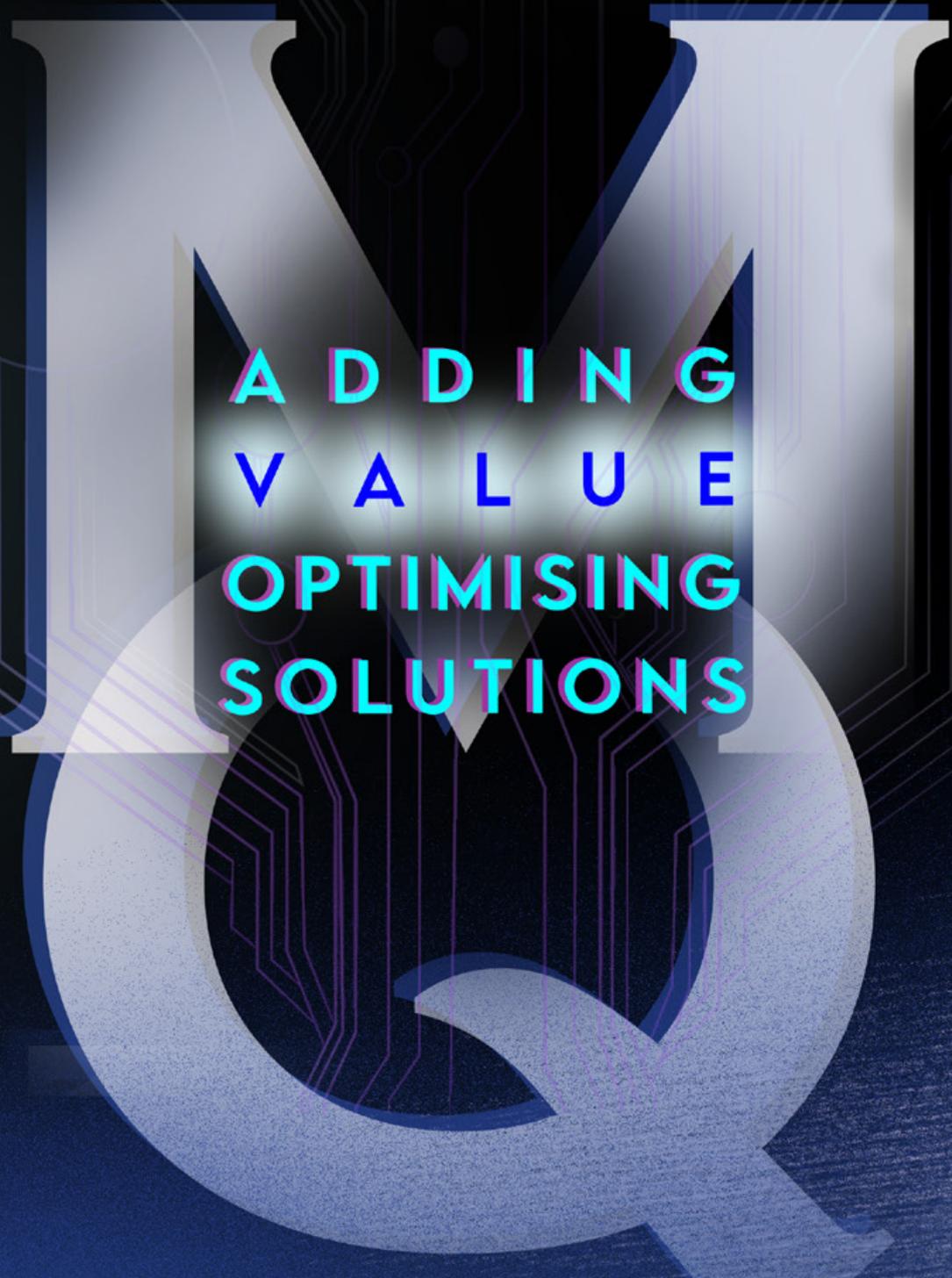


The logo for MQ Technology Berhad, featuring the letters 'MQ' in a bold, white, sans-serif font. A horizontal line is positioned below the letters.

TECHNOLOGY BERHAD

200301033383 (635804-H)

A large, stylized 'MQ' logo in a light blue, semi-transparent font, centered on the page. The letters are thick and have a slight shadow effect. Inside the 'M' and 'Q', the text 'ADDING VALUE OPTIMISING SOLUTIONS' is written in a smaller, vibrant, multi-colored font (cyan, magenta, and blue) with a glowing effect.

ADDING  
VALUE  
OPTIMISING  
SOLUTIONS

ANNUAL REPORT  
2022

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### **Dato' Nurulhidayah Binti Ahmad Zahid**

(Appointed on 2 June 2022)  
Independent Non-Executive Chairman

### **Dato' Lim Char Boo**

Senior Independent Non-Executive Vice Chairman

### **Tong Sian Shyen**

Executive Director / Managing Director

### **Paulinus Mojiun**

Independent Non-Executive Director

### **Terence Cheah Eu Lee**

Executive Director

### **Dr. Koay Boon Hooi**

Independent Non-Executive Director

### **Gerald Nicholas Tan Eng Hoe**

Non-Independent Non-Executive Director

## AUDIT COMMITTEE

### **Dr. Koay Boon Hooi**

Chairman  
Independent Non-Executive Director

### **Paulinus Mojiun**

Member  
Independent Non-Executive Director

### **Dato' Lim Char Boo**

Member  
Senior Independent Non-Executive Vice Chairman

### **Dato' Nurulhidayah Binti Ahmad Zahid**

(Appointed on 2 June 2022 and Resigned on 5 January 2023)  
Independent Non-Executive Chairman

## REMUNERATION COMMITTEE

### **Dato' Lim Char Boo**

Chairman  
Senior Independent Non-Executive Vice Chairman

### **Tong Sian Shyen**

Member  
Executive Director / Managing Director

### **Dr. Koay Boon Hooi**

Member  
Independent Non-Executive Director

### **Dato' Nurulhidayah Binti Ahmad Zahid**

(Appointed on 2 June 2022 and Resigned on 5 January 2023)  
Member  
Independent Non-Executive Chairman

### **Paulinus Mojiun**

(Resigned on 2 June 2022)  
Member  
Independent Non-Executive Director

# CORPORATE INFORMATION (CONT'D)

## RISK MANAGEMENT COMMITTEE

### Dr. Koay Boon Hooi

Chairman  
Independent Non-Executive Director

### Dato' Lim Char Boo

Member  
Senior Independent Non-Executive Vice Chairman

### Tong Sian Shyen

Member  
Executive Director / Managing Director

### Dato' Nurulhidayah Binti Ahmad Zahid

(Appointed on 2 June 2022 and Resigned on 5 January 2023)  
Member  
Independent Non-Executive Chairman

### Paulinus Mojiun (Resigned on 2 June 2022)

Member  
Independent Non-Executive Director

## NOMINATION COMMITTEE

### Dato' Lim Char Boo

Chairman  
Senior Independent Non-Executive Vice Chairman

### Dr. Koay Boon Hooi

Member  
Independent Non-Executive Director

### Gerald Nicholas Tan Eng Hoe

(Appointed on 5 January 2023)  
Member  
Non-Independent Non-Executive Director

### Dato' Nurulhidayah Binti Ahmad Zahid

(Appointed on 2 June 2022 and Resigned on 5 January 2023)  
Member  
Independent Non-Executive Chairman

### Paulinus Mojiun (Resigned on 2 June 2022)

Member  
Independent Non-Executive Director

## COMPANY SECRETARY

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

## AUDITORS

ChengCo PLT (AF 0886)  
8-2 & 10-2, Jalan 2/114  
Kuchai Business Centre  
Off Jalan Klang Lama  
58200 Kuala Lumpur  
Tel: (603) 7984 8988  
Fax: (603) 7984 4402

## REGISTERED OFFICE

Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur  
Tel: (603) 2280 6388  
Fax: (603) 2280 6399

## HEAD OFFICE

Unit 310, Block C, Damansara Intan  
No. 1, Jalan SS20/27  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7731 8701

## 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

Arnold Andrew & Co  
Wei Chien & Partners

## PRINCIPAL BANKERS

Hong Leong Bank Berhad  
RHB 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") 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

## OVERVIEW OF BUSINESS AND OPERATION

It gives us great pleasure to present our results, with financial year ended 30 September 2022 ("FYE2022") has been an impressive year for MQ Technology Berhad ("MQ") and its subsidiaries ("the Group") despite the challenging market environment outweighed by the cumulative effect of COVID-19. With almost 20 years of continuous experience and expertise in the industry, the Group is a leading manufacturer that provides advanced and world-class high-precision mould making, magnetic coils for hard disk drives, and related services to help our clients accelerate vital progress in disk drives, telecommunications, and semiconductors industries. The manufacturing division is formed by Microlead Precision Technology Sdn Bhd and Microlead Manufacturing Sdn Bhd located in Bayan Lepas, Penang, Malaysia. We plan to diversify into theme park and property development through Star Acres Sdn Bhd and MQ Builders Sdn Bhd respectively. However, the new business has yet to commence. As of 30 September 2022, we have a team of more than 80 people working for the Group.

## FINANCIAL PERFORMANCE

The Group reported a revenue surge of 51.3% to RM16.11 million for FYE2022 from RM10.65 million in FPE2021, primarily driven by growth in the manufacturing division. Consequent to the increase in revenue, the Group's gross profit rocketed 64.67% to RM5.50 million (FPE2021: RM3.34 million). The higher gross profit is also due to the fixed overhead control that increases the margin by 2.75%.

The bottom line turned black into RM1.44 million in FYE2022 from a loss before taxation of RM1.46 million in FPE2021, primarily due to the higher gross profit, higher other income, and fixed cost control. Overall, it is a strong performance, given the impact of the cumulative COVID-19 pandemic and the varying levels of restrictions that were in place during the year.

Other income has increased by RM0.39 million or 375% in FYE2022 due to the higher realised foreign exchange gain driven by the strengthening US dollar against the Ringgit Malaysia. The Group maintains the expenses at RM4.56 million (FPE2021: RM4.91 million, including a net allowance for expected credit losses of RM0.44 million).

Consequent to the profit improvement, coupled with over-tax provision, the Group's profit after taxation turned black into RM2.18 million in FYE2022 from a loss of RM1.36 million in FPE2021. As a result, we reported basic and diluted earnings per share of 0.22 sen from losses per share of 0.19 sen in FPE2021.

## FINANCIAL POSITION

The net assets of RM66.40 million (FPE2021: RM43.83 million) strengthen the financial position of the Group. The Group ended the year with cash and cash equivalent of RM3.51 million (FPE2021: RM0.66 million) from improved profitability.

The Group's total assets were RM71.50 million as at 30 September 2022 compared to RM50.85 million as at 30 September 2021. It was primarily due to the increase of property, plant, and equipment by RM14.4 million, an increase of trade and other receivables by RM3.3 million, and an increase of cash and bank balances by RM2.9 million being surplus generated from daily business operations and cash consideration from private share placement.

Total equity has increased mainly due to the issuance of ordinary shares under the exercise of warrants of RM0.10 million, ESOS of RM 1.44 million, private share placement of RM14.48 million, RM4.4 million revaluation of properties in subsidiaries, and RM2.18 million of profit recognised in FYE2022.

Net asset value per share rose to 5.31 sen as at 30 September 2022, compared to 5.17 sen as at 30 September 2021.

The Group registered a gearing ratio of 7.13% as at 30 September 2022 (30 September 2021: 13.81%). The Group has bank borrowings only for lease motor vehicles and office of RM0.15 million.

Overall, MQ reported a sound financial position and liquidity with 11 times of current ratio and ten times the quick ratio.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## SHARE PRICE PERFORMANCE

The share price of MQ closed at RM0.03 on 30 September 2022, giving the Group a total market capitalisation of RM37.53 million. The share price of MQ reached a high of RM0.12 on 10 January 2022 and fell to a low of RM0.03 on 14 July 2022 over the cumulative 12 months.

## RISK MANAGEMENT

### Technology Obsolescence

Technological obsolescence is inherent in our nature of business. Demands and requirements from customers change volatile in this fast-paced technology era. Hence, we ensure continuous investment in plant and machinery to manage the risk. Between, we emphasized staff development to keep the skills and knowledge of our employees aligned with the latest technology in our business. With this right set of knowledge and skills, the Group will be able to continue to deliver cutting-edge services in precision tooling, automation, and rapid tooling division.

### Foreign Exchange Risk

The Group's exposure to currency risk arises mainly from transactions entered in currencies other than functional currencies with customers in Thailand, Singapore, and the United States. The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk.

### Dependent on Certain Major Customers

The Group's significant business is from Thailand each year, and the timing of customer decisions is out of the Group's control. The revenue driven by a single geographical customer or several customers may contribute a large percentage of the Group's revenue. The loss of a key customer, or a significant worsening in their success or financial performance, could affect the Group's results. MQ manages this risk by closely monitoring our performance with all key customers through developing close relationships and dedicated key account management teams. In addition, we also closely monitor the financial performance and the receivable balances outstanding from customers.

## PROSPECT

According to Research and Markets, the global hard disc drive market size was estimated at USD 39,96 million in 2022, and is expected to grow at a CAGR of 6.87% by 2027 to reach USD 56.35 million. According to Research Nester, the global precision parts market is estimated to garner a revenue of USD 268.3 billion by the end of 2025 by growing at a CAGR of 8.19% over the forecast period, i.e., 2021- 2025.

Favourable growth is anticipated in the hard disk drive and precision part markets, which remain be our significant revenue contributors for the Precision Tooling, Automation, and Rapid Tooling divisions. We are positive on the outlook as the demand is driven by ongoing megatrends and our massive efforts to strengthen and enhance our market position in target markets.

We project the manufacturing sector to further rebound in 2023 on the back of steady improvement in the market as global economies are recovering from the COVID-19 pandemic. The Group continually focuses on quality control and operational efficiency to lower costs and sustain growth momentum. The Group remains concentrated on high-precision tooling and automation, in addition to our venture into the theme park and property development sector. We shall constantly review and assess the viability of the new business upon fulfilment of unprecedented conditions. We will also continue to focus on attractive end markets where our technology and services can create long-term value for our customers and where the Group sees growth potential and attractive opportunities.

Barring unforeseen circumstances, the Group is cautiously optimistic about improved financial performance.

## DIVIDEND

The Group does not have an explicit dividend policy, and the Board did not propose any dividend for FYE2022. This remains unchanged and similar to the previous year.

## ACKNOWLEDGEMENTS

We have performed well in this financial year, recording a surge in revenue and turning the bottom line into profit. It is especially remarkable given the host of operational challenges faced in FYE2022. Although some uncertainty remains about the development of the pandemic and the overall global market, we remain confident in our strategy to sustain success over the longer term.

On behalf of the Board, I would like to express my sincere gratitude to everyone at MQ for your hard work and commitment to contributing to the better performance of the Group. Thanks to our customers, suppliers, business associates, and regulatory authorities for your cooperation, trust, and confidence in us.

Lastly, thank you to all our valued shareholders for your belief in MQ Technology Berhad.

Managing Director

# PROFILE OF DIRECTORS

## TONG SIAN SHYEN

**Executive Director/Managing Director**  
**Malaysian, Male, aged 59**

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 and was subsequently redesignated as Managing Director on 2 June 2022. 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 six (6) Board meetings held during the financial year ended 30 September 2022.

## TERENCE CHEAH EU LEE

**Executive Director**  
**Malaysian, Male, aged 50**

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 five (5) Board meetings held during the financial year ended 30 September 2022.

## PROFILE OF DIRECTORS (CONT'D)

### GERALD NICHOLAS TAN ENG HOE

**Non-Independent Non-Executive Director**

**Malaysian, Male, aged 54**

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. He was previously the Chairman of MNC Wireless Berhad and was also a Non-Executive Director of Donaco International Limited, a company listed on the Australian Securities Exchange.

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 five (5) Board meetings held during the financial year ended 30 September 2022.

### DATO' LIM CHAR BOO

**Senior Independent Non-Executive Vice Chairman**

**Malaysian, Male, aged 69**

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 and was subsequently redesignated as Vice Chairman of the Board on 5 December 2022. 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 six (6) Board meetings held during the financial year ended 30 September 2022.

## PROFILE OF DIRECTORS (CONT'D)

### PAULINUS MOJIUN

**Independent Non-Executive Director**

**Malaysian, Male, aged 70**

Mr. Paulinus was appointed to the Board as an Independent Non-Executive Director on 14 March 2017. He is the member of Audit 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 five (5) Board meetings held during the financial year ended 30 September 2022.

### DR. KOAY BOON HOOI

**Independent Non-Executive Director**

**Malaysian, Male, aged 61**

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 holds a Degree in Accounting from University of Montevallo, Alabama, USA, Master in General Business from University of Alabama at Birmingham, USA, Executive Doctor in Business Administration from Sabi University, France, Honorary Doctor in Business Administration from SABI University, France and Honorary PhD in Business Administration with Specialization in Human Resources.

He is the Fellow and Trustee of Malaysia Institute of Human Resource Management. He also an external certification officer of Malaysia Skills and National Vocational Training Council of Malaysia Ministry of Human Resources. He is the Fellow of Institute of Public Accountants, Australia and Institute of Financial Accountants, UK. Recently, Dr. Koay has been admitted as Honorary Fellow (FPME Hon) of the Association of Professional Managers & Entrepreneurs on July 30, 2022. He is actively participating in the development of the Association via contribution in term of Corporate Governance.

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. Dr. Koay attended six (6) Board meetings held during the financial year ended 30 September 2022.

## PROFILE OF DIRECTORS (CONT'D)

### **DATO' NURULHIDAYAH BINTI AHMAD ZAHID**

**Independent Non-Executive Chairman**  
**Malaysian, Female, aged 45**

Dato' Nurulhidayah was appointed to the Board as an Independent Non-Executive Vice Chairman on 2 June 2022 and was subsequently redesignated as an Independent Non-Executive Chairman on 5 December 2022.

Dato' Nurulhidayah holds a Master's in Business Administration (MBA) from Lincoln University College, Degree in Communication from University Putra of Malaysia and Diploma in Business Executive (ABE) from Sunway College.

Dato' Nurulhidayah is an Executive Director of Menara Rezeki Sdn. Bhd. since 2017. She worked as a Host for Talk Show "Assalamualaikum" at Al-Hijrah TV from February 2017 to April 2018. She was also an Executive Director at Ri-Yaz Hotels & Resorts from April 2016 to April 2017. She worked as Vice President of Corporate Communication (General Manager) at Syarikat Perumahan Negara Berhad from December 2012 to April 2016 as well as an Events Consultant at Karya Bonda Sdn. Bhd. from January 2010 to December 2012. She was a Manager of Public Relations/Communications at Utusan Airtime Sdn. Bhd. from April 2007 to December 2009 and Senior Executive in Business Development & PR of Public Relations/Communications at SNC Associates Sdn. Bhd. from December 2006 to April 2007. She worked as a Public Relation Executive (Junior Executive) of Public Relations at Spiral Graphix Sdn. Bhd. from August 2005 to December 2006 and at SEG International Berhad from April 2004 to August 2005. She also worked as Corporate Communication Executive (Junior Executive) of Public Relations at Puncak Niaga Holdings Berhad from February 2004 to April 2004 and at Syarikat Perumahan Negara Berhad from July 2002 to February 2004.

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

She has not been convicted of any offences (other than traffic offences) within the past 5 years. Dato' Nurulhidayah attended one (1) Board meeting held during the financial year ended 30 September 2022.

## KEY SENIOR MANAGEMENT

### CHEAN MENG HEE

**Malaysian, Male, aged 52**

Mr. Chean was appointed as the Chief Executive Officer on 2 June 2022 and was subsequently redesignated as General Manager on 20 October 2022.

Mr. Chean graduated from Informatics College with a Diploma in NCC. He started his career as a Senior Sales Executive at Wings Resources Sdn. Bhd. from August 1996 to June 2005. Then, he worked as a Sales Executive at MTK Chemicals Pte Ltd from July 2005 to February 2007. After that, he worked as a Marketing Manager at EML Network Sdn. Bhd. from October 2016 to July 2019 and at Inix Network Sdn. Bhd. from March 2020 to January 2021. He is a Regional Sales Manager at Maxpine International Holdings Sdn. Bhd since January 2021.

Mr. Chean 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 convicted of any offences (other than traffic offences) within the past 5 years.

### KOK SENG PING

**Malaysian, Male, aged 45**

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.

Mr. Kok 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 convicted of any offences (other than traffic offences) within the past 5 years.

### LIM CHUNG MING

**Malaysian, Male, aged 41**

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.

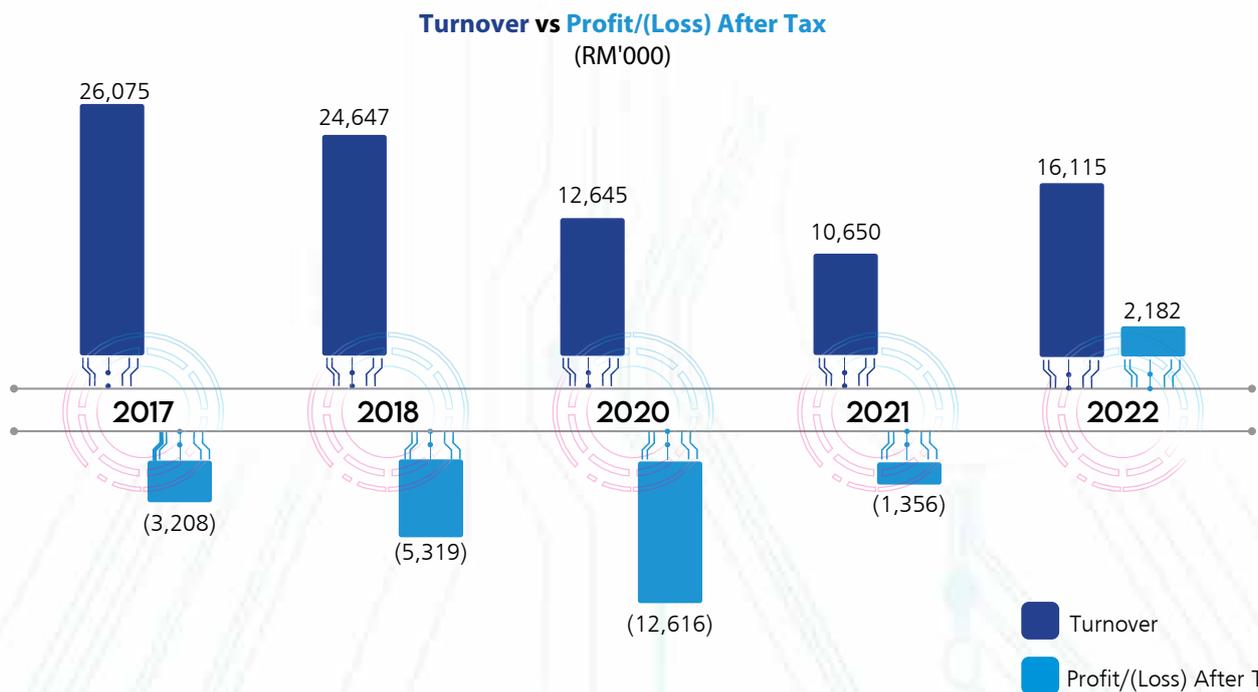
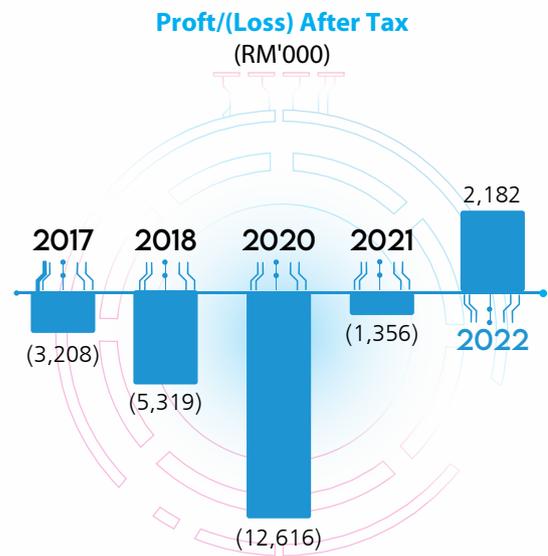
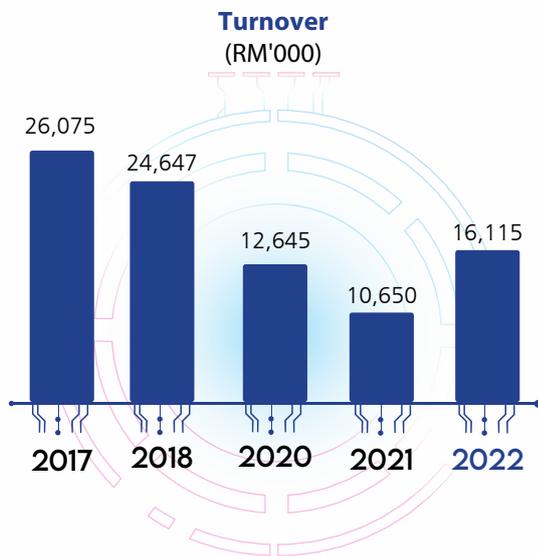
During the management restructuring at the end of 2020, he was promoted to Production Director.

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

Mr. Lim 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 convicted of any offences (other than traffic offences) within the past 5 years.

# FINANCIAL HIGHLIGHTS

	Group 2017 RM'000	Group 2018 RM'000	Group 2020 RM'000	Group 2021 RM'000	Group 2022 RM'000
Turnover	26,075	24,647	12,645	10,650	16,115
Profit/(Loss) Before Tax	(3,250)	(5,361)	(12,632)	(1,458)	1,442
Profit/(Loss) After Tax	(3,208)	(5,319)	(12,616)	(1,356)	2,182
Weighted Average No. of Share assumed in Issue ('000)	414,765	497,718	634,773	734,370	1,006,226
Weighted Average Profit/(Loss) per Share (sen)	(0.77)	(1.15)	(1.99)	(0.18)	0.22



# 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 realising 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 practices 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](http://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](http://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 Fellow 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 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 year.

## 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 seven (7) Directors i.e. one (1) Senior Independent Non-Executive Vice Chairman, two (2) Executive Directors, three (3) Independent Non-Executive Directors including one (1) Independent Non-Executive Chairman and one (1) Non-Independent Non-Executive Director.

The Company complies with the criteria of 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 2. Board Composition (cont'd)

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.

### 2.1 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 year, one (1) new Director was 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.

During the financial year, one (1) female Independent Non-Executive Director was appointed.

### 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 year, 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 Vice Chairman)	Chairman	1/1
Dr. Koay Boon Hooi (Independent Non-Executive Director)	Member	1/1
Dato' Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022 and Resigned on 5 January 2023) (Independent Non-Executive Chairman)	Member	N/A
Paulinus Mojiun (Resigned on 2 June 2022) (Independent Non-Executive Director)	Member	1/1

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 2. Board Composition (cont'd)

### 2.3 Nomination Committee (cont'd)

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

- (a) 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
- (b) assessed the independence of the Independent Directors;
- (c) reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming Annual General Meeting ("AGM");
- (d) 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;
- (e) ensure all Directors receive appropriate continuous training programmes.

### 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 year ended 30 September 2022, the Nomination Committee resolved to recommend to the Board that:

- Mr. Paulinus Mojiun and Mr. Tong Sian Shyen who are due to retire pursuant to Clause 97 of the Company's Constitution stands for re-election at the forthcoming AGM.
- Dato' Nurulhidayah Binti Ahmad Zahid 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 year, 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 2. Board Composition (cont'd)

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

- (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.

#### 2.5.1 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 year ended 30 September 2022, five (5) Board meetings were held and the details of the attendance of the Directors are set out as below:-

Name of Directors	Attendance
Dato' Lim Char Boo	6/6
Paulinus Mojiun	5/6
Gerald Nicholas Tan Eng Hoe	5/6
Tong Sian Shyen	6/6
Terence Cheah Eu Lee	5/6
Dr. Koay Boon Hooi	6/6
Dato' Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022)	1/2

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

Name of Directors	Date	Programmes/Seminar
Tong Sian Shyen	7 February 2022 19 December 2022	MFRS 13 Fair Value Measurements Pre - Post IPO
Dr. Koay Boon Hooi	20 August 2022	Online Workshop hosted by Association of Professional Managers & Entrepreneurs for become a contributor in the second book of a series book of "Everything You Should Have Learned At School But didn't" which is based in finance.

All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities") for Directors of public listed companies.

During the financial year ended 30 September 2022, besides from attending the briefings conducted by the Company Secretary pertaining to the updates on the Listing Requirements and MCGG 2021, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affect the Group's Financial Statements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 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 year, 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 Vice Chairman)	Chairman	1/1
Tong Sian Shyen (Executive Director)	Member	1/1
Dr. Koay Boon Hooi (Independent Non-Executive Director)	Member	1/1
Dato' Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022 and Resigned on 5 January 2023) (Independent Non-Executive Chairman)	Member	N/A
Paulinus Mojiun (Resigned on 2 June 2022) (Independent Non-Executive Director)	Member	1/1

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 year ended 30 September 2022 is as follows:-

#### Company Level

Name of Directors	Salaries and Other Emoluments (RM)	EPF, EIS and SOCSO (RM)	Director Fees (RM)	Total (RM)
<b>Executive Directors</b>				
Tong Sian Shyen	188,000	23,503	-	211,503
Terence Cheah Eu Lee	108,000	13,903	-	121,903
<b>Non-Executive Directors</b>				
Dato' Lim Char Boo	-	-	62,000	62,000
Paulinus Mojiun	-	-	37,500	37,500
Gerald Nicholas Tan Eng Hoe	-	-	38,000	38,000
Dr. Koay Boon Hooi	-	-	37,500	37,500
Dato' Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022)	-	-	20,333	20,333

#### Group Level

Name of Directors	Salaries and Other Emoluments (RM)	EPF, EIS and SOCSO (RM)	Director Fees (RM)	Total (RM)
<b>Executive Directors</b>				
Tong Sian Shyen	250,000	32,386	12,000	294,386
Terence Cheah Eu Lee	108,000	13,903	5,000	126,903
<b>Non-Executive Directors</b>				
Dato' Lim Char Boo	-	-	62,000	62,000
Paulinus Mojiun	-	-	37,500	37,500
Gerald Nicholas Tan Eng Hoe	-	-	38,000	38,000
Dr. Koay Boon Hooi	-	-	37,500	37,500
Dato' Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022)	-	-	20,333	20,333

### 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	1
RM50,001 to RM 100,000	0
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).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 4. Effective Audit and Risk Management

### 4.1 Audit Committee

Name of Directors	Designation
Dr. Koay Boon Hooi	Chairman Independent Non-Executive Director
Dato' Lim Char Boo	Member Senior Independent Non-Executive Vice Chairman
Paulinus Mojiun	Member Independent Non-Executive Director
Dato' Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022 and Resigned on 5 January 2023)	Member Independent Non-Executive Chairman

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 year ended 30 September 2022 are as follows :-

	COMPANY RM	GROUP RM
Statutory audit fees paid/payable	56,000	130,000
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.

### 4.3 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 4. Effective Audit and Risk Management (cont'd)

### 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.

#### 5.2.2 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 Chairman 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## 5. Communication with Stakeholders (cont'd)

### 5.2 Conduct of General Meetings (cont'd)

#### 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 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 September 2022 (“FYE2022”) according to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Main LR”), Malaysian Code on Corporate Governance (“MCCG”) and “Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.”

## BOARD RESPONSIBILITY

The Group recognizes that effective risk management and a sound internal control system are fundamental to good corporate governance. The Board acknowledges its overall and ultimate responsibility for safeguarding stakeholders’ interest and maintaining a good risk management and internal control system to address all key risks the Group considers relevant and material to the operations.

Given the inherent limitations in any internal control system, the Board recognizes that it is to manage rather than eliminate the risks to achieve business objectives. Accordingly, it only provides reasonable and not absolute assurance against material misstatement of management and financial information, losses, fraud, or irregularities.

The Board, through its Audit Committee (“AC”) and Risk Management Committee (“RMC”), ensures that Group implements adequate risk management and internal control practices. The Board has continued to improve and embed controls throughout the Group and maintain the systems under review to ensure they remain fit for purpose.

## RISK MANAGEMENT FRAMEWORK

The Board believes a top-down structure with an ongoing risk management process to identify, evaluate, and manage uncertainties is effective. The Board continuously embedded the following practices in the operations and extensively applied them in all decision-making:

- Communication and dissemination of vision, direction, and objectives across the organisation;
- Identifying and evaluating various risks affecting the group’s business;
- Creating a risk awareness culture and risk ownership for better management of risks;
- Formulating a systematic process of reviewing and reporting risk identified and correspondingly implementing mitigating procedures.

The Board strongly supports the best practice of MCCG to establish a risk management framework. Accordingly, the management team: the Executive Directors, and every functional head are involved in the day-to-day risk management process. The Board has empowered the management to implement the policies and guidelines on risks and controls, formulate business processes and structures with the agreed risk parameters, and operate the internal control system to manage the risks. The management regularly reviews the identified risks and their potential impact on the Group and periodically reports the risk assessment, monitoring, and situation to the Executive Director, who subsequently highlights the risk matters to the RMC. Based on the risk management framework with tolerable risk parameters, the Board recognises that there is a systematic risk management process to support the Group’s strategies. The Board receives assurances from the management that the risk management and internal control system is operating adequately and effectively throughout the financial year under review and up to the date of approval of the Annual Report.

## INTERNAL AUDIT FUNCTION

The Group has engaged the services of an independent professional firm, Qwest Corporate Consultants Sdn. Bhd., to provide independent assurance on the effectiveness and adequacy of the Group’s internal control system. The Internal Auditors assess the effectiveness of the internal control system and align their current internal audit practices with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal Controls – Integrated Framework. During the year under review, the internal auditors carry out the audit to address the identified concerned area and recommend improvement measures to strengthen the internal controls. Internal Auditors undertake the internal audit function according to the approved plan and conduct follow-ups on the status of the agreed action plan to ensure the Group implements the corrective actions accordingly. They report the internal audit reports and follow-up status directly to the AC.

The total cost incurred for the internal audit function for FYE2022 amounted to RM7,000.

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

## KEY ELEMENTS OF INTERNAL CONTROL

The Board recognises that a sound internal control system reduces, but not eliminates, the possibility of poor judgment in decision-making. Thus, the Board maintains key elements of an organisational structure that clearly define levels of responsibility, authority and appropriate reporting procedures. The Board continuously reviews the internal control matters and significant control gaps, if any, through regular meetings. The management will highlight the business operations to the Board's attention, and any significant fluctuation or exception noted will be acted on time. The Board will approve the appropriate responses or amendments to the Group's policies based on the latest regulatory requirement and updates.

The following sets out the key elements of the internal control, which have been in place throughout the financial year 2022, and up to the date of this Statement: -

- An organizational structure in the Group with formally define accountability, reporting, lines of responsibility, and delegation of authority throughout the Group;
- Clearly defined terms of reference, authorities, and responsibilities of the various Board Committees, which include the Audit Committee, Risk Management Committee, Nomination Committee, and Remuneration Committee;
- Defined and formalized internal policies and procedures are in place to support the Group in achieving its business objective;
- Corporate policies such as Code of Conduct, Code of Ethics, Whistleblowing Policy, and Anti-Bribery and Anti-Corruption Policy;
- Regularly review the policies and procedures to reflect changing risks or to resolve any operational deficiencies;
- Quarterly review of financial results and management report by the Board and the AC;
- Review of internal audit report and findings by the AC;
- Regular management and operational meeting to discuss the Group's performance and business operations.

## ASSURANCE FROM MANAGEMENT

The Board continuously reviews, monitors and updates to ensure that any changes in the Group's business and operating environment are adequately managed to safeguard the interest of the stakeholders.

The Board has received assurance from the Managing Director that the risk management and internal control system of the Group is operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted for the financial year under review and up to date as of this Statement. Taking this assurance into consideration and input from the outsourced internal auditor and feedback from External Auditors on our controls, the Board believes that the risk management and internal control system is adequate and has not resulted in any material losses.

## REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors, Messrs ChengCo PLT, have reviewed this Statement on Risk Management and Internal Control according to guidance published in Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report, issued by Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 30 September 2022. The External Auditors have reported to the Board that nothing has come to the attention that causes them to believe that this Statement has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers or is factually inaccurate. 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. 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 Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this Statement.

## CONCLUSION

The Board is of the view that the risk management and internal control system is adequate to safeguard the stakeholders' interest. The Board recognises that the systems must continuously evolve to meet the rapidly changing business environment. Accordingly, the Board will continue to take appropriate action plans to strengthen and enhance the risk management and internal control systems to meet the Group's objectives.

This Statement of Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors on 27 January 2023.

# SUSTAINABILITY STATEMENT

The Board is pleased to present the FYE 2022 Sustainability Statement to highlight our sustainability performance for operations in Malaysia. This Statement serves as a mechanism for communicating our efforts to address issues in economic, environmental, and social ("EES") aspects of sustainability.

We have prepared this Statement with reference to the Sustainability Reporting Guide and Toolkits (3rd Edition) and Ace Market Listing Requirements from Bursa Securities.

We acknowledge that MQ is at the beginner phase in sustainability development. Notwithstanding this, we aim to improve our sustainability disclosure in a phased manner by recognizing the ever-increasing demands from various stakeholders on the development and growth across the sustainability risks, to enhance and produce balanced, comparable, and meaningful disclosure.

## GOVERNANCE

The Board recognises the importance of governance in driving the Group to achieve its objectives and hence, plays a pivotal role in embedding sustainability in to the Group's business strategy. The responsibility of the Board includes:-

- oversees and reviews all sustainability matters and performance with ongoing and in- depth consideration of EES risks and opportunities.
- ensures that adequate resources, systems, and processes are in place for managing sustainability matters.
- instill sustainable business practices at every level of its organization and the day-to-day operations.

### [Code of Conduct & Ethics](#)

All employees, including Directors, are bounded by the Code and are encouraged to uphold its values daily. We have policies aligned with our Code to assist all employees in complying with the applicable laws and ethical principles that govern our business conduct. The Code covers insider trading, fair dealing and equality, conflict of interest, bribery, money laundering, and safety in the workplace.

### [Whistleblowing Policy](#)

The Group has established a Whistleblowing Policy to govern the reporting and handling of potential wrongdoing in the workplace. We are committed to protecting the confidentiality of whistleblowers for all reports disclosed in good faith. The whistleblowers are encouraged to report any suspected or actual misconduct in writing. The investigators will escalate investigation reports to the attention of the Audit Committee.

There were no whistleblowing cases reported in the year 2022.

### [Material Assessment](#)

We have assessed and identified EES issues that matter most to our business and stakeholders through internal and external sources: the relevant internal analysis of trends and concerns raised by stakeholders during stakeholder engagements, Annual General Meetings, examination of emerging and development of applicable laws, and regulations, and the overall business environment.

In FYE 2022, MQ identified five focus issues influencing the key stakeholders and their associated economic, environmental, and social impacts on MQ.

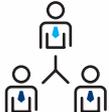


# SUSTAINABILITY STATEMENT (CONT'D)

## GOVERNANCE (CONT'D)

### Stakeholder Engagement

MQ engages with different stakeholder groups in identifying and prioritizing material sustainability matters. These interactions are crucial to prioritizing and addressing material sustainability matters. For effective engagement with its stakeholders, various methods are employed, including but not limited to the following:

Stakeholder	Focus area	Method of engagement
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Continuing learning and growth</li> <li>Career development</li> <li>Employee welfare</li> </ul>	<ul style="list-style-type: none"> <li>Annual staff performance appraisal</li> <li>Trainings and workshops</li> <li>Regular meetings and discussions</li> </ul>
<b>Shareholders and Investors</b> 	<ul style="list-style-type: none"> <li>Shareholders' and investors' confidence</li> <li>Profitability</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>MQ's website updates</li> <li>Annual Reports and Quarterly Reports</li> <li>Announcements to Bursa Securities</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Product and service quality</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Site visits</li> <li>Written Communication</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Continuous supply of quality materials and services</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Site visits</li> <li>Written Communication</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>Reputation and branding</li> <li>Corporate social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Annual report</li> </ul>
<b>Financial Institutions</b> 	<ul style="list-style-type: none"> <li>Continuous financial support</li> </ul>	<ul style="list-style-type: none"> <li>Annual Reports</li> <li>Quarterly Report</li> <li>Discussions</li> </ul>
<b>Government and regulators</b> 	<ul style="list-style-type: none"> <li>Compliance with law and regulation</li> </ul>	<ul style="list-style-type: none"> <li>Audit Reports</li> <li>Tax submission</li> <li>Dialogues, seminars and meetings</li> </ul>

# SUSTAINABILITY STATEMENT (CONT'D)

## ECONOMIC IMPACT

### Economic Performance

Profitable and sustainable growth is vital to our long-term success as a listed company. We are grateful that our economic performance contributes to financial stability. We fulfill our financial obligations to the stakeholders, such as payment of salaries to our employees, the government through taxes, and suppliers through purchases.

Despite the significant market disruptions caused by the pandemic, the Group achieved fantastic results for FYE2022 compared to FPE2021. The Group delivered a resilient financial and operational performance in FYE2022, whereby our revenues increased by 51.3% to RM16.11 million (FPE2021: RM10.65 million). Consequent to the growth in revenue, the Group's PAT turned black into RM2.18 million in FYE2022 from a loss of RM1.36 million in FPE2021.

### Quality and safety

In MQ, we uphold the policy "Delivery on Time with Quality is our Commitment to Customer Satisfaction." MQ developed a Quality Policy to serve as the foundation of the culture and commitment to our customers and legal compliance. All employees are responsible for providing the best of our products and services. MQ commits to complying with ISO 9001-2008 and continuously monitors the relevant requirements.

We provide a framework for establishing and reviewing quality objectives which take their roots from the following basic principles:

- To improve production efficiency
- To deliver on time
- To produce quality products

MQ embeds quality checks into the manufacturing process with the help of a complete set of quality control equipment. We believe producing the right product right the first times help maintain customer satisfaction and loyalty and reduces the risk and cost of return.

## ENVIRONMENT IMPACT

### Waste management

We continually review our waste generation to manage our environmental footprint. We ensure the implementation of control measures to comply with relevant regulations and continuously monitor the production process to manage waste generation.

At MQ, we manage waste through a formalized waste management flow. The production team segregates the scheduled waste generated into the correct bin or container and places them in the designated area. These waste items are handled with care before collection by authorized vendors.

There was no waste-related incident in breach of any regulation in FYE2022.

### Noise Pollution

The Group's operations produce noise as an inevitable side effect. We pay close attention to the impact, and in this regard, we monitor and establish control measures to minimize the risk of noise pollution on our surroundings and employees. We conduct periodic assessments on operating locations and provide earplugs to workers running the machinery that emit high noise levels.

MQ appoints a certified consultant to perform the Noise Risk Assessment Report regularly. The consultant last performed the monitoring on 30 December 2021 and 20 January 2022. Out of the eight areas, the wire cut area and steel grinding area have exceeded the noise level (Lex(8hr) dB(A)), and we agree to the recommendation from the consultant to improve the subject matter.

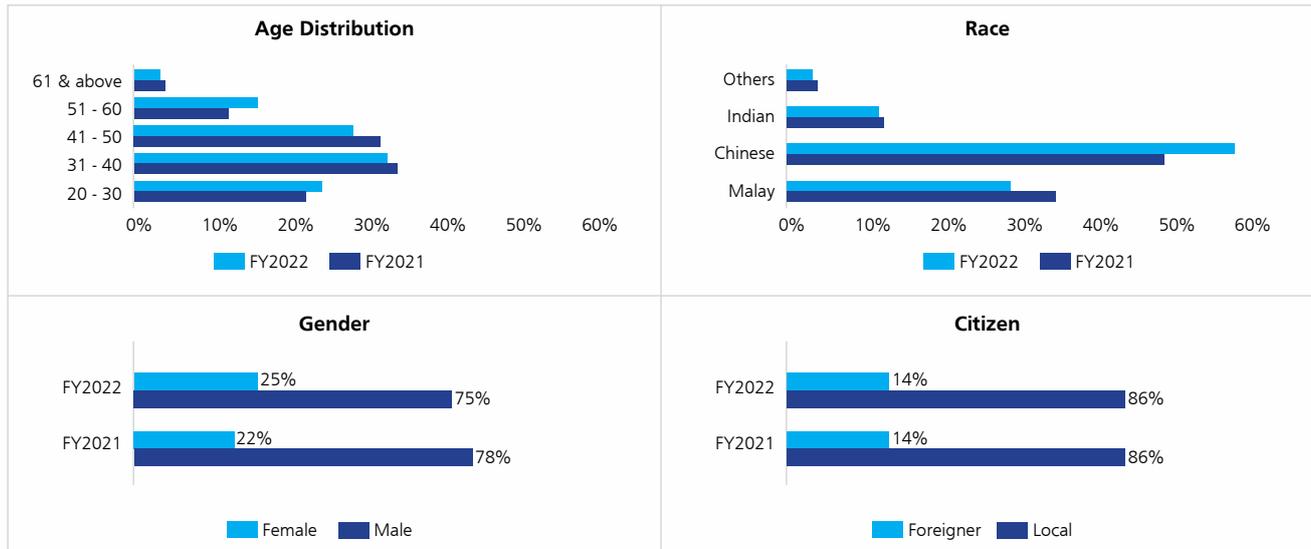
The Board is committed to sustainable business practices and instilling the culture in every minor item. We started small by replacing old light bulbs, promoting proper water usage, printing on both sides of the paper, and off lights to save electricity when not in work station. We believe every single step will contribute to sustainability.

# SUSTAINABILITY STATEMENT (CONT'D)

## SOCIAL IMPACT

### Workforce Diversity and Equal Opportunity Employment

We believe in recruiting a diverse range of talents from various backgrounds. MQ continually strengthens a work culture of equality, fairness of opportunity, and freedom from bias and discrimination. To achieve workforce diversity, we always ensure that our applicants have equal employment opportunities regardless of gender, age, and race.



We have also shortened the gap between females and males in FYE2022. Although with the minor result, we are encouraged and strive to continue the efforts in achieving a balanced workforce.

We have 85 employees in FYE2022 (FPE2021: 74) and more than 80% of our employees are local Malaysian citizens. We created increasing working opportunities for a better society, acknowledging the importance of social development while striving for business growth. We aimed to improve the well-being of society, preventing and reducing poverty in Malaysia.

### Safety at the workplace

We have a Safety Committee ("OHSAS Committee), which plays a pivotal role in managing and creating a healthy and safe workplace for our employees. The formation of the Committee and relevant policies comply with the Occupational Safety and Health (Safety and Health Committee) Regulation 1996 and Occupational Safety and Health Act 1994 [ACT 514].

The Group emphasizes strict management to create a safe working environment and thus, through the OHSAS Committee, implements strict monitoring of the type of accidents that happen on the premises, studies the root cause, and places preventive measures to reduce the injuries incidents.

We ensure the safety and health of our workforce by implementing, amongst others, the following measures:

- Implement 5S and regularly communicate safety awareness messages to all employees.
- Ongoing identifying, monitoring, and enforcing safe behaviours at our workplace to eliminate unsafe practices.
- Arrange potential hazard materials separately and display proper signage for awareness purposes.
- Display work instructions at each workstation.

Besides the above, although the business has started back to normal from the lockdown and Movement Control Order, we continued the sanitation works and swab test arrangements. MQ emphasises preventing COVID-19 from spreading in the workplace by continually investing in the test kit and sanitising the working premises.

### Training and Development

Training and development help our Group to gain and retain talent, increase job satisfaction, and improve productivity. MQ values the career development and skills improvement of our employees. As such, we never underestimate the importance of employee training. We always provide on-the-job training to sharpen their skills and knowledge.

The average training hours per employee is eight hours in FYE2022 (FPE2021: eight hours.)

# 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 year ended 30 September 2022, the AC conducted five (5) 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 year ended 30 September 2022.

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 year ended 30 September 2022 are as follows:

Committee Member	Meeting attended
Dr. Koay Boon Hooi	5/5
Dato’ Lim Char Boo	5/5
Paulinus Mojiun	5/5
Dato’ Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022 and Resigned on 5 January 2023)	0/1

## SUMMARY ACTIVITIES

The AC activities during the financial year 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;
- reviewed and evaluated the factors relating to the independence of the External Auditors; and
- follow up closely with the External Auditors on the qualified opinion in the Audited Financial Statements.

The AC recommended to the Board for approval of the audit fee of RM130,000 in respect of the financial year ended 30 September 2022.

The Board at its meeting held during the financial year end, 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 year ended 30 September 2022 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 year ended 30 September 2022, 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 year ended 30 September 2022. 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 year ended 30 September 2022 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 29,605,847 Placement Shares has been issued and allotted. 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	6,000	Within 12 months
Repayment of unsecured loan	2,000	1,000	Within 3 months
Working Capital	657	440	Within 12 months
Expenses for the Proposed Private Placement	109	99	Immediately
<b>TOTAL</b>	<b>8,766</b>	<b>7,539</b>	

\* The proposed utilisation of proceeds is based on the proposed private placement and the actual proceeds received and utilisation of proceeds is RM7.539 million. Hence the proceeds received from the proposed private placement is fully utilised.

## 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 year ended 30 September 2022.

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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

During the financial year ended 30 September 2022, a total of 15,960,700 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 2022 are set out in the table below:-

Description	Number of Options as at 30 September 2022	
	Total	Employees
Granted	43,831,770	43,831,770
Exercised	15,960,700	15,960,700
Outstanding	-	-

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

Directors and Senior Management	During the financial year 2022	Since commencement up to 30 September 2022
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 year ended 30 September 2022.

### 8. Non-Audit Fees

The non-audit fees of RM5,000 was paid and payable to External Auditors by the Group for the financial year ended 30 September 2022.

### 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 year ended 30 September 2022.

### 10. Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 30 September 2022.

### 11. Profit Forecast Variance

There was no profit forecast issued during the financial year ended 30 September 2022.

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# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

The directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 30 September 2022.

### Principal activity

The Company is principally engaged in investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### Results

	<b>Group RM</b>	<b>Company RM</b>
Net profit/(loss) for the financial year	<u>2,182,010</u>	<u>(1,842,703)</u>

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

### Dividends

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

### Reserves and provisions

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

### Issue of shares and debentures

On 12 October 2021, the Company issued 29,605,847 new ordinary shares at an issue price of RM0.0545 per placement share for a total cash consideration of RM1,613,519.

On 2 November 2021, the Company issued 100,000 new ordinary shares at an issue price of RM0.10 per placement share for a total cash consideration of RM10,000.

On 16 November 2021, the Company issued 270,000 new ordinary shares at an issue price of RM0.10 per placement share for a total cash consideration of RM27,000.

On 19 November 2021, the Company issued 530,500 new ordinary shares at an issue price of RM0.10 per placement share for a total cash consideration of RM53,050.

On 23 November 2021, the Company issued 126,000 new ordinary shares at an issue price of RM0.10 per placement share for a total cash consideration of RM12,600.

# DIRECTORS' REPORT (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### Issue of shares and debentures (cont'd)

On 25 November 2021, the Company issued 14,000 new ordinary shares at an issue price of RM0.10 per placement share for a total cash consideration of RM1,400.

On 8 February 2022, the Company issued 15,960,700 new ordinary shares at an issue price of RM0.0605 per ESOS share for a total cash consideration of RM965,622.

On 30 May 2022, the Company issued 357,455,000 new ordinary shares at an issue price of RM0.0360 per placement share for a total cash consideration of RM12,868,380.

The newly issued shares rank pari passu in all respects with the existing issued shares.

The Company did not issue any new debentures during the financial year.

### 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.

# DIRECTORS' REPORT (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### Share issuance scheme options (cont'd)

The movements in the share issuance scheme options is as follows:

	At 1.10.2021	Entitlement for ordinary shares		At 30.9.2022
		Exercised	Lapsed	
Share issuance scheme options	43,831,770	(15,960,700)	(27,871,070)	-

### Warrants

#### Warrant 2016/2021

On 22 November 2016, the Company issued 183,516,630 Warrants in conjunction with its renounceable right issue. The Warrants 2016/2022 are constituted by a Deed Poll dated 14 October 2016.

The salient features of the Warrants 2016/2022 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 Warrants is as follows:

	At 1.10.2021	Entitlement for ordinary shares		At 30.9.2022
		Exercised	Expired	
Warrants	183,516,630	1,040,500	182,476,130	-

# DIRECTORS' REPORT (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### Directors

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

Dato' Lim Char Boo  
 Gerald Nicholas Tan Eng Hoe  
 Koay Boon Hooi  
 Paulinus Mojiun  
 Terence Cheah Eu Lee\*  
 Tong Sian Shyen\*  
 Dato' Nurulhidayah Binti Ahmad Zahid (Appointed on 2 June 2022)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Kok Seng Ping  
 Chean Meng Hee (Appointed on 14 June 2022)  
 Lim Chung Ming (Appointed on 14 June 2022)

\* Director of the Company and certain subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

### Directors' interests

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors holding office at the end of financial year had any interest in the shares and options over shares of the Group and of the Company during the financial year.

### Directors' benefits

Since the end of the previous financial period, none of the directors of the Group and of the Company has received nor become entitled to receive any benefit (other than the benefits shown under directors' remuneration) by reason of a contract made by the Group and the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, did there subsist any arrangement to which the Group and the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Group and the Company or any other body corporate.

### Indemnities to directors, officers and auditors

There was no indemnity given to or insurance effected for any director, officer or auditors of the Group and Company during the financial year.

# DIRECTORS' REPORT (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### Directors' remuneration

The details of the directors' remuneration during the financial year as follows:

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
Directors' remuneration:-				
- EIS contribution	323	483	194	252
- EPF contribution	58,340	73,584	35,520	41,236
- Fee	224,333	196,548	195,333	196,548
- Salaries	523,541	649,742	296,000	342,839
- SOCSO contribution	3,384	3,954	1,692	2,198
	809,921	924,311	528,739	583,073

### Other statutory information

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

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realise in the ordinary course of business including the values of current assets as shown in accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount writing 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; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

# **DIRECTORS' REPORT** (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### **Other statutory information (cont'd)**

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

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

In the opinion of the directors:

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

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

### **Auditors' remuneration**

The auditors' remuneration of the Group and of the Company are amounted to RM130,000 and RM56,000 (2021:RM161,510 and RM91,000) during the financial year.

### **Significant events after the financial year**

The details of the significant events after the financial year are disclosed in Note 32 to the financial statements.

### **Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

# **DIRECTORS' REPORT** (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## **Auditors**

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

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

.....  
**TONG SIAN SHYEN**  
Director

.....  
**TERENCE CHEAH EU LEE**  
Director

Kuala Lumpur,  
Date : 27 January 2023



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MQ TECHNOLOGY BERHAD

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of MQ Technology Berhad, which comprise the statements of financial position as at 30 September 2022 of the Group and of the Company, and the statement of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended 30 September 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 109.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### *Basis for Opinion*

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

#### *Independence and Other Ethical Responsibilities*

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## TO THE MEMBERS OF MQ TECHNOLOGY BERHAD

### Report on the Audit of the Financial Statements (cont'd)

#### *Key Audit Matters (cont'd)*

#### **Impairment of other receivables**

The Group's other receivables amounting to RM22.8 million, representing approximately 59% of the total current assets as at 30 September 2022.

The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, other receivables concentration, other receivables creditworthiness and other receivables payment terms.

In addressing this, we have performed the following audit procedures:

- We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.
- We assessed the recoverability of other receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.
- We have reviewed the appropriateness of the disclosures made in the financial statements.

#### *Information Other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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

#### *Responsibilities of the Directors for the Financial Statements*

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## TO THE MEMBERS OF MQ TECHNOLOGY BERHAD

### Report on the Audit of the Financial Statements (cont'd)

#### *Responsibilities of the Directors for the Financial Statements (cont'd)*

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## TO THE MEMBERS OF MQ TECHNOLOGY BERHAD

### Report on the Audit of the Financial Statements (cont'd)

#### *Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## TO THE MEMBERS OF MQ TECHNOLOGY BERHAD

### Other Matters

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

The financial statements for the financial period ended 30 September 2021 were audited by another firm of certified public accountants whose report dated 28 January 2022 expressed a qualified opinion on those financial statements.

**CHENGCO PLT**  
201806002622  
(LLP0017004-LCA) & AF 0886  
Chartered Accountants

**NG KEE SIANG**  
03643/03/2024 J  
Chartered Accountant

Kuala Lumpur,  
Date: 27 January 2023



# STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Note	Group		Company	
		2022 RM	Restated 2021 RM	2022 RM	Restated 2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	32,771,005	18,368,841	27,137	25,702
Right of use assets	5	247,326	341,935	-	-
Investment in subsidiary companies	6	-	-	33,540,335	33,301,514
Amount due from subsidiary companies	10	-	-	18,366,951	18,260,675
		<u>33,018,331</u>	<u>18,710,776</u>	<u>51,934,423</u>	<u>51,587,891</u>
<b>Current assets</b>					
Inventories	7	1,101,991	923,185	-	-
Trade receivables	8	4,418,538	2,458,903	-	-
Other receivables, deposits and prepayments	9	29,092,146	27,741,601	4,425,227	9,246,641
Amount due from subsidiary companies	10	-	-	17,672,367	1,684,742
Current tax assets		89,589	96,429	-	-
Fixed deposits with licensed banks	11	260,000	260,000	-	-
Cash and cash equivalents	12	3,514,678	662,016	1,830,402	184,440
		<u>38,476,942</u>	<u>32,142,134</u>	<u>23,927,996</u>	<u>11,115,823</u>
<b>TOTAL ASSETS</b>		<u><u>71,495,273</u></u>	<u><u>50,852,910</u></u>	<u><u>75,862,419</u></u>	<u><u>62,703,714</u></u>
<b>EQUITY</b>					
Share capital	13	83,709,357	67,678,965	83,709,357	67,678,965
Reserves	14	12,409,830	8,055,560	-	-
Accumulated losses		(29,724,135)	(31,906,145)	(9,130,103)	(7,287,400)
<b>TOTAL EQUITY</b>		<u><u>66,395,052</u></u>	<u><u>43,828,380</u></u>	<u><u>74,579,254</u></u>	<u><u>60,391,565</u></u>

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

**STATEMENT OF FINANCIAL POSITION** (CONT'D)

AS AT 30 SEPTEMBER 2022

		Group		Company	
		2022	Restated	2022	Restated
Note	RM	RM	RM	RM	RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	15	96,499	148,363	-	-
Deferred tax liabilities	16	1,534,440	2,274,785	-	-
		<u>1,630,939</u>	<u>2,423,148</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	17	1,025,347	1,374,198	-	-
Other payables and accruals	18	2,392,072	3,164,149	1,283,165	2,312,149
Lease liabilities	15	51,863	63,035	-	-
		<u>3,469,282</u>	<u>4,601,382</u>	<u>1,283,165</u>	<u>2,312,149</u>
<b>TOTAL LIABILITIES</b>		<u>5,100,221</u>	<u>7,024,530</u>	<u>1,283,165</u>	<u>2,312,149</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>71,495,273</u>	<u>50,852,910</u>	<u>75,862,419</u>	<u>62,703,714</u>

*The accompanying notes form an integral part of these financial statements.*

# STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (WITH COMPARATIVE FIGURES FROM 1 JULY 2020 TO 30 SEPTEMBER 2021)

	Note	Group		Company	
		1.10.2021 to 30.9.2022 RM	Restated 1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	Restated 1.7.2020 to 30.9.2021 RM
Revenue	19	16,114,521	10,649,985	-	-
Cost of sales		<u>(10,611,276)</u>	<u>(7,305,941)</u>	<u>-</u>	<u>-</u>
Gross profit		5,503,245	3,344,044	-	-
Other operating income	20	501,088	105,489	22,941	11,611,549
Selling and distribution expenses		<u>(117,083)</u>	<u>(102,150)</u>	<u>(56,761)</u>	<u>(72,344)</u>
General and administrative expenses		<u>(4,437,071)</u>	<u>(4,794,456)</u>	<u>(1,808,817)</u>	<u>(1,553,473)</u>
Profit/(loss) from operations	21	1,450,179	(1,447,073)	(1,842,637)	9,985,732
Finance costs	22	<u>(8,433)</u>	<u>(11,143)</u>	<u>-</u>	<u>-</u>
Profit/(loss) before tax		1,441,746	(1,458,216)	(1,842,637)	9,985,732
Income tax income/(expenses)	23	<u>740,264</u>	<u>102,538</u>	<u>(66)</u>	<u>-</u>
Profit/(loss) for the financial year/period		<u>2,182,010</u>	<u>(1,355,678)</u>	<u>(1,842,703)</u>	<u>9,985,732</u>
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Revaluation of property, plant and equipment		<u>4,354,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,354,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Tota comprehensive income/ (loss) for the financial year/period</b>		<u>6,536,280</u>	<u>(1,355,678)</u>	<u>(1,842,703)</u>	<u>9,985,732</u>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	←——— Attributable to owner of the parent ———→			
	←——— Non-Distributable ———→	Reserves	Distributable	
	Share capital RM	RM	Accumulated losses RM	Total RM
<b>Group</b>				
At 1 July 2020	60,788,981	8,612,581	(30,550,467)	38,851,095
Net loss for the financial period, representing total comprehensive loss for the financial period	-	-	(1,355,678)	(1,355,678)
<b>Transactions with owners:</b>				
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 option	557,021	(557,021)	-	-
At 30 September 2021 and 1 October 2021	67,678,965	8,055,560	(31,906,145)	43,828,380
Revaluation of property, plant, and equipment	-	4,354,270	-	4,354,270
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	2,182,010	2,182,010
<b>Transactions with owners:</b>				
Shares issued pursuant to exercise of warrants	104,050	-	-	104,050
Shares issued pursuant to exercise of ESOS	1,444,443	-	-	1,444,443
Shares issued pursuant to private placements	14,481,899	-	-	14,481,899
At 30 September 2022	83,709,357	12,409,830	(29,724,135)	66,395,052

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

# STATEMENT OF CHANGES IN EQUITY (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Share capital RM	Reserves RM	Accumulated losses RM	Total RM
<b>Company</b>				
At 1 July 2020	60,788,981	557,021	(17,273,132)	44,072,870
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	9,985,732	9,985,732
<b>Transactions with owners:</b>				
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 option	557,021	(557,021)	-	-
At 30 September 2021 and 1 October 2021	67,678,965	-	(7,287,400)	60,391,565
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	(1,842,703)	(1,842,703)
<b>Transactions with owners:</b>				
Shares issued pursuant to exercise of warrants	104,050	-	-	104,050
Shares issued pursuant to ESOS exercise of ESOS	1,444,443	-	-	1,444,443
Shares issued pursuant to private placements	14,481,899	-	-	14,481,899
At 30 September 2022	83,709,357	-	(9,130,103)	74,579,254

*The accompanying notes form an integral part of these financial statements.*

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (WITH COMPARATIVE FIGURES FROM 1 JULY 2020 TO 30 SEPTEMBER 2021)

	Note	Group		Company	
		Restated	Restated	Restated	Restated
		1.10.2021	1.7.2020	1.10.2021	1.7.2020
		to	to	to	to
		30.9.2022	30.9.2021	30.9.2022	30.9.2021
		RM	RM	RM	RM
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax		1,441,746	(1,458,216)	(1,842,637)	9,985,732
Adjustments for :					
Allowance for expected credit losses		-	439,750	-	439,750
Depreciation of property, plant and equipment	4	898,276	993,352	5,733	5,980
Depreciation of right of use assets	5	94,609	74,995	-	-
ESOS share option expenses		478,821	-	478,821	-
Gain on disposal of right of use assets		-	(2,400)	-	-
Gain on disposal of property, plant and equipment		(24,000)	(69,405)	-	-
Property, plant and equipment written off		469	2,765	469	2,765
Advance payment written off		-	800,000	-	-
Interest expenses		8,433	11,143	-	-
Interest income		(131)	(333)	(48)	(274)
Reversal of impairment losses on investment in subsidiaries		-	-	-	(11,611,275)
Unrealised gain on foreign exchange		(172,135)	(10,213)	-	-
Operating profit/(loss) before working capital changes brought forward		<u>2,726,088</u>	<u>781,438</u>	<u>(1,357,662)</u>	<u>(1,177,322)</u>

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

# STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (WITH COMPARATIVE FIGURES FROM 1 JULY 2020 TO 30 SEPTEMBER 2021)

	Note	Group		Company	
		1.10.2021 to 30.9.2022 RM	Restated 1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	Restated 1.7.2020 to 30.9.2021 RM
Operating profit/(loss) before working capital changes carried forward		2,726,088	781,438	(1,596,483)	(1,177,322)
Changes in:					
Inventories		(178,805)	(344,133)	-	-
Trade receivables		(1,787,500)	(1,667,461)	-	-
Other receivables, deposits and prepayments		(1,350,545)	(4,548,596)	4,821,414	(5,039,107)
Trade payables		(348,851)	(34,827)	-	-
Other payables and accruals		(772,079)	(226,654)	(1,028,984)	(99,071)
Cash (used in)/generated from operation		(1,711,692)	(6,040,233)	2,195,947	(6,315,500)
Tax paid		(3,091)	(30,072)	(66)	-
Tax refunded		9,851	-	-	-
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,704,932)</b>	<b>(6,070,305)</b>	<b>2,195,881</b>	<b>(6,315,500)</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	4	(10,946,639)	(1,913,105)	(7,637)	(5,899)
Acquisition of right of use assets		-	(131,178)	-	-
Proceed from disposal of property, plant and equipment		24,000	69,405	-	-
Proceed from disposal of right of use assets		-	92,000	-	-
<b>Net cash used in investing activities</b>		<b>(10,922,639)</b>	<b>(1,882,878)</b>	<b>(7,637)</b>	<b>(5,899)</b>

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

# STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (WITH COMPARATIVE FIGURES FROM 1 JULY 2020 TO 30 SEPTEMBER 2021)

	Note	Group		Company	
		1.10.2021 to 30.9.2022	Restated 1.7.2020 to 30.9.2021	1.10.2021 to 30.9.2022	Restated 1.7.2020 to 30.9.2021
		RM	RM	RM	RM
<b>Cash flows from financing activities</b>					
Advance from a shareholder		-	2,000,000	-	2,000,000
Advance to subsidiary companies		-	-	(16,571,543)	(1,891,090)
Interest received		131	333	48	274
Interest paid		(8,433)	(11,143)	-	-
Proceeds from issuance of share		15,551,571	6,332,963	15,790,392	6,332,963
Repayment of lease liabilities	26	(63,036)	(109,706)	-	-
<b>Net cash generated from financing activities</b>		<u>15,480,233</u>	<u>8,212,447</u>	<u>(781,103)</u>	<u>6,442,147</u>
<b>Net increase in cash and cash equivalents</b>		2,852,662	259,264	1,645,962	120,748
Cash and cash equivalents at beginning of financial year		<u>662,016</u>	<u>402,752</u>	<u>184,440</u>	<u>63,692</u>
<b>Cash and cash equivalents at end of financial year</b>	12	<u><u>3,514,678</u></u>	<u><u>662,016</u></u>	<u><u>1,830,402</u></u>	<u><u>184,440</u></u>
<b>Cash and cash equivalents</b>					
Cash and cash equivalents at the end of the financial period comprise:					
Cash and bank balances		3,514,678	662,016	1,830,402	184,440
Fixed deposit with licensed bank		<u>260,000</u>	<u>260,000</u>	<u>-</u>	<u>-</u>
		3,774,678	922,016	1,830,402	184,440
Less: Fixed deposit pledged		<u>260,000</u>	<u>260,000</u>	<u>-</u>	<u>-</u>
		<u><u>3,514,678</u></u>	<u><u>662,016</u></u>	<u><u>1,830,402</u></u>	<u><u>184,440</u></u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 1. General information

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

The Company is principally engaged in investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company was located at Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Pulau Pinang.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### 2.2 Basis of measurement

The financial statements, which are presented in Ringgit Malaysia (“RM”), have been prepared under the historical cost except as disclosed in the accounting policies below.

### 2.3 Adoption of new and amended standards

The Group and the Company has adopted the following MFRS and Interpretations (collectively referred to as “MFRSs”), issued by the Malaysian Accounting Standards Board (“MASB”) and effective for the financial periods beginning on or after 1 January 2021;

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 2. Significant accounting policies (cont'd)

### 2.4 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued as at the reporting date but are not yet effective:

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022*

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Reference to the Conceptual Framework, (Business Combinations)
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- MFRS 116, Property, Plant and Equipment – Proceeds Before Intended Use
- Amendments to MFRS 137, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023*

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Estimates
- Amendments to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024*

- Amendments to MFRS 16, Leases – Lease liability in a sale and leaseback.

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed*

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.5 Business combinations and consolidation

##### (a) Business combinations

The Group applies the acquisition method to account for all combinations. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an acquisition.

The Group identifies the acquisition date of business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sale and purchase agreement.

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other bases by assets, excluding goodwill.

The cost of a business combination is measured at fair value, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Expenses incurred in connection with a business combination are capitalised in the cost of business combination.

The cost of business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after acquisition date is accounted as an equity transaction between the parent and the non-controlling interest and the effect is adjusted directly in equity.

If the initial accounting for a business combination is not complete by the end of the reporting year in which the combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about fact and circumstances that existed as of the acquisition date, including additional assets or liabilities in the measurement period. The measurement period for completion of the initial accounting ends after one year from the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.5 Business combinations and consolidation (cont'd)

##### (b) Subsidiaries and basis of consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decision of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting right are not dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting right.

The financial statements of the parents Company and all its subsidiaries used in the preparation of the consolidated financial statement are prepared as of the same reporting date of 30 September 2022.

The consolidated financial statements are prepared using uniform accounting policies for like transaction, other events conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date acquisition (which is the date the Group assumes control of an investee) or up effective date of disposal (which is the date the Group ceases to have control of an investee).

All intra-group balance and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statements of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of change in equity.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.6 Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of nonmonetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

#### 2.7 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification.

An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting periods; or
- (iv) Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting periods; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 2. Significant accounting policies (cont'd)

### 2.8 Property, plant and equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purpose or for rental to others are recognised as property, plant and equipment when the Group and the Company obtains control of the asset. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on the nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchases price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. All property, plant and equipment are depreciated by allocating the depreciable amount over the remaining useful life. The depreciation methods used and useful lives of the respective classes of property, plant and equipment are as follows:

	<u>Method</u>	<u>Useful life (years)</u>
Buildings	Straight-line	40 - 50
Furniture, fittings and office equipment	Straight-line	5 - 10
Leasehold land	Straight-line	50
Motor vehicles	Straight-line	5
Plant and machinery	Straight-line	10

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current financial year.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

The Group and Company revalue its properties comprising land and buildings every 3 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation of properties held for own use are dealt with in other comprehensive income and are accumulated separately in equity in the revaluation reserve account. When a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation. On annual basis, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

When revalued assets are retired or disposed, the amounts included in the revaluation surplus reserve are transferred to retained earnings and are not reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.9 Leases

##### As lessee

The Group and the Company recognise a Right of use assets (“ROU”) and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 2.10 on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or at the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

	<u>Method</u>	<u>Useful life (years)</u>
Office	Straight-line	2
Motor vehicles	Straight-line	5

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities’ incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option. Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 2. Significant accounting policies (cont'd)

### 2.9 Leases (cont'd)

#### As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 2.10 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The increase to its recoverable amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.11 Financial instruments

##### (a) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transition price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### (b) Financial instrument categories and subsequent measurement

###### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change of the business model.

For purpose of subsequent measurement financial assets are classified in four categories:

- Amortised cost
- Fair value through other comprehensive income – debt investments
- Fair value through other comprehensive income – equity investments
- Fair value through profit or loss

The Group and the Company does not have any financial assets classified other than amortised cost.

##### (i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 2. Significant accounting policies (cont'd)

### 2.11 Financial instruments (cont'd)

#### (b) *Financial instrument categories and subsequent measurement (cont'd)*

##### *Financial assets (cont'd)*

#### (ii) Fair value through other comprehensive income

##### (a) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual term gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

##### (b) Equity investments

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

#### (iii) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.11 Financial instruments (cont'd)

##### (b) Financial instrument categories and subsequent measurement (cont'd)

###### *Financial assets (cont'd)*

##### (iii) Fair value through profit or loss (cont'd)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

###### *Financial liability*

The categories of financial liabilities at initial recognition are as follow:

- Amortised cost
- Fair value through profit or loss

The Group and the Company does not have any financial liabilities classified other than amortised cost.

##### (i) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method (EIR).

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or losses on derecognition are also recognised in the profit or loss.

##### (ii) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.11 Financial instruments (cont'd)

##### (b) Financial instrument categories and subsequent measurement (cont'd)

##### *Financial liability (cont'd)*

##### (ii) Fair value through profit or loss (cont'd)

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

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

##### (c) Regular way purchase or sale of financial asset

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current financial year.

Trade date accounting refer to:

- (i) the derecognition of an asset to be received and the liability to pay for it on the trade date, and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refer to:

- (i) the recognition on an asset on the day it is received by the Group and the Company, and
- (ii) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group and the Company.

Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group and the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.11 Financial instruments (cont'd)

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit and loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharge, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability, 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 to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (e) Offsetting

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

#### 2.12 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.

#### 2.13 Impairment of financial assets

##### (a) Financial assets

The Group and the Company recognises loss allowances for expected credit losses on financial assets measure at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measures loss allowances at an amount equal to lifetime expected credit losses, except for cash and bank balance. Loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.13 Impairment of financial assets (cont'd)

##### (a) Financial assets (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company 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 Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of an asset, while 12 months expected losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk.

The Group and the Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experiences.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assesses whether financial assets carried at amortised are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have assets or sources of income that could generated sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group and the Company's procedures for recovery amounts due.

##### (b) Other assets

The carrying amount of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.13 Impairment of financial assets (cont'd)

##### (b) Other assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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 or the cash-generating unit. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (groups of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. 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. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand, which are subject to a significant risk of changes in value.

#### 2.15 Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess, if any, of the nominal value of shares issued are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares is accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.16 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 and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company 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 goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company 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 and the Company's performance as the Company performs;
- (b) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company 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 and the Company will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

#### 2.17 Employee benefits

- (a) Short term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.17 Employee benefits (cont'd)

##### (b) Post-employment benefits

The Group and the Company pays monthly contributions to the Employees Provident Fund (“EPF”) which is a defined contribution plan.

The legal or constructive obligation of the Group and the Company is limited to the amount that they required to contribute to the EPF. The contributions to EPF are charged to profit or loss in the period to which they relate.

#### 2.18 Income taxes

##### (a) Current income tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### (b) Deferred tax

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

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

- (i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

In respect of taxable temporary differences associated with investments in associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.18 Income taxes (cont'd)

##### (b) Deferred tax (cont'd)

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### 2.19 Earnings per share

The Group presents basic and diluted earnings/(loss) per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and warrants.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date except for fair value of shared-based payment. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measure using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- LEVEL 1: Quoted (unadjusted) market prices in active market for identical assets or liabilities.
- LEVEL 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- LEVEL 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by directors for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The directors decide, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.20 Fair value measurement (cont'd)

At each reporting date, the senior management analyses the movement in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 2.21 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
- has control or joint control over the Group and the Company; or
  - has significant influence over the Group and the Company; or
  - is a member of the key management personnel of the Group and the Company or of a parent of the Group and the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- The entity and the Group and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of the third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment benefit plan for the benefit of employees of either the Group and the Company or an entity related to the Group and the Company. If the Group and the Company is itself such a plan, the sponsoring employers are also related to the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 2. Significant accounting policies (cont'd)

#### 2.21 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- The entity is controlled or joint-controlled by a person identified in (a) above.
- The entity or any member of a group of which it is a part, provides key management personnel services to the Group and the Company or to the parent of the Company.

### 3. Significant accounting judgements and estimates

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Accounting judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 3.1 Judgement and assumption applied

In the selection of accounting policies for the Group and the Company, the areas that require significant judgements and assumptions are in:

(i) Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

(ii) Determining the lease term of contracts with renewal options - the Group as lessee

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 3. Significant accounting judgements and estimates (cont'd)

#### 3.1 Judgement and assumption applied (cont'd)

In the selection of accounting policies for the Group and the Company, the areas that require significant judgements and assumptions are in: (cont'd)

##### (ii) Determining the lease term of contracts with renewal options - the Group as lessee (cont'd)

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

#### 3.2 Key sources of estimation uncertainty

The measurement of some assets and liabilities requires directors to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and the Company are in measuring:

##### (a) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

##### (b) Measurement of income taxes

Significant judgement is required in determining the Group's and the Company's provision for current and deferred taxes because the ultimate tax liability for the Group and the Company is uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the financial period when such determination is made. The Group and the Company will adjust for the differences as over- or under- provision of current or deferred taxes in the current financial period in which those differences arise.

##### (c) Measurement of expected credit loss ("ECL")

Significant judgement is required in determining ECL. Directors need to identified and categorised financial assets into relevant segment by similar characteristic and credit risk. The directors need to apply suitable measurement method to measure ECL on the relevant segments.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 3. Significant accounting judgements and estimates (cont'd)

#### 3.2 Key sources of estimation uncertainty (cont'd)

- (d) Useful lives of property, plant and equipment and right of use assets.

The Group and the Company regularly reviews the estimated useful lives of property, plant and equipment, ROU assets and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for the property, plant and equipment, and ROU asset are disclosed in Notes 4 and 5 respectively.

- (e) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the expected value method, whereby the transaction price is determined by reference to the sum of probability weighted amounts in a range of possible consideration amounts.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

- (f) Discount rate used in leases

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 4. Property, plant and equipment

Group Cost/at valuation	Furniture, fittings and office					Plant and machinery (at valuation) RM	Plant and machinery (at cost) RM	Motor vehicles (at cost) RM	Leasehold land (at valuation) RM	Buildings (at cost) RM	Total RM
	Buildings (at cost) RM	equipment (at cost) RM	equipment (at cost) RM	Leasehold land (at valuation) RM	Motor vehicles (at cost) RM						
At 1 July 2020	4,790,080	2,343,533	10,700,000	855,097	928,944	28,066,708	47,684,362				
Additions	1,800,000	98,723	-	-	14,382	-	1,913,105				
Disposals	-	-	-	-	-	-	(291,026)				
Write off	-	(12,316)	-	-	(15,000)	-	(27,316)				
At 30 September 2021 and 1 October 2021	6,590,080	2,429,940	10,700,000	564,071	928,326	28,066,708	49,279,125				
Additions	6,000,000	112,881	-	26,500	4,767,258	40,000	10,946,639				
Revaluation	(2,590,080)	-	1,300,000	-	-	(20,630,173)	(21,920,253)				
Disposals	-	-	-	(521,830)	-	(336,587)	(858,417)				
Write off	-	(28,746)	-	(760)	(16,517)	(727,518)	(773,541)				
At 30 September 2022	10,000,000	2,514,075	12,000,000	67,981	5,679,067	6,412,430	36,673,553				
<b>Accumulated depreciation</b>											
At 1 July 2020	156,235	1,300,026	319,403	855,097	722,866	26,878,882	30,232,509				
Charge for the financial period	141,086	188,623	266,169	-	114,018	283,456	993,352				
Disposals	-	-	-	(291,026)	-	-	(291,026)				
Write off	-	(9,551)	-	-	(15,000)	-	(24,551)				
At 30 September 2021 and 1 October 2021	297,321	1,479,098	585,572	564,071	821,884	27,162,338	30,910,284				
Charge for the financial year	148,869	158,064	212,935	2,650	90,635	285,123	898,276				
Revaluation	(446,190)	-	(798,507)	-	-	(25,029,826)	(26,274,523)				
Disposals	-	-	-	(521,830)	-	(336,587)	(858,417)				
Write off	-	(28,277)	-	(760)	(16,517)	(727,518)	(773,072)				
At 30 September 2022	-	1,608,885	-	44,131	896,002	1,353,530	3,902,548				
<b>Net carrying amount</b>											
At 30 September 2021	6,292,759	950,842	10,114,428	-	106,442	904,370	18,368,841				
At 30 September 2022	10,000,000	905,190	12,000,000	23,850	4,783,065	5,058,900	32,771,005				

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 4. Property, plant and equipment (cont'd)

	<b>Furniture and fittings and office equipment</b>	<b>Total</b>
<b>Company Cost</b>	<b>RM</b>	<b>RM</b>
At 1 July 2020	43,031	43,031
Addition	5,899	5,899
Written off	(12,316)	(12,316)
At 30 September 2021 and 1 October 2021	<u>36,614</u>	<u>36,614</u>
Addition	7,637	7,637
Written off	(840)	(840)
At 30 September 2022	<u>43,411</u>	<u>43,411</u>
<b>Accumulated depreciation</b>		
At 1 July 2020	14,483	14,483
Charges for the financial period	5,980	5,980
Written off	(9,551)	(9,551)
At 30 September 2021 and 1 October 2021	<u>10,912</u>	<u>10,912</u>
Charges for the financial year	5,733	5,733
Written off	(371)	(371)
At 30 September 2022	<u>16,274</u>	<u>16,274</u>
<b>Net carrying amount</b>		
At 30 September 2021	<u>25,702</u>	<u>25,702</u>
At 30 September 2022	<u>27,137</u>	<u>27,137</u>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 5. Right of use assets

The Group has a lease contract for office and motor vehicle used in its operations that has lease terms of 3-5 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amount of right of use assets recognised and the movement during the financial year:

	Office RM	Motor vehicles RM	Total RM
<b>Group Cost</b>			
At 1 July 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, 1 October 2021 and 30 September 2022	73,548	281,178	354,726
<b>Accumulated depreciation</b>			
At 1 July 2020	91,612	8,533	100,145
Charged 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 and 1 October 2021	12,791	-	12,791
Charged for the year	38,373	56,236	94,609
At 30 September 2022	51,164	56,236	107,400
<b>Net carrying amount</b>			
At 30 September 2021	60,757	281,178	341,935
At 30 September 2022	22,384	224,942	247,326

- (a) The net carrying amount of the right of use assets pledged as securities for the related lease liabilities as disclosed in note 15 are as follows:

	Group	
	2022 RM	2021 RM
Motor vehicles	224,942	281,178

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 5. Right of use assets (cont'd)

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

	Group	
	2022 RM	2021 RM
Depreciation of right of use assets	94,609	74,995
Interest on lease liabilities	8,433	7,143
	94,609	74,995

(c) During the financial year, the Group acquire the right of use assets by following means:

	Group	
	2022 RM	2021 RM
Finance lease	-	223,548
Cash payment	-	131,178
	-	354,726

## 6. Investment in subsidiary companies

	Company	
	2022 RM	2021 RM
<b>Unquoted shares at cost</b>		
At beginning of year/period	42,394,060	26,394,060
Subscription of additional shares in a subsidiary	-	16,000,000
At end of year/period	42,394,060	42,394,060
<b>Share options granted to employees of a subsidiary pursuant to Company's SIS</b>		
At beginning of year/period	1,449,725	1,449,725
Granted during the year	238,821	-
At end of year/period	1,688,546	1,449,725
<b>Accumulated impairment losses</b>		
At beginning of year/period	(10,542,271)	(22,153,546)
Reversal of impairment loss	-	11,611,275
At end of year/period	(10,542,271)	(10,542,271)
<b>Carrying amount</b>	33,540,335	33,301,514

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 6. Investment in subsidiary companies (cont'd)

Name	Principal place of business	Ownership Interest		Principal activities
		2022 %	2021 %	
Microlead Precision Technology Sdn Bhd ("MPT")	Malaysia	100	100	i) manufacture moulds, tools, dies, jigs and fixtures for use in hard disk drives production ii) manufacture advanced suspension tooling, semiconductor cavity/encapsulation moulds for application in hard disk drives and semiconductor industries iii) manufacture advanced automation modules/assemblies for digital data storage, medical instrument systems/device and optoelectronics application and related components
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

#### 6.1 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.

#### 6.2 Reversal of impairment loss of investment in a subsidiary

During financial year ended 30 September 2021, the Company had reversed its impairment of investment in MPT amounting to RM11,611,275. 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 7. Inventories

	Group	
	2022	2021
	RM	RM
<i>Measured at lower of cost and net realised value:</i>		
Raw materials	577,002	525,614
Work in progress	147,427	168,001
Finished goods	377,562	229,570
	<u>1,101,991</u>	<u>923,185</u>
<b>Recognised in profit and loss</b>		
Inventories recognised as cost of sales	<u>10,611,276</u>	<u>7,305,941</u>

## 8. Trade receivables

	Group	
	2022	2021
	RM	RM
Trade receivables	4,418,538	2,467,055
Less: Accumulated impairment losses	-	(8,152)
	<u>4,418,538</u>	<u>2,458,903</u>

Trade receivables are non-interest bearing and generally on 30 to 90 days (2021: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

An aging analysis of trade receivables as at reporting date is as follows:

	Group	
	2022	2021
	RM	RM
<b>Gross amount</b>		
Current	1,270,084	1,721,035
Past due:		
Less than 30 days	1,890,457	600,666
31 to 60 days	1,102,449	109,682
61 to 90 days	143,644	33,986
More than 90 days	11,904	1,686
	<u>3,148,454</u>	<u>746,020</u>
	4,418,538	2,467,055
<i>Credit impaired</i>		
Expected credit losses	-	(8,152)
	<u>4,418,538</u>	<u>2,458,903</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 8. Trade receivables (cont'd)

Trade receivables that are neither past due nor individually impaired are creditworthy receivables with good payment records with the Group.

As at 30 September 2022, gross trade receivables of RM3,148,454 (2021: RM737,868) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to Nil (2021: RM8,152), relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

The currency exposure profile of trade receivables of the Company is as follows:

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	478,570	313,045
United States Dollar	3,939,968	2,145,858
	4,418,538	2,458,903

### 9. Other receivables, deposits and prepayments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	26,773,610	26,610,031	8,353,610	8,176,447
Less: Allowance for impairment losses	(3,939,750)	(3,939,750)	(3,939,750)	(3,939,750)
	22,833,860	22,670,281	4,413,860	4,236,697
Deposits	29,196	24,750	3,800	200
Prepayments	6,583,690	5,731,170	7,567	5,009,744
Less: Allowance for impairment losses	(354,600)	(684,600)	-	-
	6,229,090	5,046,570	7,567	5,009,744
	29,092,146	27,741,601	4,425,227	9,246,641

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 9. Other receivables, deposits and prepayments (cont'd)

The reconciliation of the allowance for expected credit losses for of other receivables and deposits and accumulated impairment losses of prepayments are as follows:

	Group and Company	
	2022	2021
	RM	RM
<b>Allowance for expected credit losses</b>		
At beginning of period	3,939,750	3,500,000
Additions	-	439,750
At end of period	<u>3,939,750</u>	<u>3,939,750</u>

	Group	
	2022	2021
	RM	RM
<b>Accumulated impairment losses</b>		
At beginning of period	684,600	684,600
Written off	(330,000)	-
At end of period	<u>354,600</u>	<u>684,600</u>

## 10. Amount due from subsidiary companies

These amounts are non-trade in nature, unsecured, interest free and recoverable on demand.

## 11. Fixed deposit with licensed banks

These fixed deposits of the Group amounting to RM260,000 (2021: RM260,000) have been pledged to a licensed bank as security 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 Group.

## 12. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash in hand	10,844	2,908	-	-
Cash at bank	3,503,834	659,108	1,830,402	184,440
	<u>3,514,678</u>	<u>662,016</u>	<u>1,830,402</u>	<u>184,440</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 12. Cash and cash equivalents (cont'd)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	3,285,641	528,270	1,830,402	184,440
United States Dollar	229,037	133,746	-	-
	<u>3,514,678</u>	<u>662,016</u>	<u>1,830,402</u>	<u>184,440</u>

### 13. Share capital

	← Group and Company →			
	← Number of shares →		← Amount →	
	2022 unit	2021 unit	2022 RM	2021 RM
<b>Issued and fully paid</b>				
Beginning of financial year	847,029,984	716,539,701	67,678,965	60,788,981
Addition				
Issue of shares pursuant to private placements	387,060,847	116,500,000	14,481,899	5,925,250
Issue of shares pursuant to exercise of warrants	1,040,500	13,990,283	104,050	407,713
Issue of shares pursuant to exercise of ESOS	15,960,700	-	1,444,443	-
Transfer from share option reserve upon exercise of SIS options	-	-	-	557,021
End of the financial year	<u>1,251,092,031</u>	<u>847,029,984</u>	<u>83,709,357</u>	<u>67,678,965</u>

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

- (i) private placement of 29,605,847 new ordinary shares at an issue price of RM0.0545 per share for cash;
- (ii) issuance of 1,040,500 new ordinary shares pursuant to exercise of warrants at an exercise price of RM0.10 per share for cash;
- (iii) issuance of 15,960,700 new ordinary shares under the ESOS at an exercise price of RM0.0605 per share for cash; and
- (iv) private placement of 357,455,000 new ordinary shares at an issue price of RM0.0360 per share for cash.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 13. Share capital (cont'd)

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.

On the newly issued shares rank pari passu in all respects with the existing issued shares.

### 14. Reserves

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revaluation reserves	12,409,830	8,055,560	-	-

#### Revaluation reserves

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

### 15. Lease liabilities

	Group	
	2022 RM	2021 RM
<b>Secured</b>		
Lease liabilities	148,362	211,398
<b>Non-current</b>		
Lease liabilities	96,499	148,363
<b>Current</b>		
Lease liabilities	51,863	63,035
	148,362	211,398



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 15. Lease liabilities (cont'd)

The interest rate of the Group and of the Company at reporting date range from 4.32% to 6.21% (2021: 4.32% to 6.21%).

	Group	
	2022	2021
	RM	RM
At beginning of the year / period	211,398	97,556
Additions	-	223,548
Interest charged	8,433	7,143
Repayments	(71,469)	(116,849)
At the end of the year / period	148,362	211,398
<i>Future minimum lease payments</i>		
Not later than one year	57,256	71,468
Later than one year but not later than five years	103,126	157,624
Later than five years	-	2,758
	160,382	231,850
Less: Future finance charges	(12,020)	(20,452)
	148,362	211,398
<i>Present value of:</i>		
<b>Current</b>		
Not later than one year	51,863	63,035
<b>Non-current</b>		
Later than one year but not later than five years	96,499	145,614
Later than five years	-	2,749
	96,499	148,363
	148,362	211,398

The Group and the Company lease motor vehicles and office. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The amount of lease liabilities expenses recognised in the Company's profit or loss for the financial year ended 30 September 2022 is disclosed in Note 5.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 16. Deferred tax liabilities

	Group	
	2022 RM	2021 RM
At beginning of the year/period	2,274,785	2,338,438
Recognised in profit or loss (Note 23(a))	(740,345)	(63,653)
At the end of the year/period	<u>1,534,440</u>	<u>2,274,785</u>

The components of deferred tax liabilities during the financial year are as follows:

	Group	
	2022 RM	2021 RM
Property, plant and equipment	<u>1,534,440</u>	<u>2,253,313</u>

## 17. Trade payables

The normal trade credit term granted to the Group range from 30 to 90 days (2021: 30 to 90 days) depending on the terms of the contracts.

The currency exposure profile of trade payables of the Company is as follows:

	Group	
	2022 RM	2021 RM
Ringgit Malaysia	996,881	1,360,486
Singapore Dollar	570	42
United States Dollar	27,896	13,670
	<u>1,025,347</u>	<u>1,374,198</u>

## 18. Other payables and accruals

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	1,189,385	2,252,570	1,079,692	2,104,017
Accruals	1,135,187	911,579	203,473	208,132
Deposits	67,500	-	-	-
	<u>2,392,072</u>	<u>3,164,149</u>	<u>1,283,165</u>	<u>2,312,149</u>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 19. Revenue

	Group	
	1.10.2021 to 30.09.2022 RM	1.7.2020 to 30.9.2021 RM
Revenue from contract with customers:		
- Sales of goods	16,114,521	10,649,985

Breakdown of the Group's revenue from contracts with customers:

	Group	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
<b>Geographical market</b>		
Malaysia	2,336,915	1,402,363
Thailand	12,478,651	7,029,385
Singapore	714,173	881,370
United States	584,782	1,336,867
	16,114,521	10,649,985
<b>Timing of revenue recognition</b>		
At a point of time	16,114,521	10,649,985

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 20. Other operating income

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
Gain on disposal of property, plant and equipment	24,000	69,405	-	-
Gain on disposal of right of use assets	-	2,400	-	-
Interest income	131	333	48	274
Other income	118,727	23,138	22,893	-
Realised gain on foreign exchange	186,095	-	-	-
Reversal of impairment losses in investment in subsidiaries	-	-	-	11,611,275
Unrealised gain on foreign exchange	172,135	10,213	-	-
	<u>501,088</u>	<u>105,489</u>	<u>22,941</u>	<u>11,611,549</u>

## 21. Profit/(Loss) from operations

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
Auditors' remuneration				
Current financial year	130,000	161,510	56,000	91,000
Underprovision in prior financial period	5,430	-	4,080	-
Depreciation of property, plant and equipment	899,276	993,352	5,733	5,980
Depreciation of right of use assets	94,609	74,995	-	-
Prepayment written off	-	800,000	-	-
Property, plant and equipment written off	469	2,765	469	2,765
Staff cost (Note 25)	4,936,471	4,504,741	716,916	715,614
	<u>4,936,471</u>	<u>4,504,741</u>	<u>716,916</u>	<u>715,614</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 22. Finance costs

	Group	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
Lease liabilities interest	8,433	7,143
Others	-	4,000
	8,433	11,143

### 23. Income tax (income)/expenses

#### (a) Major components of tax expenses

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
<i>Income tax</i>				
Under/(Over)provision in prior financial years	81	(38,885)	66	-
<i>Deferred tax (Note 16)</i>				
Current financial year/period	-	(63,653)	-	-
Over provision in prior financial period	(740,345)	-	-	-
	(740,345)	(63,653)	-	-
	(740,264)	(102,538)	66	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 23. Income tax (income)/expenses (cont'd)

### (b) Relationship between income tax (income)/expenses and accounting profit/(loss)

Reconciliation between income tax expenses and the product of accounting profit/(loss) multiplied by the statutory tax rate is as follows:

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
Profit/(loss) before tax	1,441,746	(1,458,216)	(1,842,637)	9,985,732
Income tax calculated at tax rate of 24%	346,019	(350,000)	(442,232)	2,400,000
Tax effects of expenses not deductible for tax purposes	273,824	712,500	4,632	390,000
Income not subject to tax	(47,072)	(27,500)	-	(2,790,000)
Balancing charges	3,704	-	-	-
Utilisation of deferred tax not recognised previously	-	(398,653)	-	-
Over provision for deferred tax in prior financial period	(740,345)	-	-	-
Under/(Over) provision of income tax in prior financial period	81	(38,885)	66	-
Deferred tax assets not recognised during the year	-	-	437,600	-
Utilisation of deferred tax assets not recognised during the year	(576,475)	-	-	-
	<u>(740,264)</u>	<u>(102,538)</u>	<u>66</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 23. Income tax (income)/expenses (cont'd)

(b) *Relationship between income tax expenses and accounting profit/(loss)(cont'd)*

The amounts of temporary differences for which not deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
Property, plant and equipment	778,913	526,025	-	-
Unutilised tax losses	(3,103,592)	(2,665,992)	(499,624)	(62,024)
Unabsorbed capital allowances	(4,608,218)	(5,369,405)	-	-
	<u>(6,932,897)</u>	<u>(7,509,372)</u>	<u>(499,624)</u>	<u>(62,024)</u>

Deferred tax assets have not been recognised in respect of these items as it is not probable that the future taxable profit of the Group and the Company will be available against which the deductible temporary differences can be utilised.

With effect from year of assessment 2022, unused tax losses are allowed to be carried forward up to a maximum of ten consecutive years of assessment under current tax legislation. The other temporary differences do not expire under current tax legislation.

### 24. Earnings/(Loss) per share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022 RM	2021 RM
Profit/(loss) attributable to the owners of the parent for basis earnings/(loss)	<u>2,182,010</u>	<u>(1,355,678)</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 24. Earnings/(Loss) per share (cont'd)

### (a) Basic earnings/(loss) per share (cont'd)

The basic earnings/(loss) per share are calculated based on the consolidated profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows: (cont'd)

	Group	
	2022	2021
	Unit	Unit
Weighted average number of ordinary shares issue	734,370,237	634,772,987
Effect of ordinary shares issued during the financial year	271,856,095	99,597,250
Weighted average number of ordinary shares at end of the year/period	<u>1,006,226,332</u>	<u>734,370,237</u>
Basic earnings/(loss) per ordinary share (sen)	<u>0.22</u>	<u>(0.19)</u>

### (b) Diluted earnings/(loss) per share

The Group has no dilution in their earnings/(loss) per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

## 25. Staff costs

	Group		Company	
	1.10.2021	1.7.2020	1.10.2021	1.7.2020
	to	to	to	to
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM	RM	RM	RM
Salaries, fees, bonuses and allowances	4,178,792	4,040,536	603,074	644,383
Social security contributions	56,160	49,094	2,886	3,314
Other employee benefits	701,519	415,111	110,956	67,917
	<u>4,936,471</u>	<u>4,504,741</u>	<u>716,916</u>	<u>715,614</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 25. Staff costs (cont'd)

Included in staff costs is the aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM	1.10.2021 to 30.9.2022 RM	1.7.2020 to 30.9.2021 RM
<b>Executive Directors of the Company</b>				
Fees	224,333	196,548	195,333	196,548
Salaries and other emoluments	482,000	602,742	296,000	342,839
Social security contributions	3,384	3,954	1,692	2,198
Other benefits	100,204	121,067	35,714	41,488
	<u>809,921</u>	<u>924,311</u>	<u>528,739</u>	<u>583,073</u>

### 26. Reconciliation of liabilities arising from financing activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes.

	At beginning of financial year/period RM	Financing cash flows (i) RM	Non cash changes (ii) RM	At end of financial year/period RM
<b>2022</b>				
<b>Group</b>				
Lease liabilities	<u>211,398</u>	<u>(63,036)</u>	<u>-</u>	<u>148,362</u>
<b>2021</b>				
<b>Group</b>				
Lease liabilities	<u>97,556</u>	<u>(109,706)</u>	<u>223,548</u>	<u>211,398</u>

(i) The financing cash flows represent repayment from/advance to subsidiary companies in the statements of cash flows.

(ii) Non-cash changes included the acquisition of lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 27. Categories of financial instruments

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Financial assets</b>				
<i>Measured at amortised costs</i>				
Trade receivables	4,418,538	2,458,903	-	-
Other receivables and deposits	22,863,056	22,695,031	4,417,660	4,236,897
Amount due from subsidiary companies	-	-	36,039,318	19,945,417
Fixed deposits with licensed banks	260,000	260,000	-	-
Cash and cash equivalents	3,514,678	662,016	1,830,402	184,440
	<u>31,056,272</u>	<u>26,075,950</u>	<u>42,287,380</u>	<u>24,366,754</u>
<b>Financial liabilities</b>				
<i>Measured at amortised costs</i>				
Trade payables	1,025,347	1,374,198	-	-
Other payables and accruals	2,392,072	3,164,149	1,283,165	2,312,149
Lease liabilities	148,362	211,398	-	-
	<u>3,565,781</u>	<u>4,749,745</u>	<u>1,283,165</u>	<u>2,312,149</u>

### 28. Financial instruments

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign currency risk

#### (a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The exposure of the Group and the Company to credit risk arises principally from trade receivables and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The objective of the Group and the Company is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group and the Company trade with all third parties but will only provide credit terms upon approval of the management.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 28. Financial instruments (cont'd)

#### (a) Credit risk (cont'd)

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and Company's maximum exposure to credit risk.

The Group and the Company has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

#### Trade receivables

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position at the end of the reporting period.

In managing credit risk of trade receivables, the Group and the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days.

The Group and the Company uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 61 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 28. Financial instruments (cont'd)

### (a) Credit risk (cont'd)

#### Trade receivables (cont'd)

Loss rates are based on actual credit loss experience over the past three years. The Group and the Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Current RM	1 to 30 days past due RM	31 to 60 days past due RM	61 to 90 days past due RM	>90 days past due RM	Total past due RM
<b>2022</b>						
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	1,270,084	1,890,457	1,102,449	143,644	11,904	4,418,538
Expected credit loss	-	-	-	-	-	-
	<u>1,270,084</u>	<u>1,890,457</u>	<u>1,102,449</u>	<u>143,644</u>	<u>11,904</u>	<u>4,418,538</u>
<b>2021</b>						
Expected credit loss rate	0%	0%	0%	24%	0%	0%
Gross carrying amount at default	1,721,035	600,666	109,682	33,986	1,686	2,467,055
Expected credit loss	-	-	-	(8,152)	-	(8,152)
	<u>1,721,035</u>	<u>600,666</u>	<u>109,682</u>	<u>25,834</u>	<u>1,686</u>	<u>2,458,903</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 28. Financial instruments (cont'd)

#### (a) Credit risk (cont'd)

##### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

##### 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. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. 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.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that then cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 28. Financial instruments (cont'd)

### (b) Liquidity risk (cont'd)

*Analysis of financial liabilities by remaining contractual maturity obligations*

The table below summarises the maturity profile of the Group and the Company's liabilities at the statement of financial position based on contractual undiscounted repayment obligations:-

	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	1 to 5 years RM	Later than 5 years RM
<b>Group</b>					
<b>2022</b>					
<u>Financial liabilities</u>					
Trade payable	1,025,347	1,025,347	1,025,347		
Other payables and accruals	2,392,072	2,392,072	2,392,072	-	-
Lease liabilities	148,362	160,382	57,256	103,126	-
	<u>3,565,781</u>	<u>3,577,801</u>	<u>3,474,675</u>	<u>103,126</u>	<u>-</u>
<b>2021</b>					
<u>Financial liabilities</u>					
Trade payable	1,374,198	1,374,198	1,374,198		
Other payables and accruals	3,164,149	3,164,149	3,164,149	-	-
Lease liabilities	211,398	231,850	71,468	157,624	2,758
	<u>4,749,745</u>	<u>4,770,197</u>	<u>4,609,815</u>	<u>157,624</u>	<u>2,758</u>
<b>Company</b>					
<b>2022</b>					
<u>Financial liabilities</u>					
Other payables and accruals			1,283,165	1,283,165	1,283,165
<b>2021</b>					
<u>Financial liabilities</u>					
Other payables and accruals			2,312,149	2,312,149	2,312,149

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 28. Financial instruments (cont'd)

#### (c) Market risk

The Company's exposure to a risk of change in their fair value due to changes in interest rates related primarily from their fixed deposits and lease liabilities.

#### (i) Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of reporting period was:

	Group	
	2022	2021
	RM	RM
<b>Fixed rate</b>		
<u>Financial assets</u>		
Fixed deposits with licensed banks	260,000	260,000
<u>Financial liabilities</u>		
Lease liabilities	148,362	211,398

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign currency risk on business transactions, receivables, payables are mainly denominated in currencies other than respective functional currencies of the Group entities. The currencies giving rise to the risk are primarily United States Dollar (USD) and Singapore Dollar (SGD). Presently the Company has no intention of hedging its foreign exchange risk profile.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 28. Financial instruments (cont'd)

### (d) Foreign currency risk (cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in		Total RM
	USD RM	SGD RM	
<b>Group</b>			
<b>2022</b>			
Trade receivables	3,939,968	-	3,939,968
Cash and cash equivalents	229,037	-	229,037
Trade payables	(27,896)	(570)	(28,466)
	<u>4,141,109</u>	<u>(570)</u>	<u>4,140,539</u>
<b>2021</b>			
Trade receivables	2,145,858	-	2,145,858
Cash and cash equivalents	133,746	-	133,746
Trade payables	(13,670)	(42)	(13,712)
	<u>2,265,934</u>	<u>(42)</u>	<u>2,265,892</u>

### Currency risk sensitivity analysis

A 10% strengthening of the following currencies against the at the end of the reporting period would have decreased equity and increased pre-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

		Effect on profit before tax	
		2022 RM	2021 RM
US Dollar	Strengthen by 10%	414,110	226,593
	Weaken by 10%	(414,110)	(226,593)
Singapore Dollar	Strengthen by 10%	43	4
	Weaken by 10%	<u>(43)</u>	<u>(4)</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 29. Capital management

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern and to maintain a capital structure, so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company managers need determines the capital structure and policies in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies and processes during the financial year.

The Group and the Company monitors capital based on gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities less cash and cash equivalents.. Total capital is calculated as total equity plus net debt. As at 30 September 2022, the gearing ratio are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Lease liabilities	148,362	211,398	-	-
Less : Cash and cash equivalents	<u>(3,514,678)</u>	<u>(662,016)</u>	<u>(1,830,402)</u>	<u>(184,440)</u>
Net debt	<u>(3,366,316)</u>	<u>(450,618)</u>	<u>(1,830,402)</u>	<u>(184,440)</u>
 Total equity	 <u>66,395,054</u>	 <u>43,828,380</u>	 <u>74,579,254</u>	 <u>60,391,565</u>
 Gearing ratio	 <u>-5.1%</u>	 <u>-1.0%</u>	 <u>-2.5%</u>	 <u>-0.3%</u>

### 30. Fair value of assets and liabilities

The group and the company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value of financial instruments that are carried at fair value:

- (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximate fair value.
- (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximate fair value.

Trade and other receivables, cash and cash equivalents, trade and other payables, the carrying amount of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature of that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 30. Fair value of assets and liabilities (cont'd)

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

Group	Fair value measurements at the end of the reporting period using			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2022</b>				
Leasehold land and buildings	-	-	10,207,187	10,207,187
Plant and machinery	-	-	1,010,812	1,010,812
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>2021</b>				
Leasehold land and buildings	-	-	14,130,993	14,130,993
Plant and machinery	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

### 31. Capital Commitment

	Group	
	2022 RM	2021 RM
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
Contracted but not provided for	<u>2,473,977</u>	<u>-</u>

### 32. Significant events after the financial year

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

- (a) On 30 November 2022, the Board of Directors of the Group announced that the implementation of a new share issuance scheme of up to 30% of the total number of issuance shares of MQ Tech (excluding treasury shares, if any) for eligible Directors and employees of MQ Tech and its subsidiaries (excluding dormant subsidiaries, if any) ("SIS").
- (b) On 2 December 2022, the Board of Directors of the Group announced that an offer of options under Share Issuance Scheme ("SIS") has been made to the eligible Directors of the Group. The number of options offered by the Group is up to 100,000,000 units of RM0.0437 each.
- (c) On 27 December 2022, the Company announced that the Company and Lee Khoon Eng had mutually agreed to further extend the Share Sales Agreement ("SSA") Cut-Off Date from 25 December 2022 to 24 March 2023 for the parties to obtain/ fulfil the conditions precedent pursuant to the SSA on the acquisition of 51% equity interest in Oriental Link Properties (M) Sdn Bhd.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 32. Significant events after the financial year (cont'd)

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies: (cont'd)

- (d) On 26 January 2023, Star Acres Sdn. Bhd. (“the subsidiary”) which is a wholly owned subsidiary of the Company had entered into a sale and purchase agreement (“SPA”) with Cash Support Sdn Bhd. (“CSSB”) due to the Subscription and Shareholders’ Agreement and Sale and Purchase Agreement (collectively be referred to as the “Previous Agreement”) signed on 19 January 2016 remains unfulfilled, the respective parties of the Previous Agreements engaged into further discussions and negotiations on a good faith basis to consider the variation of the mechanism of the transactions contemplated thereunder the Previous Agreements. In consideration that the subsidiary is desirous to undertake a development project on its own accord on the Property, all parties of the Previous Agreements have mutually agreed to terminate the Previous Agreements and CSSB has agreed to offer an outright purchase of the Property by the subsidiary.

### 33. Comparative figures

Certain comparative figures have been reclassified to conform with the current financial year presentation.

	<b>For the financial period ended 30 September 2021</b>	
	<b>As previously reported RM</b>	<b>As reclassified RM</b>
<b>Group</b>		
<i>Statement of financial position</i>		
<b>Equity</b>		
Reserves	(23,850,585)	-
Other reserves	-	8,055,560
Retained Earnings	-	(31,906,145)
<i>Statement of profit or loss and other comprehensive income</i>		
Other operating income	105,430	105,489
Finance income	59	-
Selling and distribution expenses	-	(102,150)
General and administrative expenses	(4,456,856)	(4,794,456)
<i>Statement of cash flows</i>		
Cash flows from investing activities	(1,882,819)	(1,882,878)
Cash flows from financing activities	8,212,114	8,212,447

**NOTES TO THE FINANCIAL STATEMENTS** (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**33. Comparative figures (cont'd)**

	For the financial period ended 30 September 2021	
	As previously reported RM	As reclassified RM
<b>Company</b>		
<i>Statement of financial position</i>		
<b>Current assets</b>		
Other receivables, deposit and prepayments	10,931,383	9,246,641
Amount due from subsidiary companies	-	1,684,742
<i>Statement of profit or loss and other comprehensive income</i>		
Selling and distribution expenses	-	(72,344)
General and administrative expenses	(1,186,067)	(1,553,473)
<i>Statement of cash flows</i>		
Cash flows from investing activities	(1,896,989)	(5,899)
Cash flows from financing activities	8,332,963	6,442,147

# LIST OF PROPERTIES

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 30.09.2022
1	<b>MICROLEAD PRECISION TECHNOLOGY SDN BHD</b> 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.	18 years / Leasehold land / 11.09.2065	1½ Storey building / Factory and Office premises	82,340 / 45,181	26.08.2004	RM22,000,000

# ANALYSIS OF SHAREHOLDINGS

Total Number of Issued Shares	:	1,251,092,031 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share held

## ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 DECEMBER 2022

Size of Holdings	No. of Shareholders	No. of Shares	Percentage (%)
1 – 99	432	12,812	0.00
100 – 1,000	747	447,824	0.04
1,001 – 10,000	3,360	22,249,361	1.78
10,001 – 100,000	5,946	264,248,031	21.12
100,001 – 62,554,600*	1,893	861,134,003	68.83
62,554,601 and above **	1	103,000,000	8.23
Total	12,379	1,251,092,031	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 AS AT 30 DECEMBER 2022

Name	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Chung Chee Yang	103,000,000	8.23	-	-

## DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 DECEMBER 2022

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 Mojjun	-	-	-	-
Dr. Koay Boon Hooi	-	-	-	-
Dato' Nurulhidayah Binti Ahmad Zahid	-	-	-	-

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 DECEMBER 2022

No.	Names	No. of Shares	Percentage (%)
1.	CHUNG CHEE YANG	103,000,000	8.23
2.	GOH BOON SOO @ GOH YANG ENG	15,200,000	1.21
3.	ZAINUDIN BIN KARJAN	14,500,000	1.16
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	12,520,100	1.00
5.	LEE KHEE CHEK	10,500,000	0.84
6.	GOH BOON SOO @ GOH YANG ENG	10,000,000	0.80
7.	CHEW ENG SOON	8,000,000	0.64
8.	CHONG CHEN KONG	8,000,000	0.64
9.	SOO LIN KHAI	7,000,000	0.56
10.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG QUET SIONG (SPETALING-CL)	6,400,000	0.51
11.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK CHIN (MP0400)	6,000,000	0.48
12.	TAN KOK CHIN	5,142,900	0.41
13.	NG CHIANG HIANG	5,035,400	0.40
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA (7007201)	5,000,000	0.40
15.	LEE CHONG LOO	5,000,000	0.40
16.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHIEW KEE	4,877,900	0.39
17.	TEOH KHA YONG	4,704,400	0.38
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YEW BENG (E-SJA)	4,300,000	0.34
19.	ONG LIANG KHENG	4,100,000	0.33
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SIEW KOON (TAN6238M)	4,000,000	0.32
21.	LEE KOON WENG	4,000,000	0.32
22.	ZOLKEFLEE BIN ABD HAMID	3,860,100	0.31
23.	GOH CHUAN KIONG	3,740,016	0.30
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK CHIN (PENANG-CL)	3,700,000	0.30
25.	LIEW POW YEONG	3,600,000	0.29
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ZOLKEFLEE BIN ABD HAMID	3,565,000	0.28
27.	SIM KIAN SENG	3,500,000	0.28
28.	OOI YONG PING	3,313,600	0.26
29.	LEE WEI CHONG	3,287,000	0.26
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TEE HWA SAN @ TEE HWA HING	3,002,000	0.24
<b>TOTAL</b>		<b>278,848,416</b>	<b>22.28</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("19<sup>th</sup> AGM") of the Company will be held at Unit 310, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 March 2023 at 10.30 a.m. to transact the following business:-

## AGENDA

### Ordinary Business

- |    |   |                        |
|----|---|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2022 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 RM300,000.00 from 29 March 2023 until the next Annual General Meeting of the Company to be held in 2024.  | Resolution 1           |
| 3. | To re-elect Mr. Paulinus Mojiun 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. Tong Sian Shyen 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 Dato' Nurulhidayah Binti Ahmad Zahid who retires in accordance with Clause 104 of the Company's Constitution and being eligible, has offered herself for re-election. | Resolution 4           |
| 6. | To re-appoint Messrs. ChengCo PLT as the 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 Resolutions:-

- |    |   |              |
|----|---|--------------|
| 7. | <p><b>AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016</b></p> <p>"<b>THAT</b> subject always to the Companies Act, 2016 ("Act"), Company's Constitution, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 <b>AND THAT</b> 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 <b>AND THAT</b> such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.</p> <p><b>AND FURTHER THAT</b> pursuant to Section 85 of the Companies Act, 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 <b>AND THAT</b> the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."</p> | Resolution 6 |
| 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 2023

# 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 5, Tower 8, Avenue 5, Horizon 2, 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 20 March 2023 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 Year ended 30 September 2022

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.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### (a) 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.

The general mandate sought for issue of shares is a renewal of the mandate approved by the shareholders at the last AGM held on 28 March 2022 which will lapse at the conclusion of this AGM.

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.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

As at the date of this Notice, a total of 29,605,847 Placement Shares has been issued and allotted. The status of the utilisation of proceed raised from the Proposed Private Placement is as follows:-

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Intended Timeframe for Utilisation (from listing date)</b>
<b>Purpose</b>			
Renovation expenses for the extension of existing factory	6,000	6,000	Within 12 months
Repayment of unsecured loan	2,000	1,000	Within 3 months
Working Capital	657	440	Within 12 months
Expenses for the Proposed Private Placement	109	99	Immediately
<b>TOTAL</b>	<b>8,766</b>	<b>7,539</b>	

### 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 Nineteenth Annual General Meeting of the Company will be held at Unit 310, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 March 2022 at 10.30 a.m.
2. The Directors who are standing for re-election at the Nineteenth Annual General Meeting of the Company pursuant to Article 97 of the Company's Constitution are: -
  - a) Mr. Paulinus Mojiun
  - b) Mr. Tong Sian Shyen

The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on page 7 and 9 of this Annual Report.

3. The Director who is standing for re-election at the Nineteenth Annual General Meeting of the Company pursuant to Clause 104 of the Company's Constitution is :-
  - a) Dato' Nurulhidayah Binti Ahmad Zahid

The details of the above Director seeking re-election is set out in the Profile of Directors as disclosed on page 10 of this Annual Report.

4. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 30 September 2022 are disclosed in the Corporate Governance Overview Statement set out on page 17 of this Annual Report.



TECHNOLOGY BERHAD

**MQ TECHNOLOGY BERHAD**

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

**PROXY FORM**

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,

\_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS) NRIC/Passport No. \_\_\_\_\_

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 NINETEENTH ANNUAL GENERAL MEETING of the Company ("the Meeting") will be held at Unit 310, Block C, Damansara Intan, No.1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 March 2023 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 RM300,000.00 from 29 March 2023 until the next Annual General Meeting of the Company to be held in 2024.	Resolution 1		
2.	To re-elect Mr. Paulinus Mojiun as Director of the Company.	Resolution 2		
3.	To re-elect Mr. Tong Sian Shyen as Director of the Company.	Resolution 3		
4.	To re-elect Dato' Nurulhidayah Binti Ahmad Zahid 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	%

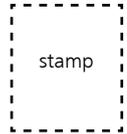
Dated this.....day of.....2023.

.....  
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.
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- Only a depositor whose name appears on the Record of Depositors of the Company as at 20 March 2023 shall be entitled to attend this Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

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

LEVEL 5, TOWER 8, AVENUE 5, HORIZON 2  
BANGSAR SOUTH CITY  
59200 KUALA LUMPUR

*Please fold across the line and close*

# MQ TECHNOLOGY BERHAD

200301033383 (635804-H)

Unit 310, Block C, Damansara Intan,  
No. 1, Jalan SS20/27,  
47400 Petaling Jaya, Selangor Darul Ehsan

Tel : +603 7731 8701



[www.mqtech.com.my](http://www.mqtech.com.my)

