of the AC members at the AC meetings during the financial period ended 30 September 2021 are as follows:

Committee Member	Meeting attended
Dr. Koay Boon Hooi (Appointed on 12 March 2021)	2/2
Dato' Lim Char Boo	6/6
Paulinus Mojiun	6/6
Hong Eng Kwee @ Hong Eng Hwe (Ceased on 16 December 2020)	3/3

SUMMARY ACTIVITIES

The AC activities during the financial period under review comprised the following:-

Quarterly Financial Statements and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-
 - Any changes in accounting policies
 - Significant adjustments arising from audit
 - Compliance with accounting standards and other legal requirements

Audit Committee Report (CONT'D)

External Auditors

- reviewed the External Audit Planning Memorandum, outlining the audit scope, audit process and areas of emphasis based on the External Auditors' presentation of audit plan;
- reviewed the External Audit Review Memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the External Auditors;
- reviewed the performance and effectiveness of the External Auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of External Auditors; and
- reviewed and evaluated the factors relating to the independence of the External Auditors.

The AC recommended to the Board for approval of the audit fee of RM133,000.00 excluding special audit fee for the group in respect of the financial period ended 30 September 2021.

The Board at its meeting held during the financial period, approved the audit fee based on the recommendation of the AC.

Internal Auditors

The Group outsources its Internal Audit Function to a professional services firm. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Audit Report directly to the AC, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

The AC had reviewed:-

- internal audit on the area of internal control system of the Group.
- Corporate governance of the Group.
- suggestion on improvement opportunities in the areas of internal controls, systems, adequacy and efficiency improvements.

Internal Control and Risk Management

- reviewed the internal audit plan for adequacy scope and coverage and risk areas;
- reviewed risk management report and internal audit reports;
- reviewed the effectiveness and adequacy of risk management, operational and compliance processes; and
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the AC reviewed the recurrent related party transactions ("RRPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The AC reviews the RRPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The AC also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

INTERNAL AUDIT FUNCTION

The purpose of the Internal Audit function is to provide the Board, through the AC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of Internal Auditors are fully discharged, the AC reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The Internal Auditors also highlighted to the AC the audit findings which required follow-up action by Management as well as the outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group.

All Internal Audit activities in financial period ended 30 September 2021 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM7,000.

Statement of Directors' Responsibility

FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the approved accounting standards so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Group and of the Company for the financial period ended 30 September 2021, the Directors have :-

- Adopted and applied the appropriate and relevant accounting policies consistently;
- Made judgements and estimates that are prudent and reasonable;
- Complied with the applicable approved financial reporting standards, i.e. Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), ACE Market Listing Requirements and the provisions of the Companies Act 2016; and
- Prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and in compliance with the Companies Act 2016.

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

Additional Compliance Information

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Securities:-

1. Statement of Directors' Responsibility in respect of the Financial Statements

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

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the financial period ended 30 September 2021. The Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

2. Material Contracts Involving Directors and/or Major Shareholders

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial period ended 30 September 2021 or entered into since the end of the previous financial year.

3. Corporate Responsibility ("CR")

The Group is mindful of the need to be corporately responsible and recognise that for long term sustainability, its strategic orientation will need to look beyond financial parameters. Hence, the Group supports important causes such as employees' welfare, community and environment protection. However, the Group endeavours to broaden its scope of CR initiatives over time and will plan accordingly.

4. Utilisation of Proceeds Raised from Corporate Proposals

As at the date of this Notice, a total of 146,105,847 Placement Shares has been issued and allotted during the period from 3 September 2021 to 13 October 2021 in three (3) tranches. The status of the utilisation of proceed raised from the Proposed Private Placement is as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation (from listing date)
Renovation expenses for the extension of existing factory	6,000	1,500	Within 12 months
Repayment of unsecured loan	2,000	500	Within 3 months
Working Capital	657	-	Within 12 months
Expenses for the Proposed Private Placement	109	91	Immediately
TOTAL	8,766	2,091	

5. Contracts Relate to a Loan

There were no contracts which relate to a loan entered into by the Company and its subsidiaries during the financial period ended 30 September 2021.

Additional Compliance Information (CONT'D)

6. Employees' Share Option Scheme ("ESOS")

During the financial period ended 30 September 2021, a total of 19,268,500 options over the ordinary shares were exercised pursuant to the Company's Employees' Share Issuance Scheme.

The total number of options granted, exercised and outstanding under the ESOS as at 30 September 2021 are set out in the table below:-

Description	Number of Options as at 30 September 2021	
	Total	Employees
Granted	19,268,500	19,268,500
Exercised	19,268,500	19,268,500
Outstanding	Nil	Nil

Percentage of options applicable to Directors and Senior Management under the ESOS:-

Directors and Senior Management	During the financial year 2021	Since commencement up to 30 September 2021
Aggregate maximum allocation	80%	80%
Actual granted	80%	80%

7. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

There were no RRPT conducted during the financial period ended 30 September 2021.

8. Non-Audit Fees

RM5,000.00 was payable to External Auditors by the Group for the financial period ended 30 September 2021.

9. Variation in Results

There was no material variance between the financial results and the profit forecast or unaudited results previously made for the financial period ended 30 September 2021.

10. Profit Guarantee

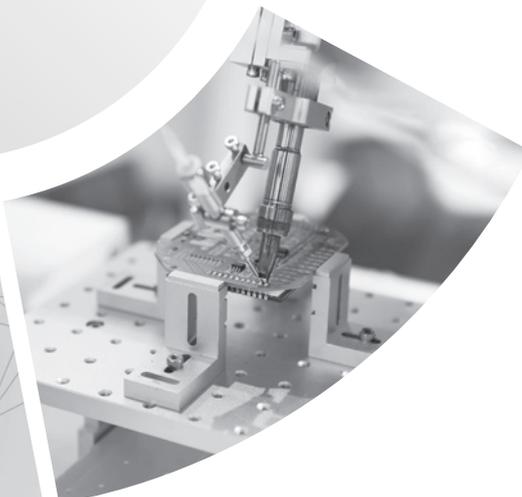
There was no profit guarantee given by the Company during the financial period ended 30 September 2021.

11. Profit Forecast Variance

There was no profit forecast issued during the financial period ended 30 September 2021.

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Directors' Report

The directors submit their report and the audited financial statements of the Group and the Company for the financial period 1 July 2020 to 30 September 2021.

Change of financial year end

The Company changed its financial year end from 30 June to 30 September. Accordingly, the financial statements for the current financial period are drawn up for the period 1 July 2020 to 30 September 2021 or a period of fifteen months.

Principal activities

The principal activity of the Company is that of investment holding. The details of the subsidiaries, including their principal activities, are disclosed in Note 13 to the financial statements.

Financial results

	Group RM	Company RM
Net (loss)/profit for the financial period	<u>(1,355,678)</u>	<u>9,985,732</u>

In the opinion of the directors, the results of the operations of the Group and the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial period. The directors do not recommend any dividend payment in respect of the current financial period.

Reserves and provisions

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

Issue of shares and debentures

During the financial period, the Company increased its issued and paid up capital from RM60,788,981 (comprising 716,539,701 ordinary shares) to RM67,678,965 (comprising 847,029,984 ordinary shares) by way of:

- (i) issuance of 4,749,783 new ordinary shares pursuant to the exercise of 4,749,783 SIS options at the exercise price of RM0.0230 per ordinary share for cash;
- (ii) issuance of 9,240,500 new ordinary shares pursuant to the exercise of 9,240,500 SIS options at the exercise price of RM0.0323 per ordinary share for cash;
- (iii) private placement of 74,500,000 new ordinary shares at an issue price of RM0.0505 per ordinary share for cash; and
- (iv) private placement of 42,000,000 new ordinary shares at an issue price of RM0.0515 per ordinary share for cash.

Issue of shares and debentures (continued)

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The movements in the Company's share capital account are disclosed in Note 19 to the financial statements.

The Company has not issued any debentures during the financial period.

Warrants 2016/2021

The Company had on 22 November 2016 issued 183,516,630 Warrants 2016/2021 in conjunction with its renounceable rights issue. The Warrants 2016/2021 are constituted by a Deed Poll dated 14 October 2016.

The salient features of the Warrants 2016/2021 are as follows:

- (a) The issue date of the Warrants is on 22 November 2016 and the expiry date is on 21 November 2021. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- (b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.10 per ordinary share until the expiry of the exercise period;
- (c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;
- (d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company, unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and
- (e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants 2016/2021 during the financial period are as follows:

	Entitlement for ordinary shares			Balance at 30.9.2021
	Balance at 1.7.2020	Exercised	Expired	
Number of unexercised warrants	183,516,630	-	-	183,516,630

Share Issuance Scheme options

The Company implemented an Employees' Share Issuance Scheme ("SIS") which is governed by the SIS By-Laws approved by its shareholders at the Extraordinary General Meeting held on 13 June 2016.

The salient features of the SIS are as follows:

- (a) The SIS was implemented on 14 March 2017 and is in force for a period of 5 years until 13 March 2022 in accordance with the terms of the SIS By-Laws;
- (b) The total number of new shares to be offered pursuant to the SIS shall be subject to a maximum of 30% of the Company's issued and paid up share capital (excluding treasury shares) at any one time;
- (c) Employees (including directors) of the Company or its subsidiaries shall be eligible to participate in the SIS, if as at the date of offer, the employee:
 - (i) has attained the age of eighteen (18) years;
 - (ii) is employed by a company in the Group, which is not dormant.

The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the SIS shall be approved by the shareholders of the Company in the general meeting;

- (d) The price payable upon exercise of options under the SIS shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than 10%;
- (e) The new ordinary shares to be issued upon exercise of the options under the SIS, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the options under the SIS; and
- (f) The exercise price and the number of new ordinary shares comprised in the SIS are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the By-Laws.

The movements in the Company's SIS options are as follows:

Offer Date	Number of options over ordinary shares	
	22 June 2020	12 March 2019
At 1 July 2020	9,240,500	4,749,783
Exercised	(9,240,500)	(4,749,783)
At 30 September 2021	-	-
Exercise price (RM)	0.0323	0.0230

Share Issuance Scheme options (continued)

The names of option holders with unexercised options and the movements in such options during the period are as follows:

Name	Grant date	Exercised price	As at 30.6.2020	Exercised	As at 30.9.2021
Kok Seng Ping	12 March 2019	0.0230	3,662,826	(3,662,826)	-
Mah Wai Loen	12 March 2019	0.0230	1,086,957	(1,086,957)	-
Chong Chen Kong	22 June 2020	0.0323	3,000,000	(3,000,000)	-
Mah Wai Loen	22 June 2020	0.0323	4,000,000	(4,000,000)	-
Kok Seng Ping	22 June 2020	0.0323	2,240,500	(2,240,500)	-

Directors

The directors of the Company in office since the end of the previous financial period to the date of this report are:

Dato' Lim Char Boo	
Paulinus Mojiun	
Gerald Nicholas Tan Eng Hoe	
Tong Sian Shyen	
Hong Eng Kwee @ Hong Eng Hwe	Resigned on 16 December 2020
Terence Cheah Eu Lee	Appointed on 3 July 2020
Koay Boon Hooi	Appointed on 12 March 2021

Directors' interests

The shareholdings in the Company and its related companies of those who were directors at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares			Balance as at 30.9.2021
	Balance as at 1.7.2020	Bought	Sold	
In the Company				
Shareholdings registered in the name of directors:				
Gerald Nicholas Tan Eng Hoe	48,999,000	-	(48,999,000)	-

Other than as stated, none of the other directors in office at the end of the financial period had any interest in the shares of the Company and its related companies during the financial period.

Directors' benefits

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director.

The details of the directors' remuneration are disclosed in Note 5 to the financial statements.

There were no arrangements during or at the end of the financial period, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and insurance costs

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial period.

Other statutory information

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

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the interval between the end of the financial period and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial period in which this report is made; and
- (b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

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

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, which would render any amount stated in the financial statements of the Group and the Company misleading.

Directors' Report (CONT'D)

Auditors

The auditors, Messrs Russell Bedford LC (formerly known as Russell Bedford LC & Company), retire and do not seek reappointment.

The auditors' remuneration is disclosed in Note 6 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the directors,

TONG SIAN SHYEN

TERENCE CHEAH EU LEE

Kuala Lumpur

Date: 28 January 2022

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

The directors of MQ TECHNOLOGY BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and their cash flows for the period 1 July 2020 to 30 September 2021.

Signed on behalf of the Board
in accordance with a resolution of the directors,

TONG SIAN SHYEN

TERENCE CHEAH EU LEE

Kuala Lumpur

Date: 28 January 2022

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, TONG SIAN SHYEN (MIA membership number: 36765), being the director primarily responsible for the financial management of MQ TECHNOLOGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
above named TONG SIAN SHYEN at Kuala)
Lumpur in Wilayah Persekutuan on 28)
January 2022)

TONG SIAN SHYEN

Before me,

MOHD IBRAHIM BIN YAAKOB (W641)
COMMISSIONER FOR OATHS



Independent Auditors' Report

To The Members of **MQ TECHNOLOGY BERHAD**

1. Report on the audit of the financial statements

1.1 Qualified Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and of the Company as at 30 September 2021, and the related statements of comprehensive income, changes in equity and cash flows for the period 1 July 2020 to 30 September 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters as described in paragraph 1.2 below, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and their cash flows for the period 1 July 2020 to 30 September 2021 in accordance with the Companies Act 2016 (the "Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for qualified opinion

1.2.1 Cumulative payments made to Cash Support Sdn Bhd

Included in other receivables, deposits and prepayments of the Group (Note 16.1 to the financial statements) are cumulative payments totalling RM18,400,000 made by a subsidiary, Star Acres Sdn Bhd ("Star Acres"), to Cash Support Sdn Bhd ("CSSB") in connection with a proposed joint venture to develop and carry on the business of a theme park on the piece of land to be transferred by CSSB into an intended joint venture company. The Subscription and Shareholders' Agreement to regulate the respective rights as the shareholders of the intended joint venture company was entered into between Star Acres and CSSB on 19 January 2016 and the payments to CSSB were made during the calendar years 2015 to 2017.

At the date the financial statements were approved and authorised for issue by the board of directors, the proposed joint venture transaction is still pending the fulfilment of the necessary conditions precedent. Pending the completion of the proposed joint venture transaction, we are unable to obtain sufficient appropriate audit evidence to assess the recoverability of these cumulative payments of RM18,400,000 which have been recognised as an asset of the Group as at 30 September 2021.

1.2.2 Upgrade and renovation works on factory premises

Included in property, plant and equipment of the Group (Note 11 to the financial statements) are additions to building costs during the reporting period of RM1,800,000 which consisted of upgrade and renovation works carried out on the existing factory premises of a subsidiary, Microlead Precision Technology Sdn Bhd ("MPT"). The details and nature of the upgrade and renovation works were itemised and comprise both replacement as well as 'repair and maintenance' items but the value of such works were negotiated between MPT and the contractor on a lumpsum basis at RM1,800,000.

Under the recognition principle in Paragraph 7 of MFRS 116 Property, Plant and Equipment, an entity does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. These costs are often described as for the 'repairs and maintenance' of the items of property, plant and equipment and are to be recognised in profit or loss as incurred. Without the breakdown of the itemised upgrade and renovation works by value, we were unable to obtain sufficient appropriate evidence to ascertain, out of the RM1,800,000 recognised as an asset of the Group, the amount of 'repair and maintenance' expenditures that ought to be appropriately recognised in profit or loss of the Group for the period 1 July 2020 to 30 September 2021.

1.2.3 Investment in and amount due by Star Acres Sdn Bhd

As at 30 September 2021, the investment in and amount due by a subsidiary, Star Acres Sdn Bhd, carried as assets in the statement of financial position of the Company amounted to RM2,301,512 and RM18,243,196 respectively. Consequential to our inability to obtain sufficient appropriate audit evidence to assess the recoverability of the cumulative payments of RM18,400,000 which have been recognised as an asset of the Group as explained in paragraph 1.2.1 above, we were also unable to obtain sufficient appropriate audit evidence to assess the recoverability of these assets of the Company of RM2,301,512 (investment in a subsidiary) and RM18,243,196 (amount due by a subsidiary).

1.2.4 Other considerations

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.6.

We are independent of the Group in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA 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 MIA By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditors' Report (CONT'D)

To The Members of **MQ TECHNOLOGY BERHAD**

1.3 Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. Except for the matter described in paragraph 1.2.2, we have nothing to report in this regard.

1.4 Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current reporting period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis of Qualified Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment assessment on the carrying amount of investment in a subsidiary

The carrying amount of the Company's investment in a subsidiary, Microlead Precision Technology Sdn Bhd, amounted to RM31,000,000 as at 30 September 2021.

The assessment of recoverable amount of investment in this subsidiary requires significant judgements and assumptions used in the calculation.

We focused on this area due to the significant judgements and assumptions made by management in determining the recoverable amount of the investment in this subsidiary.

How the matter was addressed in the audit

We tested management's impairment review by performing the following work:

- compared the assumptions used within the impairment review model to approved budgets and business plans;
- benchmarked key assumptions used by management in estimating future cash flows such as revenue growth and gross profit margin to historical performance, and internal sources of information;
- benchmarked key assumptions including discount rates and inflation against our own internal research data; and
- reviewed management's calculation together with relevant supporting documents.

We are satisfied with the results of our procedures performed.

Additional information on the impairment review is disclosed in Notes 13.1 and 13.2 to the financial statements.

1.5 Responsibilities of management and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Act and the Malaysian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the 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 the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

1.6 Auditors' responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/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 on our auditors' report to the related disclosures in the financial statements 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 and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 (CONT'D)

To The Members of **MQ TECHNOLOGY BERHAD**

2. Other matters

The financial statements of the Group and the Company for the period 1 January 2019 to 30 June 2020 were audited by another firm of auditors whose report dated 30 October 2020 was qualified as they were unable to obtain sufficient appropriate audit evidence to perform an assessment on the following:

- i) the existence and rights on the prepaid marketing expenses of the Group and of the Company as at 30 June 2020 of RM3,650,000 as disclosed in Note 16.3 to the financial statements;
- ii) the recoverable amounts and/or impairment, if any, on the cumulative payments made in connection with the intended activities to develop and carry on business of a theme park of the Group as at 30 June 2020 of RM19,200,000 as disclosed in Note 16.1 to the financial statements; and
- iii) the recoverable amounts and/or impairment, if any, on the Company's investment in a subsidiary, Star Acres Sdn Bhd, and on the amount due by this subsidiary which as at 30 June 2020, amounting to RM2,301,512 and RM18,061,734 respectively.

The predecessor auditors also expressed that the requirements of the Malaysian Financial Reporting Standards have not been complied with as impairment assessment was not performed by the Company on its investment in a subsidiary, Microlead Precision Technology Sdn Bhd, and on the amount due by this subsidiary which as at 30 June 2020, amounting to RM3,388,725 and RM15,983,813 respectively.

3. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Loh Kok Leong.

RUSSELL BEDFORD LC (formerly known as
RUSSELL BEDFORD LC & COMPANY)
AF 1237
CHARTERED ACCOUNTANTS

Kuala Lumpur

Date: 28 January 2022

LOH KOK LEONG

01965/06/2023 J
CHARTERED ACCOUNTANT



Statements of Comprehensive Income

FOR THE PERIOD 1 JULY 2020 TO 30 SEPTEMBER 2021

	Note	Group		Company	
		1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Revenue	4	10,649,985	12,645,013	-	-
Cost of sales		(7,305,941)	(11,703,314)	-	-
Gross profit		3,344,044	941,699	-	-
Other operating income		105,430	1,102,741	11,611,549	63,085
Administrative expenses		(4,456,856)	(10,929,771)	(1,186,067)	(5,377,800)
Selling and distribution expenses		-	(139,337)	-	-
Net allowance for expected credit losses		(439,750)	(3,500,000)	(439,750)	(3,500,000)
(Loss)/Profit from operations	6	(1,447,132)	(12,524,668)	9,985,732	(8,814,715)
Finance income	7	59	173	-	-
Finance costs	8	(11,143)	(107,456)	-	-
Net finance costs		(11,084)	(107,283)	-	-
(Loss)/Profit before tax		(1,458,216)	(12,631,951)	9,985,732	(8,814,715)
Income tax expense	9	102,538	16,301	-	-
Net (loss)/profit/Total comprehensive (loss)/income for the period		(1,355,678)	(12,615,650)	9,985,732	(8,814,715)
Loss per share (sen)					
Basic	10	(0.185)	(1.987)		

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

Statements of Financial Position

AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Non current assets					
Property, plant and equipment	11	18,368,841	17,451,853	25,702	28,548
Right of use assets	12	341,935	151,804	-	-
Investment in subsidiaries	13	-	-	33,301,514	5,690,239
Other receivables, deposits and prepayments	16	-	-	18,260,675	18,070,514
		<u>18,710,776</u>	<u>17,603,657</u>	<u>51,587,891</u>	<u>23,789,301</u>
Current assets					
Inventories	14	923,185	579,052	-	-
Trade receivables	15	2,458,903	1,121,266	-	-
Other receivables, deposits and prepayments	16	27,741,601	24,092,718	10,931,383	20,631,097
Tax recoverable		96,429	27,472	-	-
Fixed deposit with a licensed bank	17	260,000	260,000	-	-
Cash and bank balances	18	662,016	402,752	184,440	63,692
		<u>32,142,134</u>	<u>26,483,260</u>	<u>11,115,823</u>	<u>20,694,789</u>
Total assets		<u>50,852,910</u>	<u>44,086,917</u>	<u>62,703,714</u>	<u>44,484,090</u>
Equity					
Share capital	19	67,678,965	60,788,981	67,678,965	60,788,981
Reserves	20	(23,850,585)	(21,937,886)	(7,287,400)	(16,716,111)
Total equity		<u>43,828,380</u>	<u>38,851,095</u>	<u>60,391,565</u>	<u>44,072,870</u>
Non current liabilities					
Lease liabilities	21	148,363	48,690	-	-
Deferred tax liabilities	22	2,274,785	2,338,438	-	-
		<u>2,423,148</u>	<u>2,387,128</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	23	1,374,198	1,142,643	-	-
Other payables and accruals	24	3,164,149	1,657,185	2,312,149	411,220
Lease liabilities	21	63,035	48,866	-	-
		<u>4,601,382</u>	<u>2,848,694</u>	<u>2,312,149</u>	<u>411,220</u>
Total liabilities		<u>7,024,530</u>	<u>5,235,822</u>	<u>2,312,149</u>	<u>411,220</u>
Total equity and liabilities		<u>50,852,910</u>	<u>44,086,917</u>	<u>62,703,714</u>	<u>44,484,090</u>

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

Statements of Changes in Equity

FOR THE PERIOD 1 JULY 2020 TO 30 SEPTEMBER 2021

Group	Non-distributable reserve				Distributable reserve		Total equity RM
	Share capital RM	Revaluation reserve RM	Employee share option reserve RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM	
At 1 July 2020	60,788,981	8,055,560	557,021	8,019,821	(8,019,821)	(32,560,154)	36,841,408
- as previously reported	-	-	-	-	-	2,009,687	2,009,687
- prior period adjustments	-	-	-	-	-	-	-
- as restated	60,788,981	8,055,560	557,021	8,019,821	(8,019,821)	(30,550,467)	38,851,095
Transactions with owners:							
Shares issued pursuant to SIS	407,713	-	-	-	-	-	407,713
Shares issued pursuant to private placements	5,925,250	-	-	-	-	-	5,925,250
Transfer from share option reserve upon exercise of SIS options	557,021	-	(557,021)	-	-	-	-
Total transactions with owners	6,889,984	-	(557,021)	-	-	(1,355,678)	6,332,963
Net loss/Total comprehensive loss for the period	-	-	-	-	-	(1,355,678)	(1,355,678)
At 30 September 2021	67,678,965	8,055,560	-	8,019,821	(8,019,821)	(31,906,145)	43,828,380

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

Statements of Changes in Equity (CONT'D)

FOR THE PERIOD 1 JULY 2020 TO 30 SEPTEMBER 2021

Group	Non-distributable reserve			Distributable reserve			Total equity RM
	Share capital RM	Revaluation reserve RM	Employee share option reserve RM	Warrant reserve RM	Other reserve RM	Held for sale reserve RM	
At 1 January 2019	52,521,421	8,055,560	-	8,019,821	(8,019,821)	296,232	42,968,584
Transactions with owners:							
Realisation of reserve of disposal group classified as held for sale	-	-	-	-	-	(296,232)	(296,232)
Grant of SIS options	-	-	3,949,725	-	-	-	3,949,725
Shares issued pursuant to SIS	3,638,904	-	-	-	-	-	3,638,904
Shares issued pursuant to private placements	1,235,952	-	-	-	-	-	1,235,952
Transfer from share option reserve upon exercise of SIS options	3,392,704	-	(3,392,704)	-	-	-	-
Total transactions with owners	8,267,560	-	557,021	-	-	(296,232)	8,528,349
Adjustment on disposal of a subsidiary	-	-	-	-	-	-	(30,188)
Net loss/Total comprehensive loss for the period	-	-	-	-	-	-	(30,188)
- as previously reported	-	-	-	-	-	-	(14,625,337)
- prior period adjustments	-	-	-	-	-	-	2,009,687
- as restated	-	-	-	-	-	-	(12,615,650)
At 30 June 2020	60,788,981	8,055,560	557,021	8,019,821	(8,019,821)	-	38,851,095
At 30 September 2021	60,788,981	8,055,560	557,021	8,019,821	(8,019,821)	-	38,851,095

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

Statements of Changes in Equity (CONT'D)

FOR THE PERIOD 1 JULY 2020 TO 30 SEPTEMBER 2021

Company	Non-distributable reserve				Distributable reserve		Total equity RM
	Share capital RM	Employee share option reserve RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM		
At 1 July 2020	60,788,981	557,021	8,019,821	(8,019,821)	(18,722,857)		42,623,145
- as previously reported	-	-	-	-	1,449,725		1,449,725
- prior year adjustments							
- as restated	60,788,981	557,021	8,019,821	(8,019,821)	(17,273,132)		44,072,870
Transactions with owners:							
Shares issued pursuant to SIS	407,713	-	-	-	-		407,713
Shares issued pursuant to private placements	5,925,250	-	-	-	-		5,925,250
Transfer from share option reserve upon exercise of SIS options	557,021	(557,021)	-	-	-		-
Total transactions with owners	6,889,984	(557,021)	-	-	-		6,332,963
Net profit/Total comprehensive income for the period	-	-	-	-	9,985,732		9,985,732
At 30 September 2021	67,678,965	-	8,019,821	(8,019,821)	(7,287,400)		60,391,565

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

Statements of Changes in Equity (CONT'D)

FOR THE PERIOD 1 JULY 2020 TO 30 SEPTEMBER 2021

Company	Non-distributable reserve				Distributable reserve		Total equity RM
	Share capital RM	Employee share option reserve RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM		
At 1 January 2019	52,521,421	-	8,019,821	(8,019,821)	(8,458,417)		44,063,004
Transactions with owners:							
Grant of SIS options	-	3,949,725	-	-	-		3,949,725
Shares issued pursuant to SIS	3,638,904	-	-	-	-		3,638,904
Shares issued pursuant to private placements	1,235,952	-	-	-	-		1,235,952
Transfer from share option reserve upon exercise of SIS options	3,392,704	(3,392,704)	-	-	-		-
Total transactions with owners	8,267,560	557,021	-	-	-		8,824,581
Net loss/Total comprehensive loss for the period	-	-	-	-	(10,264,440)		(10,264,440)
- as previously reported	-	-	-	-	1,449,725		1,449,725
- prior period adjustments	-	-	-	-	(8,814,715)		(8,814,715)
- as restated	-	-	-	-	(17,273,132)		(17,273,132)
At 30 June 2020	60,788,981	557,021	8,019,821	(8,019,821)			44,072,870

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

Statements of Cash Flows

FOR THE PERIOD 1 JULY 2020 TO 30 SEPTEMBER 2021

	Group		Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Cash flows from/(used in) operating activities				
(Loss)/Profit before tax	(1,458,216)	(12,631,951)	9,985,732	(8,814,715)
Adjustments for:				
Allowance for expected credit losses	439,750	3,500,000	439,750	3,500,000
Bad debts written off	-	158,038	-	-
Waiver of deposit received	-	(475,000)	-	-
Depreciation of property, plant and equipment	993,352	1,821,476	5,980	4,543
Depreciation of right of use assets	74,995	100,145	-	-
Grant of equity settled share options pursuant to SIS	-	3,949,725	-	2,500,000
Gain on disposal of right of use asset	(2,400)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(69,405)	(270,718)	-	11,738
Gain on disposal of held for sale subsidiary	-	(63,085)	-	(63,085)
Interest expense	11,143	107,456	-	-
Interest income	(59)	(173)	-	-
Plant and equipment written off	2,765	-	2,765	-
Advance payment written off	800,000	-	-	-
Reversal of impairment loss on investment in a subsidiary	-	-	(11,611,275)	-
Share of loss of held for sale subsidiary	-	(174,431)	-	-
Unrealised gain on foreign exchange	(10,213)	(3,096)	-	-
Operating profit/(loss) before working capital changes	781,712	(3,981,614)	(1,177,048)	(2,861,519)
(Increase)/Decrease in inventories	(344,133)	230,397	-	-
Increase in trade and other receivables	(6,216,057)	(2,349,760)	(5,039,107)	(4,845,707)
Decrease in trade and other payables	(261,481)	(1,061,754)	(99,071)	(574,482)
Cash used in operations	(6,039,959)	(7,162,731)	(6,315,226)	(8,281,708)
Income tax paid	(30,072)	(57,298)	-	-
Income tax refunded	-	111,532	-	-
Net cash used in operating activities	(6,070,031)	(7,108,497)	(6,315,226)	(8,281,708)
Cash flows from/(used in) investing activities				
Advances to fellow subsidiaries	-	-	(1,891,090)	-
Additions of right of use assets	(131,178)	(58,000)	-	-
Decrease in fixed deposits pledged	-	5,351,862	-	-
Interest received	59	173	-	-
Proceeds from disposal of right of use asset	92,000	-	-	-
Proceeds from disposal of a subsidiary	-	3,463,084	-	3,463,084
Proceeds from disposal of plant and equipment	69,405	630,301	-	300
Purchase of plant and equipment	(1,913,105)	(1,436,966)	(5,899)	(8,956)
Net cash (used in)/from investing activities	(1,882,819)	7,950,454	(1,896,989)	3,454,428

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

Statements of Cash Flows (CONT'D)

FOR THE PERIOD 1 JULY 2020 TO 30 SEPTEMBER 2021

	Group		Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Cash flows from/(used in) financing activities				
Advances from a shareholder	2,000,000	-	2,000,000	-
Interest paid	(11,143)	(107,456)	-	-
Proceeds from issue of shares	6,332,963	4,874,856	6,332,963	4,874,856
Repayments of term loans	-	(583,298)	-	-
Repayments of lease liabilities	(109,706)	(238,813)	-	-
Net cash from financing activities	8,212,114	3,945,289	8,332,963	4,874,856
Net increase in cash and cash equivalents	259,264	4,787,246	120,748	47,576
Cash and cash equivalents at beginning of period	402,752	(4,384,494)	63,692	16,116
Cash and cash equivalents at end of period	662,016	402,752	184,440	63,692
Cash and cash equivalents comprise:				
Cash and bank balances	662,016	402,752	184,440	63,692
Fixed deposit with a licensed bank	260,000	260,000	-	-
Less: Fixed deposit pledged	(260,000)	(260,000)	-	-
	662,016	402,752	184,440	63,692
Reconciliation of liabilities arising from financing activities				
	1.7.2020 RM	Cash flows RM	Non-cash changes RM	30.9.2021 RM
Group				
Lease liabilities	97,556	(109,706)	223,548	211,398
Amount due to a shareholder	-	2,000,000	-	2,000,000
	97,556	1,890,294	223,548	2,211,398
	1.1.2019 RM	Cash flows RM	Non-cash changes RM	30.6.2020 RM
Group				
Lease liabilities	142,420	(238,813)	193,949	97,556
Term loans	583,298	(583,298)	-	-
	725,718	(822,111)	193,949	97,556
	1.7.2020 RM	Cash flows RM	Non-cash changes RM	30.9.2021 RM
Company				
Amount due to a shareholder	-	2,000,000	-	2,000,000

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

Notes to the Financial Statements

30 SEPTEMBER 2021

1. General information

The principal activity of the Company is that of investment holding. The details of the subsidiaries, including their respective principal activities, are disclosed in Note 13.

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

The Company's registered office is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The Company's principal place of business is located at Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang.

The financial statements of the Group and the Company were approved and authorised for issue by the Board of Directors on 28 January 2022.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised in Note 2.2.2.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and their related IC Interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in accounting policies of the Group.

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application.

2.2.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations 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.

For each business combination, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group is presented in the statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.2.2 Significant accounting policies (continued)

Basis of consolidation (continued)

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

Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) 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.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

2.2.2 Significant accounting policies (continued)

Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

(iii) Exchange rates

The principal exchange rates for every unit of foreign currency used are as follows:

	30.9.2021	30.6.2020
	RM	RM
Singapore Dollar	3.0770	3.0718
United States Dollar	4.1880	4.2800

Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense as incurred.

(iii) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with the employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimates of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of the reporting period.

2.2.2 Significant accounting policies (continued)

Employee benefits (continued)

(iii) Employee share option plans (continued)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital when new shares are issued.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertakings, with a corresponding credit to the employee share option reserve.

Income tax

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

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Impairment of non financial assets

The carrying amount of assets subject to accounting for impairment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.2.2 Significant accounting policies (continued)

Impairment of non financial assets (continued)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

The Group adopted the revaluation method to measure its entire class of leasehold land and buildings. Leasehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Leasehold land and buildings are revalued at a regular interval of every three (3) to five (5) years with additional valuations in the interval years where market conditions indicate that the carrying amounts of these properties materially differ from the market value.

An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Any decrease arising is first offset against the revaluation surplus on an earlier valuation in respect of the same property and thereafter charged to profit or loss.

A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously charged as an expense. Upon the disposal of revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

Any accumulated depreciation and impairment losses as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation on property, plant and equipment is calculated to write off the cost of the assets to its residual values on a straight line basis at the following annual rates based on their estimated useful lives:

Leasehold land	2%
Buildings	2%
Plant and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

2.2.2 Significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

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

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company is exposed or has rights to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Inventories

Inventories comprising raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of inventories is determined on a weighted average basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost of raw materials comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprise the cost of raw materials used, direct labour, other direct costs and appropriate production overheads.

Leases

As a lessee

i) Right of use assets

The Group recognises a right of use asset at the commencement date of the lease. The right of use asset is initially measured at cost. The cost of right of use asset includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Subsequent to initial measurement, the right of use asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life as follows:

Office	3 years
Motor vehicles	5 years

Right of use asset is subject to impairment and is adjusted for any remeasurement of lease liabilities.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs.

2.2.2 Significant accounting policies (continued)

Leases (continued)

ii) Lease liabilities (continued)

The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a 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 of the right of use asset has been reduced to zero.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Segment information

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.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

2.2.2 Significant accounting policies (continued)

Financial instruments (continued)

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

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

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

(ii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

- a) contingent consideration of an acquirer in a business combination;
- b) financial guarantee contracts;
- c) loan commitments;
- d) designated at fair value through profit or loss; or
- e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities at amortised cost are derecognised, and through the amortisation process (finance cost).

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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.

2.2.2 Significant accounting policies (continued)

Expected credit losses

The Group recognises an allowance for expected credit losses (“ECL”) on financial assets at amortised cost.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

Loss allowances for debt instruments measured at amortised cost is deducted from the gross carrying amount of the assets.

Low credit risk

A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default;
- b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definition.

Significant increase in credit risk

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.2.2 Significant accounting policies (continued)

Expected credit losses (continued)

Definition of default

The Group considers a debt instrument to be in default when:

- a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or
- b) The financial asset is more than 90 days past due.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable events:

- a) Significant financial difficulties of the debtor;
- b) A breach of contract, such as a default or past due event;
- c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
- e) Disappearance of an active market for that financial asset because of financial difficulties.

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

- a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in the normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.2.2 Significant accounting policies (continued)

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of fixed deposits pledged.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management is of the opinion that there are no instances of application of judgment which are expected to have a significant effect on the amounts recognised in the financial statements.

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 reporting period other than as follows:

(a) Revaluation of leasehold land and buildings

The revaluation of leasehold land and buildings are determined by an independent firm of professional valuers.

Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Leasehold land and buildings are revalued at a regular interval of every three (3) to five (5) years with additional valuations in the interval years where market conditions indicate that the carrying amounts of the revalued properties materially differ from the market value.

Significant judgements are involved in determining the fair values by using the chosen valuation technique and applying the assumptions as disclosed in Note 28.2.

(b) Impairment of investment in a subsidiary

In assessing impairment of investment in a subsidiary, the recoverable amount of the asset is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the relevant asset.

Significant variations to these assumptions and estimates could result in changes to the assessment of the recoverability of these non financial assets. To the extent of any future determination that these non financial assets are not recoverable, future financial results in the reporting period in which this determination is made will be affected.

Notes to the Financial Statements (CONT'D)

30 SEPTEMBER 2021

4. Revenue

4.1 Disaggregation of revenue

Type of goods and services	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Sale of manufacturing goods	10,649,985	12,645,013
Geographical markets		
Japan	-	257,122
Malaysia	1,402,363	685,794
Thailand	7,029,385	10,256,643
Singapore	881,370	670,583
United States	1,336,867	774,871
	<u>10,649,985</u>	<u>12,645,013</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>10,649,985</u>	<u>12,645,013</u>

4.2 Performance obligations

The Group manufactures customised moulds, tools, jigs and fixtures for hard disk drives and assembly or production parts for machine use. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery.

4.3 Transaction price allocated to the remaining performance obligations

For practical expediency, no information is provided on the unsatisfied performance obligations as at the reporting period that have an original expected duration of one year or less as allowed under paragraph 121(a) of MFRS 15.

4.4 Financing components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Notes to the Financial Statements (CONT'D)

30 SEPTEMBER 2021

5. Staff costs

	Group		Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Salaries, allowances and overtime	4,159,418	4,878,231	646,833	822,662
Defined contribution plan	392,314	509,543	53,285	66,677
Share option expenses	-	3,949,725	-	2,500,000
Other employee related expenses	103,385	1,057,438	17,812	5,448
	<u>4,655,117</u>	<u>10,394,937</u>	<u>717,930</u>	<u>3,394,787</u>

The number of directors of the Company where total remuneration during the reporting period falls within the following bands is analysed as follows:

	1.7.2020 to 30.9.2021	1.1.2019 to 30.6.2020
Executive directors:		
Up to RM50,000	1	-
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	1	1
RM250,001 to RM300,000	<u>1</u>	<u>1</u>
Non executive directors:		
Up to RM50,000	3	2
RM50,001 to RM100,000	<u>1</u>	<u>2</u>

The key management personnel of the Group and Company whose remuneration is analysed as follows:

	Group		Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Executive directors of the Company and a key operating subsidiary:				
Salaries and allowances	649,742	922,136	342,839	385,000
Defined contribution plan	73,584	111,737	41,236	47,200
Benefits-in-kind and others	4,437	5,629	2,450	3,001
	<u>727,763</u>	<u>1,039,502</u>	<u>386,525</u>	<u>435,201</u>
Non executive directors of the Company:				
Fees	196,548	222,894	196,548	222,894
Total	<u>924,311</u>	<u>1,262,396</u>	<u>583,073</u>	<u>658,095</u>

Notes to the Financial Statements (CONT'D)

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6. (Loss)/Profit from operations

	Group		Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
(Loss)/Profit from operations is arrived at after charging:				
Auditors' remuneration				
- auditors' of the Company				
- audit services	161,510	100,000	91,000	50,000
- other auditors				
- audit services	-	33,024	-	21,624
Bad debts written off	-	158,038	-	-
Expenses relating to short term leases	52,643	98,550	-	-
Loss on disposal of plant and equipment	-	-	-	11,738
Loss on foreign exchange - realised	86,747	-	-	-
Plant and equipment written off	2,765	-	2,765	-
Advance payment written off	800,000	-	-	-
And crediting:				
Gain on foreign exchange				
- realised	-	(29,740)	-	-
- unrealised	(10,213)	(3,096)	-	-
Gain on disposal of right of use asset	(2,400)	-	-	-
Gain on disposal of plant and equipment	(69,405)	(270,718)	-	-
Gain on disposal of held for sale subsidiary	-	(63,085)	-	(63,085)
Waiver of deposit received	-	(475,000)	-	-

7. Finance income

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Interest income from bank accounts	59	173

8. Finance costs

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Interest expense		
- bank overdraft	-	69,063
- hire purchase liabilities	4,387	22,330
- other leases	2,756	2,254
- others	4,000	-
- term loans	-	13,809
	11,143	107,456

Notes to the Financial Statements (CONT'D)

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9. Income tax expense

	Group		Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Expected income tax payable				
- current period	-	(38,885)	-	-
- over provision in prior periods	38,885	277	-	-
	38,885	(38,608)	-	-
Deferred tax (Note 22)				
- current period	63,653	76,381	-	-
- movement in deferred tax	-	(21,472)	-	-
	63,653	54,909	-	-
	102,538	16,301	-	-

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

	Group		Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
(Loss)/Profit before tax	(1,458,216)	(12,631,951)	9,985,732	(8,814,715)
Taxation at statutory tax rate of 24% (30.6.2020: 24%)	350,000	3,031,600	(2,400,000)	2,100,000
Expenses not deductible for tax purposes	(712,500)	(2,664,104)	(390,000)	(2,100,000)
Income not subject to tax	27,500	114,000	2,790,000	-
Deferred tax assets not recognised	-	(444,000)	-	-
Utilisation of deferred tax assets not recognised	398,653	-	-	-
Over provision of current tax in prior periods	38,885	277	-	-
Movement in deferred tax	-	(21,472)	-	-
Income tax expense for the period	102,538	16,301	-	-

Notes to the Financial Statements (CONT'D)

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10. Loss per share

Basic loss per ordinary share is based on net loss attributable to ordinary shareholders and weighted average number of ordinary shares in issue as follows:

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Net loss attributable to owners of the Company	(1,355,678)	(12,615,650)
Weighted average number of ordinary shares in issue	734,370,237	634,772,987
Loss per share (sen)	(0.185)	(1.987)

Diluted earnings per share is not presented as the fair value of the ordinary shares of the Company during the current and previous reporting periods was lower than the exercise price of the warrants. These potential ordinary shares have a dilutive effect only if the fair value of the ordinary shares exceeds the exercise price of the warrants.

Notes to the Financial Statements (CONT'D)

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11. Property, plant and equipment

Group	Leasehold land (at valuation) RM	Buildings (at valuation) RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost (unless otherwise indicated)						
At 1 January 2019	10,700,000	4,300,000	32,422,336	1,461,407	1,549,059	50,432,802
Additions	-	490,080	51,368	895,518	-	1,436,966
Disposals	-	-	(3,478,052)	(13,392)	(693,962)	(4,185,406)
At 30 June 2020	10,700,000	4,790,080	28,995,652	2,343,533	855,097	47,684,362
Additions	-	1,800,000	14,382	98,723	-	1,913,105
Disposals	-	-	-	-	(291,026)	(291,026)
Write offs	-	-	(15,000)	(12,316)	-	(27,316)
At 30 September 2021	10,700,000	6,590,080	28,995,034	2,429,940	564,071	49,279,125
Accumulated depreciation						
At 1 January 2019	-	-	29,753,909	1,101,385	1,381,562	32,236,856
Charge for the period	319,403	156,235	1,012,948	199,994	132,896	1,821,476
Disposals	-	-	(3,165,109)	(1,353)	(659,361)	(3,825,823)
At 30 June 2020	319,403	156,235	27,601,748	1,300,026	855,097	30,232,509
Charge for the period	266,169	141,086	397,474	188,623	-	993,352
Disposals	-	-	-	-	(291,026)	(291,026)
Write offs	-	-	(15,000)	(9,551)	-	(24,551)
At 30 September 2021	585,572	297,321	27,984,222	1,479,098	564,071	30,910,284
Carrying amount						
30 September 2021	10,114,428	6,292,759	1,010,812	950,842	-	18,368,841
30 June 2020	10,380,597	4,633,845	1,393,904	1,043,507	-	17,451,853

Notes to the Financial Statements (CONT'D)

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11. Property, plant and equipment (continued)

Company	Furniture, fittings and office equipment RM	Total RM
Cost (unless otherwise indicated)		
At 1 January 2019	47,467	47,467
Additions	8,956	8,956
Disposals	(13,392)	(13,392)
At 30 June 2020	43,031	43,031
Additions	5,899	5,899
Write offs	(12,316)	(12,316)
At 30 September 2021	36,614	36,614
Accumulated depreciation		
At 1 January 2019	11,293	11,293
Charge for the period	4,543	4,543
Disposals	(1,353)	(1,353)
At 30 June 2020	14,483	14,483
Charge for the period	5,980	5,980
Write offs	(9,551)	(9,551)
At 30 September 2021	10,912	10,912
Carrying amount		
At 30 September 2021	25,702	25,702
30 June 2020	28,548	28,548

Revaluation

The leasehold land and buildings of the Group were revalued in February 2019 by the directors based upon valuations carried out by independent professional valuers using the fair value method which is determined by reference to the "Cost Approach" basis as described in Note 28.2.

Had the leasehold land and buildings been carried at historical cost, the carrying amount that would have been included in the financial statements of the Group as at reporting date would be as follows:

	Group	
	30.9.2021 RM	30.6.2020 RM
Leasehold land		
At cost	1,680,578	1,680,578
Less: Accumulated depreciation	(448,626)	(413,021)
Carrying amount	1,231,952	1,267,557
Buildings		
At cost	4,964,150	4,964,150
Less: Accumulated depreciation	(1,505,400)	(1,381,296)
Carrying amount	3,458,750	3,582,854
Total carrying amount	4,690,702	4,850,411

Notes to the Financial Statements (CONT'D)

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12. Right of use assets

Group	Office RM	Motor vehicles RM	Total RM
Cost			
At 1 January 2019	-	-	-
Effects arising from adoption of MFRS 16	81,911	-	81,911
Additions	42,038	128,000	170,038
At 30 June 2020	123,949	128,000	251,949
Additions	73,548	281,178	354,726
Disposal	-	(128,000)	(128,000)
Write off upon lease completion	(123,949)	-	(123,949)
At 30 September 2021	73,548	281,178	354,726
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the period	91,612	8,533	100,145
At 30 June 2020	91,612	8,533	100,145
Charge for the period	45,128	29,867	74,995
Disposal	-	(38,400)	(38,400)
Write off upon lease completion	(123,949)	-	(123,949)
At 30 September 2021	12,791	-	12,791
Carrying amount			
At 30 September 2021	60,757	281,178	341,935
At 30 June 2020	32,337	119,467	151,804

During the reporting period, cash payments made for additions to right of use assets are as follows:

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Total additions	354,726	170,038
Lease liabilities	(223,548)	(112,038)
Cash payments	131,178	58,000

Notes to the Financial Statements (CONT'D)

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13. Investment in subsidiaries

	Company	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Unquoted shares at cost		
At beginning of period	26,394,060	26,394,060
Subscription of additional shares in a subsidiary	16,000,000	-
At end of period	<u>42,394,060</u>	<u>26,394,060</u>
Share options granted to employees of a subsidiary pursuant to Company's SIS		
At beginning of period	1,449,725	-
Granted during the period	-	1,449,725
At end of period	<u>1,449,725</u>	<u>1,449,725</u>
Accumulated impairment losses		
At beginning period	(22,153,546)	(22,153,546)
Reversal of impairment loss	11,611,275	-
At end of period	<u>(10,542,271)</u>	<u>(22,153,546)</u>
Carrying amount	<u>33,301,514</u>	<u>5,690,239</u>

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest		Principal activities
		30.9.2021	30.6.2020	
		%	%	
Microlead Precision Technology Sdn Bhd ("MPT")	Malaysia	100	100	(i) Manufacturing of moulds, tools, dies, jigs and fixtures mainly for use in the manufacture of hard disk drives. (ii) Design, development and manufacture of advanced suspension tooling, progressive tooling, semiconductor cavity/encapsulation moulds for application in hard disk drives and semiconductor industries; and (iii) Design, development and manufacture of advanced automation modules/ assemblies for digital data storage, medical instrument systems/devices and optoelectronics application and related components

13. Investment in subsidiaries (continued)

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest		Principal activities
		30.9.2021	30.6.2020	
		%	%	
Star Acres Sdn Bhd	Malaysia	100	100	Investment holding company
MQ Builders Sdn Bhd	Malaysia	100	100	Dormant
Microlead Manufacturing Sdn Bhd	Malaysia	100	100	Dormant

During the reporting period, the Company further subscribed for 5,100,000 ordinary shares and 10,900,000 preference shares in MPT for a consideration of RM16,000,000 by converting a same amount due from MPT.

13.1 Impairment review of investment in a subsidiary

The recoverable amount of the investment cost is determined based on its value in use calculations using cash flows projections from financial budgets prepared by management covering a three year period and the following are the key assumptions:

- i) The discount rate used for the value in use calculation is based on the country's industry weighted average cost of capital specific to the industry at rate of 10.40%.
- ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.

The management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the investment cost of MPT to materially exceed its recoverable amount.

13.2 Reversal of impairment loss of investment in a subsidiary

The Company had reversed its impairment of investment in MPT amounting to RM11,611,275 during the reporting period. This amount has been recognised in profit or loss under "Other operating income" line item of the Company. The reversal was made in view of the higher recoverable amount in respect of the investment in this subsidiary.

14. Inventories

	Group	
	30.9.2021	30.6.2020
	RM	RM
At cost:		
Raw materials	525,614	438,893
Work in progress	168,001	50,889
Finished goods	229,570	89,270
	923,185	579,052
	7,305,941	11,703,314
Amount of inventories recognised as an expense	7,305,941	11,703,314

Notes to the Financial Statements (CONT'D)

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15. Trade receivables

	Group	
	30.9.2021 RM	30.6.2020 RM
Third parties	2,467,055	1,129,418
Less: Allowance for expected credit losses	(8,152)	(8,152)
	2,458,903	1,121,266

The Group's normal trade credit terms range from 30 days to 90 days (30.6.2020: 30 days to 90 days). Trade receivables are not secured by any collateral or credit enhancements.

The movements in the allowance for expected credit losses of trade receivables during the reporting period are as follows:

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
At beginning/end of period	8,152	8,152

The following table details the credit risk exposure on the Group's trade receivables using a provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns (i.e. by geographical area, product type and customer segments), the allowance for expected credit loss based on past due status is not further distinguished between the Group's different customer base.

30.9.2021	← Past due →					
Group	Not past due RM	<30 days RM	31-60 days RM	61-90 days RM	>90 days RM	Total RM
Gross carrying amount	1,721,035	600,666	109,682	33,986	1,686	2,467,055
Less: Allowance for expected credit losses	-	-	-	(8,152)	-	(8,152)
	1,721,035	600,666	109,682	25,834	1,686	2,458,903
30.6.2020	← Past due →					
Group	Not past due RM	<30 days RM	31-60 days RM	61-90 days RM	>90 days RM	Total RM
Gross carrying amount	361,623	553,396	122,305	28,330	63,764	1,129,418
Less: Allowance for expected credit losses	-	-	-	-	(8,152)	(8,152)
	361,623	553,396	122,305	28,330	55,612	1,121,266

The foreign currency exposure profile of trade receivables is as follows:

	Group	
	30.9.2021 RM	30.6.2020 RM
United States Dollar	2,145,858	967,055

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16. Other receivables, deposits and prepayments

	Group		Company	
	30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Current:				
Amount due from subsidiaries	-	-	1,684,742	15,983,813
Other receivables and deposits				
- cumulative payments made in connection with intended activities to develop and carry on business of a theme park (Note 16.1)	18,400,000	19,200,000	-	-
- payments made for purchase of shares in Oriental Link Properties (M) Sdn Bhd (Note 16.2)	3,650,000	-	3,650,000	-
- others	4,584,780	4,715,050	4,526,646	4,479,920
	26,634,780	23,915,050	8,176,646	4,479,920
Less: Allowance for expected credit losses	(3,939,750)	(3,500,000)	(3,939,750)	(3,500,000)
	22,695,030	20,415,050	4,236,896	979,920
Prepayments				
- prepaid marketing expenses (Note 16.3)	-	3,650,000	-	3,650,000
- prepayments for construction of factory building (Note 16.4)	5,000,000	-	5,000,000	-
- others	731,171	712,268	9,745	17,364
	5,731,171	4,362,268	5,009,745	3,667,364
Less: Accumulated impairment losses	(684,600)	(684,600)	-	-
	5,046,571	3,677,668	5,009,745	3,667,364
	27,741,601	24,092,718	10,931,383	20,631,097
Non current:				
Amount due from subsidiaries	-	-	18,260,675	18,070,514
	27,741,601	24,092,718	29,192,058	38,701,611

The amount due from subsidiaries represents unsecured interest free advances receivable on demand.

At the reporting date, an amount due from subsidiaries of RM18,260,675 (30.6.2020: RM18,070,514) has been presented under non current assets in accordance with FRSIC Consensus 31 - Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand issued by The Malaysian Institute of Accountants as these advances are not expected to be realised within 12 months after the reporting date.

Notes to the Financial Statements (CONT'D)

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16. Other receivables, deposits and prepayments (continued)

The movements in the allowance for expected credit losses of other receivables and deposits and accumulated impairment losses of prepayments during the reporting period are as follows:

	Group and Company	
	1.7.2020	1.1.2019
	to	to
	30.9.2021	30.6.2020
	RM	RM
Allowance for expected credit losses		
At beginning of period	(3,500,000)	-
Additions	(439,750)	(3,500,000)
At end of period	<u>(3,939,750)</u>	<u>(3,500,000)</u>

	Group	
	1.7.2020	1.1.2019
	to	to
	30.9.2021	30.6.2020
	RM	RM
Accumulated impairment losses		
At beginning/end of period	<u>(684,600)</u>	<u>(684,600)</u>

16.1 Cumulative payments made in connection with intended activities to develop and carry on business of a theme park

On 19 January 2016, a subsidiary, Star Acres Sdn Bhd ("Star Acres"), entered into a Subscription and Shareholders' Agreement ("SSA") with Cash Support Sdn Bhd ("CSSB") to regulate their respective rights as the shareholders of a proposed joint venture company, Cash Support Property Sdn Bhd ("CSPSB"). Under the terms of the SSA, CSSB shall transfer a piece of land into CSPSB for a consideration of RM28.3 million and Star Acres and CSSB shall subscribe to new ordinary shares in CSPSB where the equity shareholdings of Star Acres and CSSB will be 51% and 49% respectively. The intended principal activities of CSPSB are to develop and carry on the business of a theme park on the piece of land to be transferred by CSSB.

The cumulative payments made by Star Acres in connection with the intended activities are as follows:

	Group	
	30.9.2021	30.6.2020
	RM	RM
Payments to CSSB:		
Full consideration for subscription of shares in CSPSB	15,900,000	15,900,000
Deposits for 200 containers for development of theme park	2,000,000	2,000,000
Advances for land transfer stamp duty	500,000	500,000
	<u>18,400,000</u>	<u>18,400,000</u>
Advance payment for feasibility study on dive park	-	800,000
	<u>18,400,000</u>	<u>19,200,000</u>

As at the reporting date, the SSA is still pending the fulfilment of the necessary conditions precedent.

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16.2 Payments made for purchase of shares in Oriental Link Properties (M) Sdn Bhd

As at 30 September 2021, full payments totalling RM3,650,000 (30.6.2020: RM Nil) have been made to Mr Lee Khoon Eng, the vendor, for the Company's proposed acquisition of 51% equity interest in Oriental Link Properties (M) Sdn Bhd which is principally engaged in the business of property developer, building construction and investment holding.

This amount shall be refunded in the event the conditions precedent of the Share Sales Agreement of 24 September 2021 entered into between the parties are not met. As at the reporting date, the conditions precedent of this agreement have not been met.

16.3 Prepaid marketing expenses

This represents an amount of RM3,650,000 being prepaid marketing expenses for the Group's diversification into gaming business in Cambodia pursuant to the Marketing Agreement dated 7 December 2017 entered into between the Company and Vivo Tower Holdings Ltd.

16.4 Prepayments for construction of factory building

An agreement was entered into on 18 August 2021 where a subsidiary, Microlead Precision Technology ("MPT"), consented to the Company for the construction of a new factory building to be erected on the existing factory land of MPT and Prestige Construction is appointed as the contractor for a sum of RM6,000,000. As at 30 September 2021, the Company paid a cumulative amount of RM5,000,000 based on 2 progress billings from Prestige Construction and this amount has been recognised as prepayments.

17. Fixed deposit with a licensed bank

Fixed deposit of the Group amounting to RM260,000 as at 30 September 2021 (30.6.2020: RM260,000) has been pledged with a licensed bank to secure for the bank guarantee issued in favor of Tenaga Nasional Berhad for the supply of electricity. This deposit is being placed in the name of a former director who is holding it in trust for the subsidiary.

18. Cash and bank balances

The foreign currency exposure profile of cash and bank balances is as follows:

	Group	
	30.9.2021	30.6.2020
	RM	RM
United States Dollar	133,746	168,445

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19. Share capital

	Group and Company		Amount	
	Number of ordinary shares 1.7.2020 to 30.9.2021 unit	1.1.2019 to 30.6.2020 unit	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Issued and fully paid:				
At beginning of period	716,539,701	497,718,148	60,788,981	52,521,421
Issue of shares pursuant to private placements	116,500,000	64,228,336	5,925,250	1,235,952
Issue of shares pursuant to SIS	13,990,283	154,593,217	407,713	3,638,904
Transfer from share option reserve upon exercise of SIS options	-	-	557,021	3,392,704
At end of period	<u>847,029,984</u>	<u>716,539,701</u>	<u>67,678,965</u>	<u>60,788,981</u>

During the reporting period, the Company increased its issued and paid up capital via the following:

- (i) issuance of 4,749,783 new ordinary shares under the SIS at an issue price of RM0.0230 per share for cash;
- (ii) issuance of 9,240,500 new ordinary shares under the SIS at an issue price of RM0.0323 per share for cash;
- (iii) private placement of 74,500,000 new ordinary shares at an issue price of RM0.0505 per share for cash; and
- (iv) private placement of 42,000,000 new ordinary shares at an issue price of RM0.0515 per share for cash.

In the previous reporting period, the Company increased its issued and paid up capital via the following:

- (i) private placement of 40,228,000 new ordinary shares at an issue price of RM0.0173 per share for cash;
- (ii) private placement of 24,000,336 new ordinary shares at an issue price of RM0.0225 per share for cash;
- (iii) issuance of 100,000,000 new ordinary shares under the SIS at an issue price of RM0.0229 per share for cash;
- (iv) issuance of 44,565,217 new ordinary shares under the SIS at an issue price of RM0.0230 per share for cash; and
- (v) issuance of 10,028,000 new ordinary shares under the SIS at an issue price of RM0.0323 per share for cash.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

19.1 Warrants 2016/2021

The Company had on 22 November 2016 issued 183,516,630 Warrants 2016/2021 in conjunction with its renounceable rights issue. The Warrants 2016/2021 are constituted by a Deed Poll dated 14 October 2016.

The salient features of the Warrants 2016/2021 are as follows:

- (a) The issue date of the Warrants is on 22 November 2016 and the expiry date is on 21 November 2021. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- (b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.10 per ordinary share until the expiry of the exercise period;
- (c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;
- (d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company, unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and
- (e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants 2016/2021 during the reporting period are as follows:

	Entitlement for ordinary shares			Balance at 30.9.2021
	Balance at 1.7.2020	Exercised	Expired	
Number of unexercised warrants	183,516,630	-	-	183,516,630

	Entitlement for ordinary shares			Balance at 30.6.2020
	Balance at 1.1.2019	Exercised	Expired	
Number of unexercised warrants	183,516,630	-	-	183,516,630

19.2 Share issuance scheme options

The Company implemented an Employees' Share Issuance Scheme ("SIS") which is governed by the SIS By-Laws approved by its shareholders at the Extraordinary General Meeting held on 13 June 2016.

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19.2 Share issuance scheme options (continued)

The salient features of the SIS are as follows:

- (a) The SIS was implemented on 14 March 2017 and is in force for a period of 5 years until 13 March 2022 in accordance with the terms of the SIS By-Laws;
- (b) The total number of new shares to be offered pursuant to the SIS shall be subject to a maximum of 30% of the Company's issued and paid up share capital (excluding treasury shares) at any one time;
- (c) Employees (including directors) of the Company or its subsidiaries shall be eligible to participate in the SIS, if as at the date of offer, the employee:
 - (i) has attained the age of eighteen (18) years;
 - (ii) is employed by a company in the Group, which is not dormant.

The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the SIS shall be approved by the shareholders of the Company in the general meeting;

- (d) The price payable upon exercise of options under the SIS shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than 10%;
- (e) The new ordinary shares to be issued upon exercise of the options under the SIS, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the options under the SIS; and
- (f) The exercise price and the number of new ordinary shares comprised in the SIS are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the By-Laws.

The movements in the Company's SIS are as follows:

Offer Date	Number of options over ordinary shares	
	22 June 2020	12 March 2019
At 1 July 2020	9,240,500	4,749,783
Exercised	(9,240,500)	(4,749,783)
At 30 September 2021	-	-
Exercise price (RM)	0.0323	0.0230
Weighted average market price for the period	0.1086	0.1086

Offer Date	Number of options over ordinary shares		
	22 June 2020	12 March 2019	14 February 2019
At 1 January 2019	19,268,500	49,315,000	100,000,000
Exercised	(10,028,000)	(44,565,217)	(100,000,000)
At 30 June 2020	9,240,500	4,749,783	-
Exercise price (RM)	0.0323	0.0230	0.0229
Weighted average market price for the period	0.0264	0.0264	0.0264

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20. Reserves

	Group		Company	
	30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Accumulated losses	(31,906,145)	(30,550,467)	(7,287,400)	(17,273,132)
Non distributable:				
Revaluation reserve	8,055,560	8,055,560	-	-
Employee share option reserve	-	557,021	-	557,021
Warrant reserve	8,019,821	8,019,821	8,019,821	8,019,821
Other reserve	(8,019,821)	(8,019,821)	(8,019,821)	(8,019,821)
	8,055,560	8,612,581	-	557,021
	<u>(23,850,585)</u>	<u>(21,937,886)</u>	<u>(7,287,400)</u>	<u>(16,716,111)</u>

The revaluation reserve represents revaluation surplus arising from leasehold land and buildings. The revaluation reserve is used to record increase in the fair value of leasehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

Employee share option reserve represents the equity settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity settled share options, and is reduced by the expiry or exercise of the share options.

The warrant reserve represents the reserve arising from the rights issue with free detachable warrants which is determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of the warrants. The other reserve in substance, form part of the issued and paid up share capital and is presented separately for better understanding.

21. Lease liabilities

	Group	
	30.9.2021 RM	30.6.2020 RM
Hire purchase liability	150,000	64,862
Other lease liability	61,398	32,694
	<u>211,398</u>	<u>97,556</u>
Less: Portion due within one year	(63,035)	(48,866)
Non current portion	<u>148,363</u>	<u>48,690</u>
The non current portion of the lease liabilities is payable as follows:		
Later than 1 year and not later than 2 years	51,864	17,310
Later than 2 years and not later than 5 years	96,499	31,380
	<u>148,363</u>	<u>48,690</u>

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21. Lease liabilities (continued)

The weighted average effective interest rates per annum implicit in the lease liabilities are as follows:

	Group	
	30.9.2021	30.6.2020
	%	%
Hire purchase liability	4.32	3.32
Other lease liability	6.21	6.79

The Group had total cash outflows for leases of RM169,492 (30.6.2020: RM361,947).

22. Deferred tax liabilities

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
At beginning of period	(2,338,438)	(2,393,347)
Recognised in profit or loss (Note 9) - current period	63,653	54,909
At end of period	(2,274,785)	(2,338,438)

	Group	
	30.9.2021 RM	30.6.2020 RM
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	(2,953,313)	(3,851,653)
Deferred tax assets	678,528	1,513,215
	(2,274,785)	(2,338,438)

Deferred tax liabilities are in respect of the following:

	Group	
	30.9.2021 RM	30.6.2020 RM
Differences between accounting depreciation and tax capital allowance	(700,000)	(1,534,687)
Surplus arising from revaluation of properties	(2,253,313)	(2,316,966)
	(2,953,313)	(3,851,653)

Deferred tax assets of the Group are in respect of the following temporary differences:

	Gross		Tax effects	
	30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Unabsorbed capital allowances	22,500,000	25,393,153	5,400,000	6,094,357
Unutilised tax losses to be utilised up to financial year ending - 30 September 2026	11,058,000	9,858,600	2,654,000	2,366,144
	33,558,000	35,251,753	8,054,000	8,460,501
Less: Deferred tax assets recognised	(2,827,200)	(6,305,063)	(678,528)	(1,513,215)
Deferred tax assets not recognised	30,730,800	28,946,690	7,375,472	6,947,286

Notes to the Financial Statements (CONT'D)

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22. Deferred tax liabilities (continued)

The unrecognised deferred tax asset of the Company is in respect of the following temporary differences:

	Gross		Tax effects	
	30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Unutilised tax losses to be utilised up to financial year ending - 30 September 2026	258,000	258,000	62,000	62,000

Portion of these deferred tax assets of the Group and of the Company has not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

23. Trade payables

The normal trade credits granted to the Group range from 30 days to 90 days (30.6.2020: 30 days to 90 days).

The foreign currency exposure profile of trade payables is as follows:

	30.9.2021 RM	30.6.2020 RM
Singapore Dollar	42	-
United States Dollar	13,670	39,845

24. Other payables and accruals

	Group		Company	
	30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Amount due to directors	122,435	312,127	122,435	185,136
Amount due to a shareholder	2,000,000	-	2,000,000	-
Advance payments from customers	-	215,958	-	-
Other payables and accruals	1,041,714	1,129,100	189,714	226,084
	<u>3,164,149</u>	<u>1,657,185</u>	<u>2,312,149</u>	<u>411,220</u>

The amounts due to directors and a shareholder represent unsecured interest free advances repayable on demand.

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25. Significant related party disclosures

25.1 Related party balances

Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:

	Type of transactions	Group		Company	
		30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Financial assets					
With subsidiaries:					
Microlead Precision Technology Sdn Bhd	Advances	-	-	1,684,742	15,983,813
Star Acres Sdn Bhd	Advances	-	-	18,243,196	18,061,734
MQ Builders Sdn Bhd	Advances	-	-	15,637	8,780
Microlead Manufacturing Sdn Bhd	Advances	-	-	1,842	-
Financial liabilities					
With directors:					
Dato' Lim Char Boo	Advances	10,000	35,000	10,000	35,000
Paulinus Mojiun	Advances	6,000	21,000	6,000	21,000
Gerald Nicholas Tan Eng Hoe	Advances	6,000	4,319	6,000	4,319
Tong Sian Shyen	Advances	85,948	103,817	85,948	103,817
Terence Cheah Eu Lee	Advances	8,487	-	8,487	-
Koay Boon Hooi	Advances	6,000	-	6,000	-
Hong Eng Kwee @ Hong Eng Hwe	Advances	-	21,000	-	21,000
Teh Eng Huat	Advances	-	82,960	-	-
Lim Soon Seng	Advances	-	44,031	-	-
With a shareholder:					
Jacqueline Lee Fei	Advances	2,000,000	-	2,000,000	-

25.2 Compensation of key management personnel

The key management personnel comprises mainly executive and non executive directors of the Company and its key operating subsidiary whose remuneration is disclosed in Note 5.

26. Capital commitments

	30.9.2021 RM	30.6.2020 RM
Group Commitments		
Property, plant and equipment not provided for in the financial statements:		
Authorised but not contracted for	-	4,926,000
Contracted but not provided for:		
Construction of factory building	1,000,000	-
Stamp duty in relation to proposed investment in a subsidiary	-	343,000

27. Segment information of the Group

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture of moulds, tools/tooling, dies, jigs and fixtures and car spare parts.

Management monitors the operating results of its business units and relies on the segment information as disclosed below for the purpose of making decisions about resource allocation and performance assessment.

The Group's revenue from continuing operations from external customers by geographical areas are detailed below:

Geographical segment	External revenue		Non current assets*	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Japan	-	257,122		
Malaysia	1,402,363	685,794	18,710,776	17,603,657
Thailand	7,029,385	10,256,643	-	-
Singapore	881,370	670,583	-	-
United States	1,336,867	774,871	-	-
	<u>10,649,985</u>	<u>12,645,013</u>	<u>18,710,776</u>	<u>17,603,657</u>

* Non current assets consist of all non current assets other than financial instruments and deferred tax assets.

Major customers

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue is summarised below:

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
Customer A	3,617,168	4,876,682
Customer B	3,382,925	3,082,240
	<u>7,000,093</u>	<u>7,958,922</u>

28. Fair value measurements

28.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

28.2 Non financial assets carried at fair value

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table provides an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group 30.9.2021			
	Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Non recurring fair value measurements				
Leasehold land and buildings	-	-	14,130,993	14,130,993

	Group 30.6.2020			
	Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Non recurring fair value measurements				
Leasehold land and buildings	-	-	14,525,996	14,525,996

There were no transfers between these levels of fair values in the current and previous reporting periods.

Valuation techniques used to derive Level 3 fair values

The fair values of leasehold land and buildings have been derived using the cost approach. The cost approach is the comparative approach that considers the possibility that, as a substitute for the purchase of a given property, one could construct another property that is either is a replica of the original or one that could furnish equal utility. The approach also involves an estimate of depreciation for older and/or less functional properties where an estimate of new cost unreasonably exceeds the likely price that would be paid for the appraised property.

29. **Financial instruments and financial risks management**

29.1 **Categories of financial instruments**

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	30.9.2021	30.6.2020	30.9.2021	30.6.2020
	RM	RM	RM	RM
Financial assets				
Amortised cost:				
- trade and other receivables	25,153,933	21,536,316	24,182,313	35,034,247
- cash and bank balances and fixed deposits	922,016	662,752	184,440	63,692
	<u>26,075,949</u>	<u>22,199,068</u>	<u>24,366,753</u>	<u>35,097,939</u>
	Group		Company	
	30.9.2021	30.6.2020	30.9.2021	30.6.2020
	RM	RM	RM	RM
Financial liabilities				
Amortised cost:				
- lease liabilities	211,398	97,556	-	-
- trade and other payables	4,538,347	2,799,828	2,312,149	411,220
	<u>4,749,745</u>	<u>2,897,384</u>	<u>2,312,149</u>	<u>411,220</u>

29.2 **Financial risk management objectives and policies**

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Foreign exchange risk management

The Group transacts business in various currencies, and therefore is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the Group at the reporting date are disclosed in their respective notes.

29.2 Financial risk management objectives and policies (continued)

Foreign exchange risk management (continued)

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency of the Group, profitability before tax will increase/(decrease) by:

	Group	
	1.7.2020 to 30.9.2021 RM	1.1.2019 to 30.6.2020 RM
United States Dollar	226,600	109,500

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than as follows:

	Group		Company	
	30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Amount due from a subsidiary (30.6.2020: two subsidiaries)	-	-	18,243,196	34,045,547
Cumulative payments made to Cash Support Sdn Bhd	18,400,000	18,400,000	-	-
Payments made for purchase of shares in Oriental Link Properties (M) Sdn Bhd	3,650,000	-	3,650,000	-

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

29.2 Financial risk management objectives and policies (continued)

Credit risk management (continued)

i) Trade receivables

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these debtors is presented based on their past due status in terms of the provision matrix as disclosed in Note 15. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition other than as follows:

	Group		Company	
	30.9.2021	30.6.2020	30.9.2021	30.6.2020
	RM	RM	RM	RM
Amount due from subsidiaries	-	-	18,243,196	34,045,547
Cumulative payments made to Cash Support Sdn Bhd	18,400,000	18,400,000	-	-

Accordingly, for the purpose of impairment assessment for the receivables considered to have low credit risk, the loss allowance is measured at an amount equal to 12-month ECL. The loss allowance for the amount due from subsidiaries and cumulative payments made to Cash Support Sdn Bhd are measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

iii) Cash and bank balances

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Company considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance their activities. The Group finances its operations primarily by equity.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

29.2 Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

Group	Carrying amount RM	Contractual cash flows (including interest payments)			
		Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM
30.9.2021					
Non interest bearing debts	4,538,347	4,538,347	4,538,347	-	-
Lease liabilities	211,398	231,850	71,468	57,256	103,126
	4,749,745	4,770,197	4,609,815	57,256	103,126
30.6.2020					
Non interest bearing debts	2,799,828	2,799,828	2,799,828	-	-
Lease liabilities	97,556	97,556	48,866	17,310	31,380
	2,897,384	2,897,384	2,848,694	17,310	31,380
Company					
			On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM
30.9.2021					
Non interest bearing debts	2,312,149	2,312,149	2,312,149	-	-
30.6.2020					
Non interest bearing debts	411,220	411,220	411,220	-	-

30. Capital structure and equity and capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing an adequate return to stakeholders through the optimisation of these debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity and reserves that are managed as capital.

During the reporting period ended 30 September 2021, the Group's and the Company's strategy were unchanged from 30 June 2020 which is to maintain the debt-to-adjusted capital ratio at a level deemed appropriate considering business, economic and investment conditions in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at 30 September 2021 and 30 June 2020 were as follows:

	Group		Company	
	30.9.2021 RM	30.6.2020 RM	30.9.2021 RM	30.6.2020 RM
Total debts	2,211,398	97,556	2,000,000	-
Less: cash and cash equivalents	(922,016)	(662,752)	(184,440)	(63,692)
Net debt/(cash)	<u>1,289,382</u>	<u>(565,196)</u>	<u>1,815,560</u>	<u>(63,692)</u>
Total equity	<u>43,828,380</u>	<u>38,851,095</u>	<u>60,391,565</u>	<u>44,072,870</u>
Debt-to-adjusted capital ratio (%)	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>

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31. Prior year adjustments

Prior period adjustments relate to the following:

- i) an error in recognising deferred tax liability of RM1,534,687 arising from differences between accounting depreciation and tax capital allowances without considering the availability of unabsorbed capital allowances and unutilised tax losses;
- ii) an error in recognising in the Company's financial statements staff costs of RM1,449,725 attributable to the value of employee services settled through the granting of share options by the Company to the employees of a subsidiary; and
- iii) an error in the timing of recognition as income arising from a waiver of deposit received of RM475,000.

Group	As previously reported RM	Prior year adjustments RM	As restated RM
Statement of comprehensive income for the period 1 January 2019 to 30 June 2020			
Other income	Note 32	Note 32	Note 32
Loss before tax	(13,106,951)	475,000	(12,631,951)
Income tax expense	(1,518,386)	1,534,687	16,301
Net loss/Total comprehensive loss for the period	<u>(14,625,337)</u>	<u>2,009,687</u>	<u>(12,615,650)</u>
Statement of financial position as at 30 June 2020			
Non current liabilities			
Deferred tax liability	3,873,125	(1,534,687)	2,338,438
Current liabilities			
Other payables and accruals	Note 32	Note 32	Note 32
Statement of changes in equity for the period 1 January 2019 to 30 June 2020			
Accumulated losses as at 30 June 2020	<u>(32,560,154)</u>	<u>2,009,687</u>	<u>(30,550,467)</u>
	As previously reported RM	Prior year adjustments RM	As restated RM
Company			
Statement of comprehensive income for the period 1 January 2019 to 30 June 2020			
Administrative expenses	Note 32	Note 32	Note 32
Loss before tax	(10,264,440)	1,449,725	(8,814,715)
Net loss/Total comprehensive loss for the period	<u>(10,264,440)</u>	<u>1,449,725</u>	<u>(8,814,715)</u>
Statement of financial position as at 30 June 2020			
Non current assets			
Investment in subsidiaries	<u>4,240,514</u>	<u>1,449,725</u>	<u>5,690,239</u>
Statement of changes in equity for the period 1 January 2019 to 30 June 2020			
Accumulated losses as at 30 June 2020	<u>(18,722,857)</u>	<u>1,449,725</u>	<u>(17,273,132)</u>

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32. Comparative figures

The comparative figures relate to the 18 months for the period 1 January 2019 to 30 June 2020 and hence are not comparable to those of the current 15 months period ended 30 September 2021.

Certain comparative figures have also been reclassified to conform with current reporting period presentation.

Group	As previously reported RM	Prior period adjustments (Note 31) RM	Reclassification RM	As restated RM
Statement of comprehensive income for the period 1 January 2019 to 30 June 2020				
Administrative expenses	(14,400,659)	-	3,470,888	(10,929,771)
Net allowance for expected credit losses	-	-	(3,500,000)	(3,500,000)
Other income	595,078	475,000	(1,070,078)	-
Other operating income	-	-	1,102,741	1,102,741
Finance costs	(103,732)	-	(3,724)	(107,456)
Finance income	-	-	173	173
Statement of financial position as at 30 June 2020				
Property, plant and equipment	17,571,320	-	(119,467)	17,451,853
Right of use assets	32,337	-	119,467	151,804
Tax recoverable	56,381	-	(28,909)	27,472
Lease liabilities	64,862	-	32,694	97,556
Other payables and accruals	2,193,788	(475,000)	(61,603)	1,657,185
Company				
Statement of comprehensive income for the period 1 January 2019 to 30 June 2020				
Administrative expenses	(10,327,525)	1,449,725	3,500,000	(5,377,800)
Net allowance for expected credit losses	-	-	(3,500,000)	(3,500,000)

Consequent to the prior period adjustments and the above reclassifications, certain comparative figures in the related notes and statement of cash flows of the Group and the Company have also been reclassified for consistency in presentation.

33. Events subsequent to the reporting date

Subsequent to the reporting date, the Company increased its issued and paid up capital by way of:

- (i) private placement of 29,605,847 new ordinary shares at an issue price of RM0.0545 per ordinary share for cash; and
- (ii) issuance of 1,040,500 new ordinary shares pursuant to the exercise of 1,040,500 warrants at the exercise price of RM0.10 per ordinary share for cash.

List of Properties

AS AT 30 SEPTEMBER 2021

No	Name of Registered Owner / Postal Address / Title Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description / Existing Use	Land Area / Built up area (Sq ft)	Date of Acquisition	Audited Carrying Amount as at 30.09.2021
1	MICROLEAD PRECISION TECHNOLOGY SDN BHD Plot 86 (B) Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Penang / H.S.(D) 20655, P.T. 5289, Mukim 12, Daerah Barat Daya, Penang.	17 years / Leasehold land / 11.09.2065	1½ Storey building / Factory and Office premises	82,340 / 30,181	26.08.2004	RM16,407,187

Analysis of Shareholdings

Total Number of Issued Shares	:	877,676,331 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 DECEMBER 2021

Size of Holdings	No. of Shareholders	No. of Shares	Percentage (%)
1 – 99	431	12,718	0.00
100 – 1,000	602	374,276	0.04
1,001 – 10,000	3,007	19,991,359	2.28
10,001 – 100,000	4,717	198,049,634	22.57
100,001 – 43,883,815 *	1,255	584,746,344	66.62
43,883,816 and above **	1	74,502,000	8.49
Total	10,013	877,676,331	100.00

Notes * Less than 5% of the issued shares
 ** 5% and above of the issued shares

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Valuevest Ventures Sdn Bhd	74,502,000	8.49	-	-

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2021

Name	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Tong Sian Shyen	-	-	-	-
Terence Cheah Eu Lee	-	-	-	-
Gerald Nicholas Tan Eng Hoe	-	-	-	-
Dato' Lim Char Boo	-	-	-	-
Paulinus Mojiun	-	-	-	-
Dr. Koay Boon Hooi	-	-	-	-

Note:

Analysis of Shareholdings (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2021

No.	Names	No. of Shares	Percentage (%)
1.	VALUEVEST VENTURES SDN BHD	74,502,000	8.49
2.	TAI TEAN SENG	42,420,500	4.83
3.	TAI SUE HONG	19,000,000	2.16
4.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	13,000,100	1.48
5.	JASON CHING CHOU-YI	12,100,000	1.38
6.	CHONG CHEN KONG	10,000,000	1.14
7.	GOH BOON SOO @ GOH YANG ENG	10,000,000	1.14
8.	KOK SENG PING	8,931,326	1.02
9.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEONG KIM FONG	8,050,000	0.92
10.	OH CHWEE HOE	6,000,000	0.68
11.	CHOO KIAN WOON	5,368,600	0.61
12.	TAN KOK CHIN	5,142,900	0.59
13.	MAH WAI LOEN	5,086,957	0.58
14.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHIEW KEE	4,877,900	0.56
15.	GOH CHUAN KIONG	3,740,016	0.43
16.	JANET LOH SWEE EAN	3,500,000	0.40
17.	SIM KIAN SENG	3,500,000	0.40
18.	OOI YONG PING	3,313,600	0.38
19.	ONG CHONG JING	3,300,000	0.38
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YEW BENG (E-SJA)	3,300,000	0.38
21.	NG CHIANG HIANG	3,009,000	0.34
22.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SIEW KOON (TAN6238M)	3,000,000	0.34
23.	CHUA EE PING	3,000,000	0.34
24.	GOH BOON SOO @ GOH YANG ENG	3,000,000	0.34
25.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI HUAT	3,000,000	0.34
26.	MAH KAH GEE	3,000,000	0.34
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LING UONG CHONG	3,000,000	0.34
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI HOCK LAI (E-SPG)	3,000,000	0.34
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TZE HUI (7006170)	2,800,000	0.32
30.	GOH BOON SOO @ GOH YANG ENG	2,500,000	0.28
TOTAL		274,442,899	31.27

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting ("18th AGM") of the Company will be conducted fully virtual at the Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan on Monday, 28 March 2022 at 10.30 a.m. to transact the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 30 September 2021 together with the Reports of the Directors and Auditors thereon. **Please refer to Note B**
2. To approve the payment of Directors' fees and benefits of not exceeding RM250,000 from 29 March 2022 until the next Annual General Meeting of the Company to be held in 2023. **Resolution 1**
3. To re-elect Dato' Lim Char Boo who retires in accordance with Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election. **Resolution 2**
4. To re-elect Mr. Gerald Nicholas Tan Eng Hoe who retires in accordance with Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election. **Resolution 3**
5. To re-elect Dr. Koay Boon Hooi who retires in accordance with Clause 104 of the Company's Constitution and being eligible, has offered himself for re-election. **Resolution 4**
6. To appoint Auditors of the Company and authorise the Directors to fix their remuneration. **Resolution 5**

Special Business

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

7. **AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **Resolution 6**

"**THAT** subject always to the Companies Act, 2016 ("Act"), Company's Constitution, Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act, 2016, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of issue **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Securities **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

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

By Order of the Board
MQ TECHNOLOGY BERHAD

WONG YOUN KIM (MAICSA 7018778)
(SSM Practising Certificate No.: 201908000410)
Company Secretary

Kuala Lumpur

31 January 2022

Notice of Annual General Meeting (CONT'D)

Notes:-

Proxy

1. A member of the Company entitled to attend and vote is entitled to appoint any person as his proxy to attend and vote in his stead. There is no restriction as to the qualification of the proxy.
2. A member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote in his stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid 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 common seal or under the hand of an officer or attorney duly authorised.
4. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a Member of the Company is an exempt authorised nominee as defined under the Central Depositories Act, which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. For a proxy to be valid, the instrument appointing a proxy shall be deposited at the Registered Office, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding the meeting and any adjournments thereof. In the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).

General Meeting Record of Depositors

7. Only a depositor whose name appears on the Record of Depositors of the Company as at 22 March 2022 shall be entitled to attend this Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

B. Audited Financial Statements for the Financial Period ended 30 September 2021

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 6- Authority for Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Proposed Ordinary Resolution 6, if passed, is to give the Directors of the Company flexibility to issue and allot shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

This authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, a total of 146,105,847 Placement Shares has been issued and allotted during the period from 3 September 2021 to 13 October 2021 in three (3) tranches. The status of the utilisation of proceed raised from the Proposed Private Placement is as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation (from listing date)
Renovation expenses for the extension of existing factory	6,000	1,500	Within 12 months
Repayment of unsecured loan	2,000	500	Within 3 months
Working Capital	657	-	Within 12 months
Expenses for the Proposed Private Placement	109	91	Immediately
TOTAL	8,766	2,091	

Notice of Annual General Meeting (CONT'D)

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying The Notice of Annual General Meeting

1. The Eighteenth Annual General Meeting of the Company will be conducted fully virtual at the Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan on Monday, 28 March 2022 at 10.30 a.m.
2. The Directors who are standing for re-election at the Eighteenth Annual General Meeting of the Company pursuant to Article 97 of the Company's Constitution are: -
 - a) Dato' Lim Char Boo
 - b) Mr. Gerald Nicholas Tan Eng Hoe

The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on page 8 of this Annual Report.

3. The Director who is standing for re-election at the Eighteenth Annual General Meeting of the Company pursuant to Clause 104 of the Company's Constitution is: -
 - a) Dr. Koay Boon Hooi

The details of the above Director seeking re-election is set out in the Profile of Directors as disclosed on page 9 of this Annual Report.

4. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial period ended 30 September 2021 are disclosed in the Corporate Governance Overview Statement set out on page 16 of this Annual Report.

IN RESPECT OF THE EIGHTEENTH ANNUAL GENERAL MEETING (“18TH AGM”) TO BE HELD VIA AN ONLINE PLATFORM

DATE: Monday, 28 March 2022	TIME: 10.30 a.m.	BROADCAST VENUE: Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan
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GENERAL MEETING RECORD OF DEPOSITORS

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 March 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the or appoint proxy(ies) to attend and/or vote on his(her) behalf.

PROXY

2. A member entitled to participate and vote remotely at the 18th AGM using the Virtual Meeting Facilities is entitled to appoint proxy/proxies, to participate and vote instead of him. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions set out hereunder.
3. Alternatively, if a shareholder is unable to attend the Annual General Meeting via Virtual Meeting Facilities on 28 March 2022, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting, not later than **Sunday, 27 March 2022 at 10.30 a.m.**

POLL VOTING

5. The voting at the 18th AGM will be conducted by poll in accordance with Rule 8.13A of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed HMC CORPORATE SERVICES SDN BHD as Poll Administrator to conduct the poll by way of online voting and USearch Management Services as Scrutineers to verify the poll results.
6. Shareholders can proceed to vote on the resolutions and submit your votes at any time from the commencement of the 18th AGM at 10.30 a.m. and before the end of the voting session which will be announced by the Chairman of the meeting. The Online Voting link will be displayed in the Chat Box upon the commencement of the meeting. The QR Code for the Online Voting will also display on the screen upon the commencement of the voting session. Upon completion of the voting session for the 18th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

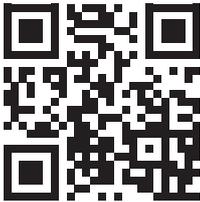
VIRTUAL MEETING FACILITIES

7. We would like to invite the Shareholders to participate and vote remotely at the 18th AGM using the Virtual Meeting Facilities. Please refer to item 10 on the registration link.
8. For Corporate Shareholders, please register yourself via the Registration Link provided below to provide the following documents to HMC Corporate Services Sdn Bhd not later than **Sunday, 27 March 2022 at 10.30 a.m.**
 - (a) Original certificate of appointment of its Corporate Representative under the seal of the corporation; and
 - (b) Corporate Representative's e-mail address and hand-phone number.

Upon receipt of such documents, HMC Corporate Services Sdn Bhd will liaise with yourselves on the participation link.

9. For the beneficiary of the shares under a Nominee Company's CDS account who wishes to use the Virtual Meeting Facility at the 18th AGM may request its Nominee Company to appoint him/her as proxy to participate and vote remotely at the 18th AGM via the Virtual Meeting Facilities, please submit the duly executed proxy form to HMC Corporate Services Sdn Bhd not later than **Sunday, 27 March 2022 at 10.30 a.m.** and register yourself via the Registration Link below.

10. Please follow the following steps to be taken for participating and voting via the Virtual Meeting Facilities:

BEFORE THE AGM		
(a)	REGISTRATION	<ul style="list-style-type: none"> Please click on the following link to register yourself as Shareholder/Proxy/Corporate Representative/Beneficiary Owner of an Exempt Nominee for verification of attendance purpose. You may register not later than 27 March 2022 at 10.30 a.m. <p>Registration Link https://bit.ly/3A5fMAg</p>
(b)	CONFIRMATION ATTENDANCE	<ul style="list-style-type: none"> Upon verification, the participation link will be sent to you via email.
(c)	SUBMISSION OF QUESTIONS	<ul style="list-style-type: none"> You may submit any questions online by scanning the QR Code below or via https://bit.ly/3A6Pv4B and to submit your questions accordingly: <div style="text-align: center;">  </div>
ON THE AGM DAY		
(d)	PARTICIPATION	<ul style="list-style-type: none"> To participate in the meeting, click on the participation link which was provided to you via email, at least 15 minutes before the commencement of meeting at 10.30 a.m. on 28 March 2022. If you have any questions to be raised during the meeting, you may submit it by using the Q&A box. The Chairman/Board of Directors will address the questions submitted prior or during the meeting accordingly.
(e)	ONLINE VOTING	<ul style="list-style-type: none"> Upon the commencement of the meeting, the link to the online voting will be displayed in the Chat Box of the Virtual Meeting Room. Members or proxies may commence voting from 10.30 a.m. on 28 March 2022 until such time when the Chairman announces the closing of the voting session. After the counting of votes, the Chairman will announce the poll results.
(f)	CLOSURE	The 18 th AGM will be closed upon the announcement by the Chairman.

NO DOOR GIFT

There will be no distribution of door gifts for the participation of the AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the AGM.

ENQUIRY

If you have any enquiry or require any assistance before or during the AGM, please contact the following during office hours from 9.00 a.m. to 5.00 p.m. (Mondays to Fridays).

HMC CORPORATE SERVICES SDN BHD **Registration No. 198201003810 (83556-P)**

Level 2, Tower 1, Avenue 5
 Bangsar South City
 59200 Kuala Lumpur
 Tel : 603-2241 5800
 Mobile/WhatsApp: 017 388 3989
 Fax : 603-2282 5022
 Email : office365support@hmc.my
 Contact Person: HMC Virtual Meeting Administrator

Kindly check the Company's announcement to Bursa Malaysia Securities Berhad for the latest updates on the arrangement of the 18th AGM.

Proxy Form

MQ TECHNOLOGY BERHAD
 Registration No. 200301033383 (Company No. 635804-H)
 (Incorporated in Malaysia)



CDS Account No.	
No. of Shares Held	

I/We, _____ NRIC/Passport No. _____
 (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS)
 Telephone number _____ Email address _____ being a Member/

Members of **MQ TECHNOLOGY BERHAD** hereby appoint _____
 (FULL NAME IN BLOCK LETTERS)

NRIC/Passport No. _____ of _____
 (FULL ADDRESS)

Telephone number _____ Email address _____ or failing whom,
 _____ NRIC/Passport No. _____
 (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS)
 Telephone number _____ Email address _____

or failing whom, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company ("the Meeting") will be conducted fully virtual at the Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan on Monday, 28 March 2022 at 10.30 a.m. and at any adjournment thereof.

I / We direct my / our proxy to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder:

No.	Resolutions	Ordinary	For	Against
1.	To approve the payment of Directors' fees and benefits of not exceeding RM250,000.00 from 29 March 2022 until the next Annual General Meeting of the Company to be held in 2023.	Resolution 1		
2.	To re-elect Dato' Lim Char Boo as Director of the Company.	Resolution 2		
3.	To re-elect Mr. Gerald Nicholas Tan Eng Hoe as Director of the Company.	Resolution 3		
4.	To re-elect Dr. Koay Boon Hooi as Director of the Company.	Resolution 4		
5.	To appoint Auditors of the Company and to authorise the Directors to fix their remuneration.	Resolution 5		
6.	Authority for Directors to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016	Resolution 6		

Please indicate with an "X" in the appropriate space provided above on how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy may vote as he thinks fit.

The Proportions of *my/our holdings to be represented by *my/our proxy/proxies *is/are as follows:-

	No. of shares	Percentage
First Proxy :		
Second Proxy :		
Total		100

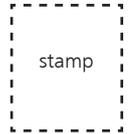
Dated this _____ day of _____ 2022.

 Signature/ common seal of shareholder

Notes:

- A member of the Company entitled to attend and vote is entitled to appoint any person as his proxy to attend and vote in his stead. There is no restriction as to the qualification of the proxy.
- A member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote in his stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 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 common seal or under the hand of an officer or attorney duly authorised.
- Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a Member of the Company is an exempt authorised nominee as defined under the Central Depositories Act, which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- For a proxy to be valid, the instrument appointing a proxy shall be deposited at the Registered Office, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding the meeting and any adjournments thereof. In the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).
- Only a depositor whose name appears on the Record of Depositors of the Company as at 22 March 2022 shall be entitled to attend this Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

Please fold across the line and close



The Company Secretary
MQ TECHNOLOGY BERHAD
Registration No. 200301033383 (Company No.635804-H)

LEVEL 2, TOWER 1, AVENUE 5
BANGSAR SOUTH CITY
59200 KUALA LUMPUR

Please fold across the line and close

MQ TECHNOLOGY BERHAD

200301033383 (635804-H)

506 Block D Pusat Dagangan Phileo Damansara 1
No. 9 Jalan 16/11 Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan

Tel : +603 7931 5701



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