

## PROFILE OF DIRECTORS

### CHUA JIN KAU

Executive Chairman



66  
years



**Mr. Chua Jin Kau (“Mr. Chua”)** was appointed to the Board on 1 October 2016 as an Executive Director and subsequently re-designated as the Executive Chairman on 7 December 2021. He is also a Director of the subsidiary companies and is primarily responsible for the Group’s apparels management and marketing.

Mr. Chua began his career in the fashion industry more than 30 years ago with Big John Jeans in the warehousing and logistics department. He has since assumed various marketing and managerial positions in a number of companies dealing with international brands for women, men and children’s wear.

Mr. Chua was with Jordone Corporation Sdn. Bhd. from July 2004 to March 2016. During his time in Jordone Corporation Sdn. Bhd., he served in a number of senior positions, including Executive Director of the company. He was responsible for the overall management and development of the retail and branding activities for several brands.

Mr. Chua has extensive experience in the retailing business, particularly in management, development and branding.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2024.

### LOKE LEE PING

Executive Director / Chief Executive Officer



45  
years



**Mr. Loke Lee Ping (“Mr. Loke”)** was appointed to the Board on 16 October 2015 as an Executive Director and subsequently re-designated as the Executive Director / Chief Executive Officer of the Company on 1 June 2016. He is responsible for the overall business development, management, financial affairs and strategic planning of the Group. He provides directions in the implementation of resolutions, strategies and policies of the Board.

Mr. Loke graduated with a Higher Diploma in Computer Science from Informatics College in 2000 and obtained a Masters of Business Administration (“MBA”) from the Nottingham Trent University in 2011.

Mr. Loke began his career in IT software development from 2000 until 2004. He has extensive experience in the retail industry for more than 10 years as well as the complete business strategy and corporate development.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2024.

## Profile of Directors (Cont'd)

### LEE KOK HENG

Independent Non-Executive Director



62  
years



- Chairman of Nomination and Remuneration Committee
- Member of Audit and Risk Management Committee

**Mr. Lee Kok Heng (“Mr. Lee”)** was appointed to the Board on 25 November 2015 as an Independent Non-Executive Director. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company.

Mr. Lee graduated with a Bachelor of Law (Hons) from the University of Malaya in 1987 and was admitted as an Advocate & Solicitor of the High Court of Malaya in 1988. He is currently practicing under his own law firm of Lee Kok Heng & Co. in Kuala Lumpur.

Mr. Lee has vast experience throughout his legal career in areas of general litigation, commercial and debt recovery litigation, contractual disputes, tenancy disputes, land matters, wills, probate and administration of estates, bankruptcy and winding-up proceedings, banking and conveyancing documentations, joint-ventures and commercial agreements, distributorship and trademark licensing agreements and trademark registration.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2024.

### DATUK WONG SAK KUAN

Non-Independent Non-Executive Director



56  
years



- Member of Audit and Risk Management Committee
- Member of Nomination and Remuneration Committee

**Datuk Wong Sak Kuan (“Datuk Wong”)** was appointed to the Board on 21 December 2020 as a Non-Independent Non-Executive Director. He is a member of the Audit and Risk Management Committee, and the Nomination and Remuneration Committee of the Company. He is also a major shareholder of the Company.

Datuk Wong graduated with a Diploma in Civil Engineering from the Federal Institute of Technology (FIT) in 1990. Upon graduating, he joined his family’s construction business erecting factory buildings and warehouses for a public listed paper mill group of companies. In 1995, he steered the construction company into various residential, commercial and industrial development projects in Selangor and Penang. He has more than 30 years of experience in the construction and development industry.

Apart from the construction activities, he also owns businesses in various industries such as trading, recycling and paper roll rewinding services, transportation and workshop; and Food & Beverage (“F&B”).

Datuk Wong is the Group Managing Director of Sing Foong Niap group of companies. He is also the controlling shareholder and Managing Director of Lotus Essential Sdn. Bhd. as well as several private limited companies. Datuk Wong also sits on the board of Lotus KFM Berhad as a Non-Independent Non-Executive Director / Vice Chairman, and EVD Berhad as Non-Independent Non-Executive Director / Chairman.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2024.

Datuk Wong is the father of Mr. Wong Yu Peng, a Non-Independent Non-Executive Director of the Company.

## Profile of Directors (Cont'd)

### DATO' LEE BAN SENG

Independent Non-Executive Director



54  
years



**Dato' Lee Ban Seng ("Dato' Lee")** was appointed to the Board on 1 March 2022 as an Independent Non-Executive Director.

Dato' Lee graduated with an MBA from the America Liberty University.

He has over 25 years of experience in the industry of construction, F&B and hospitality. Currently, he is the Group Managing Director at JLF Holdings Sdn. Bhd., Managing Director of Innoglobal Construction Sdn. Bhd., and Chairman of Welken Construction Sdn. Bhd.

Besides being an entrepreneur, Dato' Lee is active in NGO activities and holds important positions such as Deputy Chief Financial Officer of The Federation of Hokkien Associations of Malaysia, the President of World Quanzhou Youth Friendship Association (Malaysia Chapter), the President of Persatuan Meninggikan Akhlak Chee Ying Khor Kajang, Selangor and the Consultant of Persatuan Pengurusan Rumah-Rumah Ibadat Kaum Tiong Hua, Daerah Hulu Langat.

He attended three (3) Board Meetings held during the financial year ended 30 June 2024.

### WONG YU PERNG

Non-Independent Non-Executive Director



31  
years



**Mr. Wong Yu Perng ("Mr. Wong")** was appointed to the Board on 30 September 2022 as a Non-Independent Non-Executive Director.

Mr. Wong graduated with a Master in International Business Management from the University of Tasmania in 2018.

In 2018, he joined Lotus KFM Berhad as a Sales Executive and was promoted to Head of Purchasing Department in 2019. In December 2020, he was promoted to Operations Manager overseeing the flour mill operation in Kuantan. He became the Deputy General Manager in 2022 heading the flour mill in Kuantan and the warehouse in Semenyih.

In 2018, he also formed Millennial Automobile Maintenance Sdn. Bhd. with 2 partners to provide repair and maintenance services to commercial vehicles. He was roped into the waste materials management business and led the operation division of Expert Resource Management Sdn. Bhd. In 2022, he is the project leader for the waste recycling business collaboration with KDEB Selangor & PETRONAS.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2024.

Mr. Wong is the son of Datuk Wong Sak Kuan, a Non-Independent Non-Executive Director and major shareholder of the Company.

## Profile of Directors (Cont'd)

### CHEN, JIANHUA

Independent Non-Executive Director



51  
years



**Mr. Chen, JianHua (“Mr. Chen”)** was appointed to the Board on 30 September 2022 as an Independent Non-Executive Director.

Mr. Chen graduated with Degree in Business Administration from The Open University of China.

He has 30 years of experience in the industry of pulp and paper products, and waste recycling management.

Currently, he is holding the position as General Manager of GuangZhou Howard Trading Co. Ltd., Managing Director of Dong Gong Environmental Technology Co. Ltd. and Corporate Consultant of GuangZhou Yu Hua Industrial Co. Ltd. He is also as a Director of Expert Resource Management Sdn. Bhd.

He attended all four (4) Board Meetings held during the financial year ended 30 June 2024.

### LOW KOON MIN

Independent Non-Executive Director



53  
years



- Chairperson of Audit and Risk Management Committee
- Member of Nomination and Remuneration Committee

**Ms. Low Koon Min (“Ms. Low”)** was appointed to the Board on 20 February 2023 as an Independent Non-Executive Director. She is the Chairperson of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee of the Company.

Ms. Low is a dedicated accountant and financial strategist with a career spanning more than 2 decades. As a member of both the Chartered Institute of Management Accountants (“CIMA”) and the Malaysian Institute of Accountants (“MIA”), she has a proven track record in financial management. Her career highlights include significant roles in companies listed in Japan and the United States of America (“USA”).

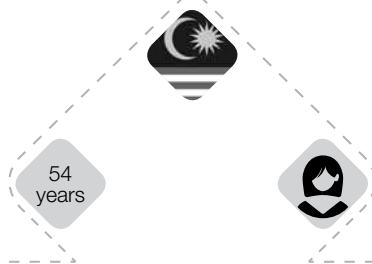
Ms. Low is currently an Independent Non-Executive Director at Lotus KFM Bhd., where she leverages her knowledge and skills in finance in the company.

She attended all four (4) Board Meetings held during the financial year ended 30 June 2024.

## Profile of Directors (Cont'd)

### DR. NORHANIM BINTI MAT SARI

Independent Non-Executive Director



**Dr. Norhanim Binti Mat Sari (“Dr. Norhanim”)** was appointed to the Board on 1 March 2024 as an Independent Non-Executive Director.

She holds a doctoral degree in Islamic Finance from INCEIF in 2017, an MBA in Oil and Gas Management (Project Financing) from the University of Dundee, Scotland in 1997, and a BBA in Finance from Western Michigan University, USA in 1993.

Dr. Norhanim started her professional journey as a Bank Officer at Malayan Banking Berhad in 1994 and later transitioned to academia from 1998 to 2022. Her focus areas include Financial Management, Risk Management, Islamic Banking and Finance, Corporate Finance, and Investment and Security Analysis. Her most recent role was as an Assistant Professor at Heriot-Watt University Malaysia, following her impactful tenure as a faculty member at Putra Business School, Universiti Malaya and INCEIF.

Dr. Norhanim’s extensive banking and academic background has honed her finance and management expertise, unequivocally positioning her as a valuable addition to the Board.

She attended one (1) Board Meeting held during the financial year ended 30 June 2024.

#### NOTES

1. Save as disclosed above, none of the Directors has any family relationship with other Directors and/or major shareholders of the Company.
2. None of the Directors has any conflict of interest or potential conflict of interest with the Company or its subsidiaries.
3. None of the Directors has been convicted of any offences within the past five (5) years or been imposed any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2024, other than for traffic offences (if any).
4. Save for Datuk Wong Sak Kuan and Ms. Low Koon Min as disclosed above, none of the Directors has any other directorship in public companies and listed issuers.

## KEY SENIOR MANAGEMENT'S PROFILE

### LUI BOO HOCK

Chief Financial Officer



55  
years



**Mr. Lui Boo Hock** is the Chief Financial Officer ("CFO") of the Company and oversees the finance function.

He joined the Group on 1 June 2005, served as an Accountant of the Company's subsidiary and covered different managerial roles within the Finance and Accounts department. On 1 December 2016, he was appointed as the CFO.

He has more than 20 years of work experience in the areas of accounting, taxation and finance in the manufacturing, trading and retail industries. He holds an MBA and is a member of CIMA and MIA.

### P'NG LEE KOON

Chief Operating Officer



58  
years



**Ms. P'ng Lee Koon** joined the Group on 13 February 2017 and was tasked to set up the Baby & Children Division to develop new brands and steer existing brands to expand the market share in the children's fashion industry. She oversees the brand concept and brand building activities for menswear under the same license name to ensure consistency of the brand positioning in a different category.

She has more than 20 years of hands-on experience in fashion merchandising, brand development and brand management. Prior to joining the Group, she was the Chief Operating Officer at Baby Kiko Sdn. Bhd. and its related company.

She graduated with a Bachelor of Business Degree from National Chengchi University, Taipei, Taiwan.

### ONG CHONG THAI

General Manager



56  
years



**Mr. Ong Chong Thai** was appointed as a General Manager of the Men's Leather Goods Division on 1 April 2012 to oversee the brand management, operations, distributions and marketing of the division.

He joined the Group on 16 July 2008 as an Assistant Sale Manager. Prior to joining the Group, he covered different roles in the marketing departments of a number of retailing companies.

He completed his studies at Wetlands Secondary School, Penang.

### YAP CHUI HUEN

General Manager



55  
years



**Ms. Yap Chui Huen** was appointed as a General Manager of the Baby & Children Division on 2 May 2017 to oversee the brand management, operations, distribution, and marketing of the division.

Prior to that, she worked as a merchandising manager at Jaya Jusco Stores Bhd. (now known as AEON Co. (M) Bhd.) before she joined Kiko Garment Sdn. Bhd. as a General and Operation Manager.

She has more than 15 years of experience in brand management, operation, sale and marketing of baby and children's products.

She graduated with Bachelor Degree in Social Science from the University of Malaya.

## Key Senior Management's Profile (Cont'd)

### LEONG YEW HOU

General Manager



51  
years



**Mr. Leong Yew Hou** was appointed as a General Manager of the Men's Apparel Division on 1 January 2018 to oversee the brand management, operations, distribution, and marketing of the division. He also leads the warehouse team and is responsible for the warehouse operations and logistics support of the Group's retailing division.

He has more than 20 years of experience in sales and supply chain management in the apparel industry. Prior to joining the Group, he served in similar roles with leading apparel retail companies.

He graduated with Bachelor Degree in Economics from the University of Malaya.

### NOTES

1. None of the **Key Senior Management** has any directorships in public companies and listed issuers.
2. None of the **Key Senior Management** has any family relationship with any Director and/or major shareholders of the Company.
3. None of the **Key Senior Management** has any conflict of interest or potential conflict of interest with the Company or its subsidiaries.
4. None of the **Key Senior Management** has been convicted of any offences within the past five (5) years or been imposed any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2024, other than for traffic offences (if any).



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the Audit and Risk Management Committee (“ARMC” or “Committee”) Report for the financial year ended 30 June 2024 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance (“MCCG”).

The primary objective of the ARMC is to assist the Board in fulfilling its fiduciary duties and responsibilities in accordance with its Terms of Reference, providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures as well as establishing and maintaining internal controls.

### COMPOSITION AND MEETINGS

During the financial year ended 30 June 2024, the ARMC met four (4) times. The composition of the ARMC and the attendance record of its members are as follows:-

Members	Designation	Directorship	Total Meetings Attended
<b>Low Koon Min</b>	Chairperson	Independent Non-Executive Director	4/4
<b>Lee Kok Heng</b>	Member	Independent Non-Executive Director	4/4
<b>Datuk Wong Sak Kuan</b>	Member	Non-Independent Non-Executive Director	4/4

The Chairperson of the ARMC, Ms. Low Koon Min, is a member of the Chartered Institute of Management Accountants and Malaysian Institute of Accountants. The Company has complied with Paragraph 15.09 of the MMLR of Bursa Securities, which requires all members of the Committee to be Non-Executive Directors with a majority of them being Independent Non-Executive Directors.

The ARMC’s primary role is to assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as compliance matters.

The ARMC meets quarterly and as and when required. The dates of the quarterly meetings are preset before the beginning of the financial year. The notice and agenda together with the papers and reports relevant to the items on the agenda are distributed to members prior to each meeting to enable members to prepare for the meeting. The Management, Chief Executive Officer (“CEO”), Chief Financial Officer, External Auditors and Internal Auditors are invited to the meetings held during the financial year to brief the ARMC on pertinent issues of the Company and its subsidiaries.

The Nomination and Remuneration Committee (“NRC”) undertook an annual assessment of the performance of ARMC and its members. The Board is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards.



## Audit and Risk Management Committee Report (Cont'd)

### TERMS OF REFERENCE

The Terms of Reference of the ARMC were last reviewed, updated and approved by the Board on 28 November 2023, which aims to improve the efficiency and effectiveness of ARMC members in discharging their duties and is published on the Company's corporate website at [www.mesbbhd.com](http://www.mesbbhd.com).

### INTERNAL AUDIT ("IA") FUNCTION

During the year under review, the Group has appointed Smart Business Consulting ("Smart Business"), an independent professional internal audit firm, to carry out the IA function. The IA function is headed by Mr. Lee Fook Sun, who is a Professional Member of the Institute of Internal Auditors Malaysia ("IIA"). He has extensive experience and exposure in the field of IA. He was assisted by a team of internal auditors for all the assignments during the year under review. Smart Business engagement team personnel have affirmed to the ARMC that they are free from any relationships or conflicts of interest that could compromise their objectivity and independence.

The internal audit activities were reported directly to the ARMC in accordance with the approved annual IA Plan. The approved annual IA Plan is designed to cover entities across all levels of operations within the Group. The IA firm appointed by the Group is independent of activities related to business operations. It performs its duties in accordance with standards set by relevant professional bodies, namely the IIA.

The Internal Auditors provide an independent assessment of the effectiveness and efficiency of internal controls using a global audit methodology and tool. This supports the corporate governance framework and an efficient and effective risk management framework providing assurance to the ARMC.

The total costs incurred for the IA function during the financial year ended 30 June 2024 were approximately RM28,800.

During the financial year under review, the Internal Auditors carried out the following activities in the discharge of their responsibilities:-

- (i) Develop the scope of work as outlined in the Strategic Audit Plan of Internal Audit;
- (ii) Perform internal audit according to the approved audit plan;
- (iii) Review the internal control systems of various business operating units;
- (iv) Recommend improvements to the existing internal control systems; and
- (v) Follow up on the implementation and disposition of audit findings and recommendations.

The audit findings and recommendations for improvement, as well as the implementation status of management's action plans were presented at the ARMC meetings.

The ARMC has full and direct access to the outsourced Internal Auditors. It reviews the internal audit plan and reports on audits performed, and monitors their performance. The ARMC also periodically reviews the adequacy of the scope, functions, competency, and resources of outsourced IA functions.

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have decided to continue outsourcing the IA function in order to maintain greater independence and continuity.

## Audit and Risk Management Committee Report (Cont'd)

### **RISK MANAGEMENT & INTERNAL CONTROL**

The Board is fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Group's assets.

The internal control system is designed to identify the risks to which the Group is exposed to and mitigate the impacts thereof to meet the particular needs of the Group. The system will not provide absolute assurance against any material misstatement or loss.

As an effort to enhance the system of internal control, the Board and the ARMC together with the assistance of an independent professional IA firm undertake to review the existing risk management process in place within various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the ARMC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

### **SUMMARY OF WORK**

The summary of work undertaken by the Committee for the financial year ended 30 June 2024, amongst others, included the following:-

#### **Financial Reporting**

- a) Reviewed the unaudited quarterly results together with the subsidiaries' internal quarterly reports prior to recommending to the Board for approval and release to Bursa Securities. The review covered the discussion on the Group's overall performance and its retailing business performance for the quarter and material changes in the quarterly results as compared to the immediate preceding quarter and ensured that the consolidated unaudited quarterly interim financial reports present a true and fair view of the Group's financial position and performance and in compliance with the Malaysian Financial Reporting Standards ("MFRS") and disclosures provided in the MMLR.
- b) Reviewed the annual financial statements with the External Auditors and Management prior to recommending to the Board for approval. These reviews focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, unusual events, the going concern assumption, and compliance with the accounting standards, MMLR and other requirements.
- c) Kept apprised of the changes in accounting policies and guidelines through regular updates by the External Auditors.
- d) Reviewed Management's analyses of significant issues in financial reporting and judgments made in preparing the financial statements.

## Audit and Risk Management Committee Report (Cont'd)

### SUMMARY OF WORK (CONT'D)

The summary of work undertaken by the Committee for the financial year ended 30 June 2024, amongst others, included the following:- (Cont'd)

#### External Audit

- a) Reviewed the External Auditors' annual audit plan, the scope of works of the Group, the Group's audit fees and terms of engagement with the External Auditors prior to recommending to the Board for approval.
- b) Reviewed, with both the External Auditors and Management, the audit approach and methodology applied, in particular to those Key Audit Matters included in the auditors' report of audited financial statements for the financial year ended 30 June 2024.
- c) Reviewed and discussed the audit status and key audit areas arising from the audit of the financial statements for the financial year ended 30 June 2024 with the External Auditors and Management.
- d) Reviewed and assessed the External Auditors' independence, performance and engagement to perform non-audit services. Based on the assessment, ARMC was satisfied with the overall performance, suitability, objective and independence of External Auditors in terms of their professionalism, quality of services and sufficiency of resources provided by them to the Group. Accordingly, the ARMC recommended to the Board the re-appointment of Crowe Malaysia PLT as the External Auditors for the financial year ending 30 June 2025 at the forthcoming Annual General Meeting ("AGM").

#### Internal Audit

- a) Reviewed and approved the Internal Audit Plan and its scope of work proposed by the Internal Auditors for the financial year ended 30 June 2024.
- b) Reviewed and deliberated the internal audit reports which detailed the observations, audit findings, audit recommendations and management responses thereto. Ensured that material findings were adequately addressed to by Management and reported relevant issues to the Board.
- c) Monitored the outcome of the audits and follow-up audits conducted to ascertain all action plans were adequately implemented to address the findings.
- d) Carried out an evaluation of the performance of the internal audit function.
- e) Assessed the Internal Auditors' performance and determined the internal audit and non-audit fees.

#### Related Party Transactions

Reviewed the related party transactions and recurrent related party transactions during the financial year, to ensure compliance with MMLR, entered in the best interest of the Group, were fair and reasonable and on normal commercial terms and not detrimental to the interest of the Company and its minority shareholders.

#### Other Matters

Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present this Corporate Governance Overview Statement (“CG Statement”) to provide investors with an overview of the extent of compliance with three (3) key Principles as set out in the Malaysian Code on Corporate Governance (“MCCG”) under the stewardship of the Board.

This CG Statement also serves as compliance with Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read together with the Corporate Governance Report (“CG Report”) of the Company.

In addition, the CG Report which sets out the application of each Practice set out in the MCCG is available for viewing on the Company’s corporate website at [www.mesbbhd.com](http://www.mesbbhd.com) as well as via an announcement on the website of Bursa Securities.

The Board is committed to maintaining high standards of corporate governance throughout the Company and its subsidiaries (“Group”). The Board adheres to the principles and guidelines of the MCCG to ensure effective corporate governance is practised and served as a fundamental part of building a sustainable business and discharging its responsibilities to protect and enhance shareholders’ interest.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### PART I - BOARD RESPONSIBILITIES

##### 1.1 Board Roles and Responsibilities

The Board aims to protect and enhance the interests of its shareholders while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board as a whole, leads the Group to meet its objectives, while the Executive Directors are responsible for the implementation of the policies laid down and executive decision-making.

The Board is committed to ensuring that good corporate governance is practised throughout the Group in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders’ value and the financial position of the Group.

The Board in discharging its responsibilities has always been vigilant of the fiduciary duties entrusted upon the Board. There are key matters which are reserved for the Board for its deliberation and decision to ensure the direction and control of the Group’s business are in its hands, while a capable and experienced Management team headed by the Chief Executive Officer (“CEO”) is put in charge to oversee the day-to-day operations of the Group.

To ensure the orderly and effective discharge of the Board’s function and responsibilities, the Board has delegated specific responsibilities to the respective committees of the Board all of which operate within their defined terms of reference. The respective Chairman of the Board Committees will report to the Board on key issues deliberated by the Board Committees in order to develop effective communication.

Apart from the responsibility of the Board Committees, the chief officers and other Senior Management are also delegated with certain authority to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

##### 1.2 The Chairman

Mr. Chua Jin Kau is the Executive Chairman of the Board, who is responsible for the leadership of the Board and leads the Board, in particular discussions on all proposals put forward by Management. It is also the Chairman’s role to ensure effective communication with the shareholders and to chair the General Meetings.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### 1.3 Roles of Chairman, CEO and Non-Executive Directors

There is a clear division of responsibilities between the Chairman and CEO, which are set out in the Board Charter of the Company. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Mr. Loke Lee Ping is the Executive Director / CEO who is responsible for the day-to-day management of the business, in line with the strategy and long-term objectives approved by the Board. The CEO may make decisions in all matters affecting the operations, performance and strategy of the Group's businesses, with the exception of those matters reserved for the Board or specifically delegated by the Board to its Committees.

The Non-Executive Directors will deliberate and discuss policies and strategies formulated and proposed by Management with the view of the long-term interest of all stakeholders. They contribute to the formulation of policies and decision-making using their expertise and experience. They also provide guidance and promote professionalism to Management. The Independent Non-Executive Directors fulfil the pivotal role in corporate accountability by providing an independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process, thereby the long-term interest of all stakeholders and the community are well protected.

There is also a balance in the Board because of the presence of Independent Non-Executive Directors of the necessary calibre to carry sufficient weight in the Board's decisions. Although all the Directors have equal responsibility for the Company's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests, not only of the shareholders but also of the customers, employees, suppliers and the communities in which the Group conducts its business.

##### 1.4 Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and she is holding a professional certificate as a qualified Company Secretary under the Companies Act 2016. She possesses more than 25 years of experience in corporate secretarial practices.

The Company Secretary attended the necessary training programmes, conferences or seminars organised by the relevant authorities and/or professional bodies to keep herself abreast with the current regulatory changes in the laws and regulatory requirements that are relevant to her profession and to provide the necessary advice to the Board.

The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.

During the financial year ended 30 June 2024 ("FYE 2024"), all Board and Board Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her duties and functions.

## Corporate Governance Overview Statement (Cont'd)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **PART I - BOARD RESPONSIBILITIES (CONT'D)**

##### **1.5 Board Process and Access to Information**

The Board meets at least four times (4) annually, with additional meetings being convened as and when necessary.

Every Director has unhindered access to the advice and dedicated support services of the Company Secretary as well as to all information within the Group.

The Board collectively, and each Director individually, has the right to seek independent professional advice in furtherance of their duties, at the Company's expense subject to the approval by the Board.

A set of Board papers on the matters to be deliberated is made available to Directors prior to each Board and Board Committee meetings to enable the Directors to obtain further information, where necessary, and enable them to deliberate issues raised during Board and Board Committee meetings more effectively. Additionally, Management was also invited to brief and report in meetings of the Board and Board Committees.

Minutes of proceedings and resolutions passed at each Board and Board Committees meetings are kept in the minutes book at the registered office of the Company. In the event of a potential conflict of interest, the Director in such a position will make a declaration to that effect as soon as practicable. The Director concerned will then abstain from any decision-making process in which he has an interest.

##### **2.1 Board Charter**

The Board Charter was adopted by the Board to facilitate the effective discharge of its duties and responsibilities.

The Board Charter sets out the responsibilities reserved to the Board and the functions delegated to Management, including the role, composition and other key processes of the Board.

The Board Charter was last reviewed, updated and approved on 22 September 2021 and is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

##### **3.1 Code of Conduct**

The Board has in place clear guidelines on business conduct and ethical behaviour for the Directors and employees in carrying out their duties. The Code of Conduct is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com) and has clearly stated the values and inspiring principles behind the achievement of its business objectives are of fundamental importance for the correct operation of its businesses.

##### **3.2 Whistleblowing Policy**

The Board has adopted the Whistleblowing Policy ("WP") setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the WP is in line with the Companies Act 2016 and Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") ("Acts"), where provisions have been made to protect the officers who make disclosures on breach or non-observance of any requirement or provision of the Acts or on any serious offence involving fraud and dishonesty.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### 3.3 Anti-Corruption and Bribery Policy

In line with the implementation of a new corporate liability provision under Section 17A of the MACC Act 2009 effective 1 June 2020, the Board had adopted the Anti-Corruption and Bribery Policy ("the Policy"). The Policy serves to provide guidance on how to prevent, deal with and combat bribery and corrupt activities and issues that may arise in the course of business. The Policy is applicable to all employees, Directors and any person who performs services for and on behalf of the Group, which includes contractors, sub-contractors, consultants, suppliers, agents, intermediaries and representatives of the Group.

The Policy is available on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

##### 3.4 Directors' Fit and Proper Policy

In line with Paragraph 15.01A of the MMLR, the Board had adopted the Directors' Fit and Proper Policy which serves as a guide to the Nomination and Remuneration Committee ("NRC") and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Directors who are seeking re-election at the annual general meeting.

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

The Directors' Fit and Proper Policy is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NRC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

##### 3.5 Sustainability Governance

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

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

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

In addition, the Board has also incorporated the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

##### 3.6 Conflict of Interest Policy and Procedures

In line with amendments to MMLR on conflict of interest effective 1 July 2023, the Board has adopted Conflict of Interest Policy and Procedures ("COI Policy") on 28 February 2024 which is applicable to all Directors and Key Senior Management of the Group.

The COI Policy is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).



## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION

##### 4.1 Composition of Board

The Board currently comprises nine (9) members as set out in the table below:-

Name	Designation
<b>Chua Jin Kau</b>	Executive Chairman
<b>Loke Lee Ping</b>	Executive Director / CEO
<b>Lee Kok Heng</b>	Independent Non-Executive Director
<b>Datuk Wong Sak Kuan</b>	Non-Independent Non-Executive Director
<b>Dato' Lee Ban Seng</b>	Independent Non-Executive Director
<b>Wong Yu Perng</b>	Non-Independent Non-Executive Director
<b>Chen, JianHua</b>	Independent Non-Executive Director
<b>Low Koon Min</b>	Independent Non-Executive Director
<b>Dr. Norhanim Binti Mat Sari</b> (Appointed on 1 March 2024)	Independent Non-Executive Director

The current Board composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The Board also meets the requirements of MCGG to have at least half of the Board comprised of Independent Directors.

The Board has the requisite blend of expertise, skills, and attributes to oversee the Group's growing business. The Directors through their vast experience and qualifications in accounting, financial and business management provide effective contribution and support to the Board, and steer the Group's business activities to retain its competitive advantage.

The Board is satisfied that the current composition is appropriate given the collective skills and experiences of the Directors and the Group's current size and nature of business. The Board will continue to monitor and review the present size and composition. If there is a need to appoint additional Board member, the Company will consider utilising the pool of directors from independent sources and the recommendations from the Directors, major shareholders, etc.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4.2 Tenure of Independent Directors

The MCGG provides that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Non-Executive Director through a two-tier voting process.

The Company has not adopted a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years and the Board is of the opinion that the ability of an Independent Non-Executive Director to exercise his/her independence and objective judgment in Board deliberations shall not be a function of his/her length of service as an Independent Director. Notwithstanding that, the assessment of the independence of the Independent Directors was conducted annually via annual evaluation to ensure they are independent of any business or other relationship which could interfere with the interest of the Company.

Mr. Lee Kok Heng has served the Company for a tenure of nine (9) years. Having assessed his independence and contribution to the Board during his tenure as an Independent Non-Executive Director of the Company, the NRC recommended and the Board was satisfied with the proposed justification to seek for shareholders' approval at the Twenty-Ninth ("29<sup>th</sup>") Annual General Meeting via a two-tier voting process for retention of Mr. Lee Kok Heng as an Independent Non-Executive Director of the Company.

##### 4.3 Board Balance and Independence

The Board comprises one (1) Executive Chairman, one (1) Executive Director, five (5) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides effective checks and balances in the functioning of the Board to safeguard the interests of the Company and all stakeholders.

Independence is important for ensuring objectivity and fairness in Board's decision-making. The Board also recognises the pivotal role of the Independent Non-Executive Directors in corporate accountability as they provide an unbiased and independent view, advice and judgement to issues and decisions and act in the best interest of the Group and its shareholders.

During the financial year under review, the Board, through NRC, assessed the independence of the Independent Non-Executive Directors. Based on the outcome of assessment, the Board is generally satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors, and their ability to bring independent and objective judgement to board deliberations.

##### 4.4 Board Diversity and Senior Management Team

The Board is supportive of the diversity of the Board and Senior Management team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

Currently, the Board has two (2) female Directors namely, Ms. Low Koon Min and Dr. Norhanim Binti Mat Sari, representing 22.22% of the full Board of nine (9) members. The Company has complied with Paragraph 15.02(1) (b) of the MMLR of Bursa Securities which states that the Company must have at least one (1) female Director on Board. However, the Company is not in compliance with Practice 5.9 of the MCGG as the Board does not comprise at least 30% women directors.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4.4 Board Diversity and Senior Management Team (Cont'd)

In the event that a vacancy in the Board arises, the Board, through the NRC, will consider female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skill sets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board and Senior Management level. The Gender Diversity Policy is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

##### 4.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within clearly defined terms of reference. This ensures that the members of the Board can spend their time more effectively while the Board Committees are entrusted with the authority to examine particular issues.

The Board has established two (2) Board Committees and the membership of each committee is tabulated below:-

Committee Composition	Audit and Risk Management Committee ("ARMC")	NRC
<b>Chua Jin Kau</b> (Executive Chairman)	N/A	N/A
<b>Loke Lee Ping</b> (Executive Director / CEO)	N/A	N/A
<b>Lee Kok Heng</b> (Independent Non-Executive Director)	Member	Chairman
<b>Datuk Wong Sak Kuan</b> (Non-Independent Non-Executive Director)	Member	Member
<b>Dato' Lee Ban Seng</b> (Independent Non-Executive Director)	N/A	N/A
<b>Wong Yu Perng</b> (Non-Independent Non-Executive Director)	N/A	N/A
<b>Chen, JianHua</b> (Independent Non-Executive Director)	N/A	N/A
<b>Low Koon Min</b> (Independent Non-Executive Director)	Chairperson	Member
<b>Dr. Norhanim Binti Mat Sari</b> (Independent Non-Executive Director) (Appointed on 1 March 2024)	N/A	N/A

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4.6 NRC

The NRC, which is chaired by the Independent Non-Executive Director, is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine a skills matrix to support the strategic direction and needs of the Company.

The NRC has written terms of reference dealing with its authority and duties which include the selection and assessment of directors. The terms of reference of the NRC was last reviewed, updated and approved on 22 September 2021 which incorporated the relevant practices recommended under the MCGG 2021. The terms of reference of the NRC is available on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

Meetings of the NRC are held as and when required, and at least once a year. During the financial year and up to the date of the Annual Report, key activities undertaken by the NRC are summarised as follows:-

- 1) Assessed the contribution of each individual Director.
- 2) Reviewed the Board structure, composition and the balance between Executive Directors and Independent Non-Executive Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently.
- 3) Assessed and evaluated the new appointment of director, taking into account the assessment criteria, inter alia, the candidate's character, integrity, experience, expertise, time, knowledge and effective fit of the candidate for the Board.
- 4) Assessed and confirmed the independence of the Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities.
- 5) Assessed the effectiveness of the Board as a whole, including the Committees of the Board.
- 6) Discussed, reviewed and recommended the re-election of Directors retiring by rotation, at the Annual General Meeting ("AGM") for shareholders' approval, pursuant to the Constitution of the Company.
- 7) Discussed, reviewed and recommended to the Board the continuation of Independent Non-Executive Director, who has served for a cumulative term of nine (9) years.
- 8) Reviewed and assessed the effectiveness of the ARMC in carrying out its duties as set out in the terms of reference.
- 9) Reviewed the performance of the Chief Financial Officer ("CFO") of the Company.
- 10) Reviewed and deliberated on the Directors' Fees and Remuneration.
- 11) Reviewed on the remuneration paid to the top five (5) Senior Management.

## Corporate Governance Overview Statement (Cont'd)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **PART II - BOARD COMPOSITION (CONT'D)**

##### **4.6 NRC (Cont'd)**

One of the primary functions of the NRC is to oversee the selection and nomination of individuals for Board membership, as proposed by shareholder or director. The NRC conducts a thorough assessment of potential candidates, adhering to the criteria established in the Fit and Proper Policy for the Appointment and Re-election of Directors. During the year under review, the NRC had discussed and recommended the appointment of Dr. Norhanim Binti Mat Sari as additional director of the Company.

Mr. Lee Kok Heng ("Mr. Lee") was appointed on 25 November 2015 and would have served more than nine (9) years as at the date of 29<sup>th</sup> AGM. Mr. Lee has expressed his intention to seek shareholders' approval to continue serving as an Independent Non-Executive Director. The NRC reviewed and recommended the retention of Mr. Lee as an Independent Non-Executive Director of the Company until the conclusion of the Thirtieth (30<sup>th</sup>) AGM, based on the following justifications:-

- He fulfils the criteria of an Independent Director as stated in the MMLR of Bursa Securities, and therefore is able to bring independent and objective judgement to the Board;
- He has been with the Company for more than nine (9) years and therefore understands the Company's business and operations which enables him to participate actively and contribute during deliberations and discussions, including at the ARMC (as member), NRC (as Chairman), and at the Board meetings; and
- He has devoted sufficient time and effort in attending the meetings and contributing to informed and balanced decision-making.

These recommendations were endorsed by the Board and Mr. Lee has abstained from deliberations on this matter.

##### **4.7 Board Appointment and Re-appointment Process**

The NRC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NRC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Directors, NRC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board has in the review of the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

## Corporate Governance Overview Statement (Cont'd)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **PART II - BOARD COMPOSITION (CONT'D)**

##### **4.7 Board Appointment and Re-appointment Process (Cont'd)**

In searching for suitable candidates for the appointment of Directors, the NRC may receive suggestions from existing Board members, Management, and major shareholders. The NRC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. The NRC is allowed to use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates.

In accordance with the Constitution of the Company, all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Constitution also provides that at least one third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM and that all Directors shall retire once at least in each three (3) years but shall be eligible for re-election. The new Director(s) duly appointed by the Board are then recommended for re-election at the AGM.

The Board makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the AGM.

The NRC has considered the assessment of Datuk Wong Sak Kuan, Mr. Wong Yu Perng and Dr. Norhanim Binti Mat Sari, the Directors standing for re-election and collectively agreed that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their roles as Directors.

##### **5.1 Annual Assessment**

The Board reviews and evaluates its own performance and the performance of the Board Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Director Self-Assessment and an Assessment of Independence of the Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's roles and responsibilities. As for the Individual Director Self-Assessment, the assessment criteria include a contribution to interaction, quality of input, understanding of the role and time commitment. The results of the assessment would form the basis of the NRC's recommendation to the Board for the re-election of the retiring Directors at the next AGM.

In addition, the NRC reviews and evaluates the performance of the CFO on an annual basis.

The NRC also reviewed the term of office and performance of the ARMC and each of its members. The NRC and the Board were satisfied with the performance and effectiveness of the ARMC.

Based on the above assessments, the NRC was satisfied with the existing Board composition and was of the view that the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments and evaluations carried out by the NRC in the discharge of its functions were properly documented.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 5.2 Time Commitment

The Board meets regularly, at least once in every quarter, to review the Group's operations and to approve the quarterly reports and annual financial statements. The additional meeting would be convened as and when there are any urgent issues that warrant the Board's urgent attention. The attendance record of the Directors at Board Meetings during the financial year is set out below:-

Name of Directors	Designation	No. of Meetings Attended
<b>Chua Jin Kau</b>	Executive Chairman	4/4
<b>Loke Lee Ping</b>	Executive Director / CEO	4/4
<b>Lee Kok Heng</b>	Independent Non-Executive Director	4/4
<b>Datuk Wong Sak Kuan</b>	Non-Independent Non-Executive Director	4/4
<b>Dato' Lee Ban Seng</b>	Independent Non-Executive Director	3/4
<b>Wong Yu Perng</b>	Non-Independent Non-Executive Director	4/4
<b>Chen, JianHua</b>	Independent Non-Executive Director	4/4
<b>Low Koon Min</b>	Independent Non-Executive Director	4/4
<b>Dr. Norhanim Binti Mat Sari</b> (Appointed on 1 March 2024)	Independent Non-Executive Director	1/1

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

To fulfil their roles and responsibilities, each Director holds no more than five (5) directorships in listed corporations in accordance with Paragraph 15.06 of the MMLR. All Directors of the Company currently adhere to this requirement.

The Directors are also required to notify the Board's Chairman when accepting new directorships in other companies. Such notification is expected to include an indication of the time that will be spent on the new appointment.



## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 5.3 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Company will continue to identify suitable trainings for the Directors to equip and update themselves with the necessary knowledge in discharging their duty and responsibilities as Directors.

The NRC assessed the training requirement of the Directors annually, and all the Directors are informed and encouraged to attend at least one (1) workshop or seminar for every financial year to enable them to discharge their duties effectively. During the financial year ended 30 June 2024, the Directors have attended the following training programmes:-

Name of Directors	Title of Programmes/Seminars attended
<b>Chua Jin Kau</b>	<ul style="list-style-type: none"> <li>Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia</li> <li>Identify company strengths and areas to be competitive</li> </ul>
<b>Loke Lee Ping</b>	<ul style="list-style-type: none"> <li>Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia</li> <li>JC3 Journey to Zero Conference 2023</li> </ul>
<b>Lee Kok Heng</b>	Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia
<b>Datuk Wong Sak Kuan</b>	<ul style="list-style-type: none"> <li>Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia</li> <li>Key amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad – Relating to Sustainability Training for Directors, Conflict of interest and other amendments</li> </ul>
<b>Dato' Lee Ban Seng</b>	Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia
<b>Wong Yu Perng</b>	Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia
<b>Chen, JianHua</b>	Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia
<b>Low Koon Min</b>	<ul style="list-style-type: none"> <li>Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia</li> <li>Key amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad – Relating to Sustainability Training for Directors, Conflict of interest and other amendments</li> <li>ESG Requirement for PLCs Companies by Bursa Malaysia</li> <li>The Way of Cybersecurity Considerations Amid A Global Pandemic</li> <li>LHDN E-Invoice Seminar</li> </ul>
<b>Dr. Norhanim Binti Mat Sari</b>	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme (MAP)</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>Briefing on the key duties and responsibilities of Directors under the relevant laws and regulations in force in Malaysia</li> </ul>

In addition, the Directors were briefed by the Company Secretary, Internal Auditors and External Auditors on any updates or changes to the relevant guidelines on the regulatory and statutory requirements at the Board and ARMC meetings to keep them abreast with the latest developments in the industry, regulatory laws, rules as well as guidelines.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III – REMUNERATION

##### 6.1 Remuneration Policy

The Board has in place a Remuneration Policy and Procedures for Directors and Senior Management (“Remuneration Policy”) which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. The overall objective of the Remuneration Policy is to align and balance the interests of the Company’s Board of Directors, the Senior Management, the Group and its shareholders, and to attract, motivate and retain qualified members of the Board of Directors and Management in order to support the achievement of strategic long-term and short-term goals of the Group as well as to promote value creation for the benefit of the shareholders.

The Remuneration Policy is made available on the Company’s website at [www.mesbbhd.com](http://www.mesbbhd.com).

##### 1) Executive Directors and Senior Management

The NRC reviews and recommends the remuneration package of the Executive Directors and Senior Management for the Board’s deliberation and it is the responsibility of the Board as a whole to approve the total remuneration package of the Executive Directors, giving due consideration the individual performance, responsibility and sustainable development of the Group, and shall take into account the size and complexity of the business.

##### 2) Independent Non-Executive Directors

Independent Non-Executive Directors’ fees consist of annual fees that reflect the expected diverse experience, skill sets and the roles and responsibilities of the Independent Non-Executive Directors concerned. The Independent Non-Executive Directors are also paid a meeting allowance for each meeting they attend.

The NRC is responsible for making recommendations to the Board on the Company’s policy and structure for all Directors’ and Senior Management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. In arriving at its recommendations, the NRC should consider factors such as the performance, qualification, competence, time commitment and responsibilities of the Directors and Senior Management, having regards to the Group’s performance and market benchmarks, and further that the remuneration packages of Directors and Senior Management are sufficiently attractive to attract and to retain persons of high calibre.

The NRC has reviewed the remuneration packages of Directors and Senior Management, which consist of salaries, bonuses and benefit-in-kind, such as company car. Thereafter, the remuneration reports were tabled to the Board for consideration and approval. In addition, the Company will seek shareholders’ approval for Directors’ fees and benefits of the Non-Executive Directors for the financial year ended 30 June 2024 endorsed by the Board at the forthcoming AGM.

None of the NRC members or Directors was involved in the deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III – REMUNERATION (CONT'D)

##### 6.1 Remuneration Policy (Cont'd)

Details of the emoluments received and receivable by the Directors of the Group during the financial year ended 30 June 2024 are as follows:-

##### The Company

Name of Directors	Fees RM'000	Salaries and Other Benefits RM'000	Statutory Contribution Plans RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Emoluments RM'000	Total RM'000
<b>Executive Directors</b>								
Chua Jin Kau	16.8	-	-	-	3.8	-	-	20.6
Loke Lee Ping	16.8	-	-	-	3.8	-	-	20.6
<b>Non-Executive Directors</b>								
Lee Kok Heng	31.2	-	-	-	6.8	-	-	38.0
Datuk Wong Sak Kuan	31.2	-	-	-	6.8	-	-	38.0
Dato' Lee Ban Seng	31.2	-	-	-	3.0	-	-	34.2
Wong Yu Perng	31.2	-	-	-	4.6	-	-	35.8
Chen, JianHua	31.2	-	-	-	4.6	-	-	35.8
Low Koon Min	31.2	-	-	-	6.8	-	-	38.0
Dr. Norhanim Binti Mat Sari	10.4	-	-	-	1.6	-	-	12.0
<b>Total</b>	<b>231.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.8</b>	<b>-</b>	<b>-</b>	<b>273.0</b>

##### The Group

Name of Directors	Fees RM'000	Salaries and Other Benefits RM'000	Statutory Contribution Plans RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Emoluments RM'000	Total RM'000
<b>Executive Directors</b>								
Chua Jin Kau	16.8	60.0	3.34	-	3.8	5.0	-	88.94
Loke Lee Ping	16.8	252.0	51.92	11.1	3.8	21.0	150.0	506.62
<b>Non-Executive Directors</b>								
Lee Kok Heng	31.2	-	-	-	6.8	-	-	38.0
Datuk Wong Sak Kuan	31.2	192.0	30.33	-	6.8	16.0	-	276.33
Dato' Lee Ban Seng	31.2	-	-	-	3.0	-	-	34.2
Wong Yu Perng	31.2	-	-	-	4.6	-	-	35.8
Chen, JianHua	31.2	-	-	-	4.6	-	-	35.8
Low Koon Min	31.2	-	-	-	6.8	-	-	38.0
Dr. Norhanim Binti Mat Sari	10.4	-	-	-	1.6	-	-	12.0
<b>Total</b>	<b>231.2</b>	<b>504.0</b>	<b>85.59</b>	<b>11.1</b>	<b>41.8</b>	<b>42.0</b>	<b>150.0</b>	<b>1,065.69</b>

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III – REMUNERATION (CONT'D)

##### 7.1 Remuneration of Senior Management

The remuneration of Senior Management of the Company is as follows:-

Range of Remuneration*	No. of Senior Management Officer
RM50,000 to RM100,000	–
RM100,001 to RM150,000	1
RM150,001 to RM300,000	3
RM300,001 to RM550,000	1

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.00.

The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 is adequate.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 8.1 ARMC

The ARMC comprises three (3) members, all of whom are Non-Executive Directors with a majority of them being Independent Non-Executive Directors. The ARMC members have requisite accounting, financial and commercial skills and experience to contribute to the Committee's deliberations and the Chairman of the ARMC is a member of the Malaysian Institute of Accountants (MIA).

In compliance with Practice 9.1 of the MCCG, the Chairperson of the ARMC, Ms. Low Koon Min is not the Chairman of the Board and is an Independent Director.

The Board through the ARMC oversees the process and quality of the financial reporting, including reviewing and monitoring the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.

Details of the activities carried out by the ARMC in the financial year ended 30 June 2024 are set out on pages 52 to 53 of this Annual Report.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### 8.2 External Auditors

The Board has established a transparent relationship with the External Auditors through the ARMC, which has been accorded the authority to communicate directly with the External Auditors.

The auditors in turn are able to highlight matters which require the attention of the Board to the ARMC in terms of compliance with the accounting standards and other related regulatory requirements.

The ARMC undertakes an annual assessment of the suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

The ARMC had on 28 August 2024 conducted an assessment in the suitability and independence of the External Auditors, Crowe Malaysia PLT. Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

#### 8.3 Internal Audit Function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm to provide its services to meet the Group's required service level.

Internal Auditors report directly to the ARMC. Internal Auditors conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control system within the Group. The Internal Auditors will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach. The assessment of the internal audit is reported periodically to the ARMC. The recommendations arising from the internal audit and its implementations would be monitored.

For the financial year ended 30 June 2024, the Board, with assurance from the CEO, and other Senior Management, considered the risk management and internal control systems effective and adequate. There were no significant areas of concern that may affect the financial, operational and compliance controls.

Besides, ARMC undertakes an annual assessment of the suitability and performance of the Internal Auditors. The ARMC, in its assessment, has considered several factors, which included adequacy and resources of the Internal Auditors, quality control processes, the professional staff assigned to the audit, independence and objectivity of the Internal Auditors, discussion on audit scope, plan and fees and communication from the Internal Auditors.

Further details of the internal audit functions are set out in the Statement on Risk Management and Internal Control of this Annual Report.

## Corporate Governance Overview Statement (Cont'd)

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **9.1 Risk Management and Internal Control Framework**

The Board has delegated to the ARMC with the responsibility to review the risk management and internal control system of the Group for ensuring that risks are identified and monitored. The ARMC has in turn required Management to design and implement a risk management and internal control system to manage the Group's material business risks on an ongoing basis, and Management shall confirm to the Board on the effectiveness of these systems at least annually.

The Board, through the ARMC with the assistance of the Internal Auditors, has conducted annual risk assessment and evaluation. Each head of a division unit of the Group sets its strategic objectives, identifies specific risk and assesses the effectiveness of its risk management actions and internal control measures to help ensure the risks that it faces are addressed by controls which have been or will be implemented.

Risk Management Framework deals with the management and oversight of material business risks and provides the guiding principle for Management in the identification and managing of risks across the Group, and within individual business units of the Group.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the Statement on Risk Management and Internal Control.

#### **10.1 Communication with the Stakeholders**

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges that the continuous communication between the Company and its stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures the supply of clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including annual reports, quarterly and annual financial results, which provide investors with up-to-date financial information of the Group. All announcements made, annual reports and other information about the Company are available on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com) which shareholders, investors and the public may access.

#### **10.2 Conduct of General Meetings**

The AGM is the principal forum for shareholder dialogue, allowing shareholders to review the Group's performance via the Annual Report and question the Board for clarification.

All the members of the Board will be present at the AGM to provide a better opportunity for the shareholders to engage in person with each Board member. The Notice of the Twenty-Eighth AGM ("28<sup>th</sup> AGM") was issued by the Company on 31 October 2023, effectively giving shareholders at least twenty-eight (28) days to review the Annual Report for any questions they might wish to raise in the AGM. The notice of the coming 29<sup>th</sup> AGM of the Company will be sent to the shareholders at least twenty-eight (28) days before the date of the AGM this year as well.

The Company had its fully virtual AGM and entirely via remote participation and voting at the online platform last year and all the Directors at that point of time had attended the 28<sup>th</sup> AGM of the Company held on 6 December 2023.

All resolutions set out in the Notice of the 28<sup>th</sup> AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings was announced to Bursa Securities on the same day.

Pursuant to Paragraph 2.19 of the MMLR and Clause 88 of the Constitution of the Company, the Notice of 29<sup>th</sup> AGM Proxy Form and Annual Report 2024 can be downloaded from the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

## Corporate Governance Overview Statement (Cont'd)

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **10.3 Effective Communication and Proactive Engagement**

At the AGM, Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees as well as the CEO are available to respond to shareholders' queries concerning the Company and the Group. The External Auditors will also be invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company's perspective, the AGM also serves as a forum for the Directors and CEO to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meeting and ensures their queries are responded to properly and systematically.

The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

The summary of key matters discussed at the AGM will be made public on the Company's corporate website for the shareholders' information.

### **STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT**

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2024, except for the departures set out in the Corporate Governance Report.

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

This Corporate Governance Overview Statement was made in accordance with a resolution of the Board on 29 October 2024.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Malaysian Code on Corporate Governance (“MCCG”) requires listed companies to maintain a sound system of internal control to safeguard shareholders’ investments and the assets of MESB Berhad (“Company”) and its subsidiaries (“Group”). Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) requires Directors of listed companies to include a statement in their Annual Reports on the state of their internal controls. Set out below is the Company’s Statement on Risk Management and Internal Control guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, and Practices 10.1 and 10.2 of MCCG.

### BOARD RESPONSIBILITY

The Board of Directors (“Board”) is committed to ensuring the existence of an appropriate risk management policy and sound, efficient and effective system of internal control to safeguard shareholders’ investment and the Group’s assets. The Board ensures the effectiveness of the system through periodic reviews. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group’s business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The Board has taken into consideration the work performed by internal and external auditors.

The Board, through its Audit and Risk Management Committee (“ARMC”) has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal controls as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the ARMC on annual basis.

Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified.

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

Internal control and risk-related matters which warranted the attention of the Board were recommended by the ARMC to the Board for its deliberation and approval and matters or decisions made within the ARMC’s purview were referred to the Board for its notation.

### RISK MANAGEMENT AND MANAGEMENT RESPONSIBILITY

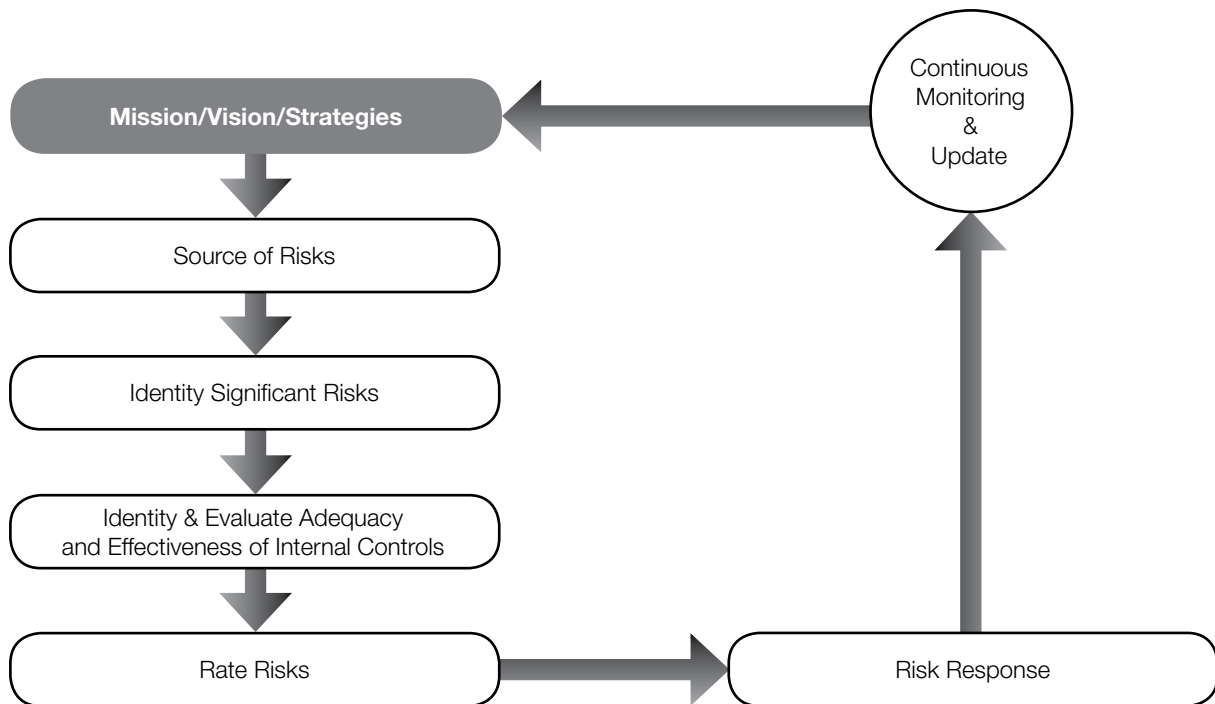
The Board has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Group in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. Risk management is an integral part of the business operations and this process goes through a review process by the Board. Discussions have been conducted during the financial year involving different levels of management to identify and address risks faced by the Group. These risks were summarised and included in the Group’s risk management report. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report. This is to ensure that all risks are adequately addressed at various levels within the Group.

The ARMC is assisted by the Risk Coordinator, who acts as the focal point for all risk management activities and assessment done by Management on the effectiveness of the Group’s Enterprise Risk Management (“ERM”) policy. The Group’s risk assessment process involves identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. Based on the risk assessment performed, the major risks to which the Group is exposed to are strategic, operational, regulatory, financial, market, technological, products and reputational risks.

## Statement on Risk Management and Internal Control (Cont'd)

### RISK MANAGEMENT AND MANAGEMENT RESPONSIBILITY (CONT'D)

The ERM process is based on the following principles:-



All identified risks are displayed on a 1 to 3 risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. There is no dedicated ERM department, however the Chief Executive Officer (“CEO”) works closely with the Group’s Senior Management to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

### CONTROL ENVIRONMENT

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in various work processes at appropriate levels within the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

The main elements in the system of internal control framework include:-

- An organisation structure in the Group with clear lines of responsibility and delegation of authority to ensure proper accountabilities and segregation of duties;
- Documentation of written policies and procedures for operational areas, such as procurement, inventory management and information technology;
- Review of quarterly financial results by the Board and the ARMC;
- Active participation and involvement by the CEO and the Executive Director in the day-to-day running of the business operations; and
- Review of internal audit reports and findings by the ARMC.

## Statement on Risk Management and Internal Control (Cont'd)

### INTERNAL AUDIT

The Board is fully aware of the importance of the internal audit function, and has engaged an independent professional firm to provide independent assurance to the Board and the ARMC in performing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit adopts a risk-based approach and prepares its audit plan based on the risk profiles from the risk assessment of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. The internal audit reports are presented in the ARMC meetings accordingly.

During the year under review, internal audit reviews were carried out by the Internal Audit team to identify internal control weaknesses. Significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal control were reported to the ARMC and the Board for deliberation.

The IA also reports on the activities performed and key strategic and control issues observed to the ARMC. The ARMC assessed the effectiveness, performance and independence of the IA annually. IA continues to adopt a risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core or priority areas.

The internal audit function has reviewed the state of internal control on various operations both Retail and Waste Recycling segments within the Group based on the information provided by Management. The internal audit reviews were carried out on a sample basis and were performed on the following segments during the financial year:-

#### MESB BERHAD - RETAIL SEGMENT

- Finance
- Human Resources
- Warehouse
- Sales & Marketing
- Outlet Stock Review
- Merchandising
- Information Technology

#### MESB BERHAD - WASTE RECYCLING SEGMENT

- MESB Resources Sdn. Bhd.
- Formidex Sdn. Bhd.
- N.U. Recycle Sdn. Bhd.
- Waier Trading Sdn. Bhd.
- Recurrent Related Party report

All reports from the internal audit reviews were submitted and presented to the ARMC with the feedback and agreed corrective actions to be undertaken by Management. The progress of these corrective actions was verified by IA and submitted to the ARMC.

The total professional fees paid for the outsourcing of internal audit function for the year ended 30 June 2024 amounting to RM28,800 (excluding disbursement costs).

## Statement on Risk Management and Internal Control (Cont'd)

### INFORMATION AND COMMUNICATION

While Management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarifications from Management as well as to seek inputs from the ARMC, external and internal auditors, and other experts at the expense of the Group.

### ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the CEO, Senior Management and other Heads of Department that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("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 the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of the Group for the financial year ended 30 June 2024, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:-

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### CONCLUSION

The Board is pleased to report that there were no major internal control weaknesses identified during the financial year under review, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measures to strengthen the control environment.

This Statement on Risk Management and Internal Control was made in accordance with a resolution of the Board on 29 October 2024.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

The Company did not raise any funds through any corporate exercise during the financial year ended 30 June 2024 ("FYE 2024").

### 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the FYE 2024 are as follows:-

	Company RM'000	Group RM'000
Audit Fees	161	319
Non-Audit Fees	7	7

### 3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, CHIEF EXECUTIVE WHICH IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS' INTERESTS

On 22 September 2022, the Company entered into the following agreements:-

- (i) a conditional share sale agreement for the proposed disposals ("Disposal SSA") of the entire equity interests in Active Fit Sdn. Bhd. ("Active Fit") and MESB Capital & Development Sdn. Bhd. ("MCD") as well as 45% equity interest in Miroza Leather (M) Sdn. Bhd. ("Miroza") to Trend Navigator Sdn. Bhd. for a total cash consideration of RM46,000,000 ("Proposed Disposals"); and
- (ii) a conditional share purchase agreement for the proposed acquisitions ("Acquisition SSA") of the entire equity interests in N.U. Recycle Sdn. Bhd., Formidex Sdn. Bhd. and Waier Trading Sdn. Bhd. from the Vendors (as defined in Acquisition SSA) for a total cash consideration of RM51,000,000 ("Proposed Acquisitions").

The Proposed Disposals and Proposed Acquisitions are collectively referred to as the "Proposals".

Pursuant to the Disposal SSA, the Proposed Disposals shall be implemented in two (2) tranches as follows:-

- (i) 80% or 8,536,000 Active Fit Sale Shares together with the entire 2,666,974 MCD Sale Shares and 3,870,000 Miroza Sale Shares ("First Tranche Sale Shares") are expected to be disposed by the first completion date, which is within three (3) months from the date the Disposal SSA becomes unconditional ("First Completion Date"); and
- (ii) the remaining 20% or 2,134,000 Active Fit Sale Shares ("Second Tranche Sale Shares") are expected to be disposed within six (6) months from the First Completion Date ("Second Completion Date"), subject to and conditional upon the release of a subsisting corporate guarantee provided by MESB in favour of Active Fit.

## Additional Compliance Information (Cont'd)

### 3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, CHIEF EXECUTIVE WHICH IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS' INTERESTS (CONT'D)

On 16 June 2023, the Proposed Acquisitions and the disposals of the First Tranche Sale Shares have been completed in accordance with the terms and conditions of the Acquisition SSA and Disposal SSA respectively. Subsequently on 31 May 2024, the disposal of Second Tranche Sale Shares was completed in accordance with the terms and conditions of the Disposal SSA.

Other than the Proposals and the recurrent related party transactions of a revenue or trading nature as disclosed under related party disclosures set out in Note 38 of the audited financial statements, there were no other material contracts entered into by the Company and/or its subsidiary companies including the Directors', Chief Executive's or major shareholders' interests, which was still subsisting at the end of the previous financial year or which were entered into since the end of the previous financial year.

### 4. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSALS

The status of the utilisation of proceeds arising from the Proposed Disposals for the FYE 2024 is as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Initial Timeframe
Part settlement of the purchase consideration for the Proposed Acquisitions of RM51,000,000 (" <b>Purchase Consideration</b> ")	44,700	44,700	Within 24 months
Estimated expenses *	1,300	1,300	Upon completion of the Proposals
<b>Total</b>	<b>46,000</b>	<b>46,000</b>	

\* *Being the estimated expenses incidental to the Proposals, such as professional fees, stamp duty, tax, fees to authorities, printing, postage, advertising and other miscellaneous expenses. Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for part settlement of the Purchase Consideration.*

### 5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

The aggregate value of RRPTs made during the financial year, pursuant to the shareholders' mandate obtained at the 28<sup>th</sup> Annual General Meeting of the Company held on 6 December 2023, are disclosed in Note 38 to the audited financial statements for the FYE 2024.

## STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are responsible for ensuring that the financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act 2016, applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and their financial performance and cash flows for the financial year then ended. In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured adoption of applicable approved accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure that the financial statements have complied with the requisite requirements.

The Directors also have the general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



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## FINANCIAL STATEMENTS

Directors' Report	80
Statements of Financial Position	85
Statements of Profit or Loss and Other Comprehensive Income	87
Statement of Changes in Equity	89
Statements of Cash Flows	91
Notes to the Financial Statements	94
Statement By Directors	159
Statutory Declaration	159
Independent Auditors' Report	160





## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Profit/(Loss) after taxation for the financial year	14,156	(450)
Attributable to:-		
Owners of the Company	10,306	(450)
Non-controlling interests	3,850	-
	<b>14,156</b>	<b>(450)</b>

### DIVIDENDS

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

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

## Directors' Report (Cont'd)

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

### **CURRENT ASSETS**

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

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

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

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

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

### **CHANGE OF CIRCUMSTANCES**

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

## Directors' Report (Cont'd)

### ITEMS OF AN UNUSUAL NATURE

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

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

### DIRECTORS

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

Loke Lee Ping  
 Chua Jin Kau  
 Chen, JianHua  
 Dato' Lee Ban Seng  
 Datuk Wong Sak Kuan  
 Lee Kok Heng  
 Low Koon Min  
 Wong Yu Perng  
 Norhanim binti Mat Sari (Appointed on 1.3.2024)

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

Lee Wai Fun  
 Gui Kim Hoo  
 Slow Sea Nen

### DIRECTORS' INTERESTS

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

	<----- Number of Ordinary Shares ----->			
	At 1.7.2023	Bought	Sold	At 30.6.2024
<b>The Company</b>				
<b>Direct Interest</b>				
Datuk Wong Sak Kuan	38,407,898	-	-	38,407,898

By virtue of his interests in shares in the Company, Datuk Wong Sak Kuan is deemed to have interests in shares in its subsidiaries during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interests in shares of the Company or its related corporations during the financial year.

## Directors' Report (Cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 38(b) to the financial statements.

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

### DIRECTORS' REMUNERATION

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

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Fees	231	231
Salaries, bonuses and other benefits	741	42
Defined contribution benefits	80	-
	1,052	273

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM11,000 (2023 - RM11,500).

### INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM7,500,000 and RM28,000 respectively.

There was no indemnity given to or professional indemnity insurance effected for the auditors of the Company.

### SUBSIDIARIES

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

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

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 41 to the financial statements.

## Directors' Report (Cont'd)

### AUDITORS

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

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

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Audit fees	319	161
Non-audit fees	7	7
	<hr/> 326	<hr/> 168

Signed in accordance with a resolution of the directors dated 25 October 2024.

**Loke Lee Ping**

**Chua Jin Kau**

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000 (Restated)	2024 RM'000	2023 RM'000
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	72,600	72,600
Plant and equipment	6	5,104	4,370	–	–
Investment properties	7	401	414	–	–
Intangible assets	8	846	2,386	–	–
Right-of-use assets	9	1,926	1,008	–	–
Net investment in a lease	10	–	31	–	–
Goodwill	11	40,062	40,062	–	–
Deferred tax assets	12	799	560	–	–
		49,138	48,831	72,600	72,600
CURRENT ASSETS					
Inventories	13	44,739	40,119	–	–
Trade receivables	14	21,188	21,289	–	–
Other receivables, deposits and prepayments	15	1,987	3,364	18	2
Net investment in a lease	10	31	90	–	–
Current tax assets		1,290	2,299	18	19
Short-term investments	16	336	340	–	340
Fixed deposits with licensed banks	17	42,136	41,824	10,397	10,062
Cash and bank balances		19,119	14,324	515	1,636
		130,826	123,649	10,948	12,059
Asset of disposal group classified as held for sale	18	–	1,774	–	1,634
		130,826	125,423	10,948	13,693
<b>TOTAL ASSETS</b>		<b>179,964</b>	<b>174,254</b>	<b>83,548</b>	<b>86,293</b>

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

## Statements of Financial Position (Cont'd)

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	19	69,909	69,909	69,909	69,909
Retained profits		47,191	36,885	8,406	8,856
<hr/>					
Equity attributable to owners of the Company		117,100	106,794	78,315	78,765
Non-controlling interest		42,021	38,171	–	–
<hr/>					
<b>TOTAL EQUITY</b>		159,121	144,965	78,315	78,765
<hr/>					
NON-CURRENT LIABILITIES					
Hire purchase payables	20	217	414	–	–
Lease liabilities	21	948	367	–	–
<hr/>					
		1,165	781	–	–
<hr/>					
CURRENT LIABILITIES					
Trade payables	22	8,358	10,361	–	–
Other payables and accruals	23	7,205	9,363	3,667	5,336
Amount owing to a director	24	1,272	1,740	1,272	1,780
Amount owing to a shareholder	25	294	403	294	412
Hire purchase payables	20	284	333	–	–
Lease liabilities	21	1,045	786	–	–
Term loans	26	–	627	–	–
Bankers' acceptances	27	1,220	4,895	–	–
<hr/>					
		19,678	28,508	5,233	7,528
<hr/>					
<b>TOTAL LIABILITIES</b>		20,843	29,289	5,233	7,528
<hr/>					
<b>TOTAL EQUITY AND LIABILITIES</b>		179,964	174,254	83,548	86,293

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CONTINUING OPERATIONS</b>					
REVENUE	28	187,440	159,187	–	–
COST OF SALES		(82,626)	(59,752)	–	–
GROSS PROFIT		104,814	99,435	–	–
OTHER INCOME		2,209	2,670	881	18,109
		107,023	102,105	881	18,109
SELLING AND MARKETING EXPENSES		(37,231)	(39,224)	–	–
ADMINISTRATIVE EXPENSES		(47,040)	(43,391)	(1,330)	(2,179)
OTHER EXPENSES		(2,597)	(995)	–	–
FINANCE COSTS		(589)	(409)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	29	(278)	–	–	–
PROFIT/(LOSS) BEFORE TAXATION	30	19,288	18,086	(449)	15,930
INCOME TAX EXPENSE	31	(5,132)	(4,899)	(1)	–
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		14,156	13,187	(450)	15,930
<b>DISCONTINUED OPERATIONS</b>					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	32	–	(994)	–	–
PROFIT/(LOSS) AFTER TAXATION		14,156	12,193	(450)	15,930
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		14,156	12,193	(450)	15,930

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



## Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>PROFIT/(LOSS) AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company					
- continuing operations		10,306	13,191	(450)	15,930
- discontinued operations		-	(994)	-	-
		10,306	12,197	(450)	15,930
Non-controlling interest		3,850	(4)	-	-
		14,156	12,193	(450)	15,930
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES)</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company					
- continuing operations		10,306	13,191	(450)	15,930
- discontinued operations		-	(994)	-	-
		10,306	12,197	(450)	15,930
Non-controlling interest		3,850	(4)	-	-
		14,156	12,193	(450)	15,930
<b>EARNINGS/(LOSS) PER SHARE (SEN)</b>					
	33				
Basic:					
- continuing operations		7.14	9.93		
- discontinued operations		-	(0.75)		
		7.14	9.18		
Diluted:					
- continuing operations		7.14	9.93		
- discontinued operations		-	(0.75)		
		7.14	9.18		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Share Capital RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
<b>The Group</b>						
Balance at 1.7.2022		60,457	29,863	90,320	–	90,320
Profit after taxation/ Total comprehensive income for the financial year		–	12,197	12,197	(4)	12,193
Contributions by owners of the Company: - Issue of shares pursuant to exercise of Warrants	19	9,452	–	9,452	–	9,452
Changes in ownership interests in subsidiaries: - Dilution of interests in subsidiaries	35.2	–	(5,175)	(5,175)	38,175	33,000
Balance at 30.6.2023/1.7.2023		69,909	36,885	106,794	38,171	144,965
Profit after taxation/ Total comprehensive income for the financial year		–	10,306	10,306	3,850	14,156
Balance at 30.6.2024		69,909	47,191	117,100	42,021	159,121

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

## Statements of Changes in Equity (Cont'd)

	Note	Share Capital RM'000	Distributable (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
<b>The Company</b>				
Balance at 1.7.2022		60,457	(7,074)	53,383
Profit after taxation/Total comprehensive income for the financial year		–	15,930	15,930
Contributions by owners of the Company: - Issue of shares pursuant to exercise of Warrants	19	9,452	–	9,452
Balance at 30.6.2023/1.7.2023		69,909	8,856	78,765
Loss after taxation/Total comprehensive expenses for the financial year		–	(450)	(450)
Balance at 30.6.2024		69,909	8,406	78,315

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>CASH FLOWS FROM/(FOR)</b>				
<b>OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation				
- continuing operations	19,288	18,086	(449)	15,930
- discontinued operations	-	110	-	-
Adjustments for:-				
Amortisation of intangible assets	1,540	65	-	-
Bad debts written off	-	*	-	-
Depreciation of:				
- plant and equipment	1,309	1,024	-	-
- investment properties	13	57	-	-
- right-of-use assets	1,368	300	-	-
Impairment loss on trade receivables	278	-	-	-
Interest expense	437	539	-	-
Interest expense on lease liabilities	152	35	-	-
Plant and equipment written off	109	-	-	-
Unrealised loss on foreign exchange	23	487	-	-
Fair value gain on short-term investment	(176)	-	-	-
Gain on disposal of asset of disposal group classified as held for sale	(226)	-	(366)	-
Gain on disposal of plant and equipment	(47)	(149)	-	(8)
Gain on disposal of subsidiaries	-	(1,421)	-	(18,024)
Interest income	(1,078)	(999)	(348)	(69)
Reversal of inventories written down	(511)	(652)	-	-
Operating profit/(loss) before working capital changes	22,479	17,482	(1,163)	(2,171)
Increase in inventories	(4,109)	(20,866)	-	-
Decrease/(Increase) in trade and other receivables	1,200	7,471	(16)	*
(Decrease)/Increase in trade and other payables	(4,184)	(7,440)	(1,669)	319
Decrease in amount owing to a director	(468)	-	(508)	-
Decrease in amount owing to a shareholder	(109)	-	(118)	-
<b>CASH FROM/(FOR) OPERATIONS/BALANCE CARRIED FORWARD</b>	<b>14,809</b>	<b>(3,353)</b>	<b>(3,474)</b>	<b>(1,852)</b>

\* Amount is less than RM1,000

## Statements of Cash Flows (Cont'd)

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FROM/(FOR)					
OPERATIONS/BALANCE					
BROUGHT FORWARD		14,809	(3,353)	(3,474)	(1,852)
Income tax (paid)/refunded		(4,362)	(7,004)	–	27
Interest paid		(589)	(574)	–	–
Interest received		1,078	999	348	69
<hr/>					
NET CASH FROM/(FOR)					
OPERATING ACTIVITIES		10,936	(9,932)	(3,126)	(1,756)
<hr/>					
CASH FLOWS FROM/(FOR)					
INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	34	–	(39,939)	–	–
Disposal of non-controlling interests	35.2	–	33,000	–	–
Disposal of subsidiaries, net of cash and cash equivalents disposed of	35.1	–	(6,347)	–	–
Withdrawal/(Placement) of fixed deposits with tenure more than 3 months		207	(206)	–	–
Proceeds from disposal of asset of disposal group classified as held for sale		2,000	–	2,000	–
Proceeds from disposal of plant and equipment		47	364	–	–
Purchase of intangible assets		–	(66)	–	–
Purchase of plant and equipment	36(a)	(2,052)	(1,785)	–	–
Purchase of short-term investment		(160)	–	–	–
Repayment from net investment in a lease	10	90	4	–	–
<hr/>					
NET CASH FROM/(FOR)					
INVESTING ACTIVITIES		132	(14,975)	2,000	–

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

## Statements of Cash Flows (Cont'd)

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Drawdown of pledged fixed deposits		4,620	4,329	–	–
Net (repayment)/placement of bankers' acceptances	36(b)	(3,675)	443	–	–
Proceeds from disposal of plant and equipment		–	–	–	8
Proceeds from issuance of ordinary shares		–	9,452	–	9,452
Repayment of hire purchase payables	36(b)	(346)	(30)	–	–
Repayment of lease liabilities	36(b)	(1,446)	(322)	–	–
Repayment of term loans	36(b)	(627)	(890)	–	–
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>		<b>(1,474)</b>	<b>12,982</b>	<b>–</b>	<b>9,460</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
		<b>9,594</b>	<b>(11,925)</b>	<b>(1,126)</b>	<b>7,704</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		<b>37,828</b>	<b>49,753</b>	<b>12,038</b>	<b>4,334</b>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	36(d)	<b>47,422</b>	<b>37,828</b>	<b>10,912</b>	<b>12,038</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office	:	Unit 521, 5th Floor, Lobby 6, Block A, Damansara Intan No.1, Jalan SS20/27, 47400 Petaling Jaya, Selangor.
Principal place of business	:	Lot 1903A, 1st Floor, Jalan KP7 7, Kawasan Perindustrian Kg. Baru Balakong, 43300 Seri Kembangan, Selangor.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "the Group".

The financial statements of the Company and of the Group are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 October 2024.

## 2. PRINCIPAL ACTIVITIES

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

## 3. BASIS OF PREPARATION

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

- 3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

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

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

## Notes to the Financial Statements (Cont'd)

### 3. BASIS OF PREPARATION (CONT'D)

#### 3.1 (Cont'd)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

#### Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 4 to the financial statements in line with the amendments.

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

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

#### **Effective Date**

MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standard and/or interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:-

#### MFRS 18 Presentation and Disclosure of Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statements of financial position and the statements of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.



## Notes to the Financial Statements (Cont'd)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### *Key Sources of Estimation Uncertainty*

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

##### **(a) Depreciation of Plant and Equipment**

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

##### **(b) Amortisation of Intangible Assets**

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

##### **(c) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date and the key assumptions is disclosed in Note 11 to the financial statements.

##### **(d) Impairment of Plant and Equipment, Investment Properties and Right-of-use Assets**

The Group determines whether an item of its plant and equipment, investment properties and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of plant and equipment, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 6, 7 and 9 to the financial statements respectively.

## Notes to the Financial Statements (Cont'd)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

##### **(e) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

##### **(f) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

##### **(g) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group and the Company to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group and the Company use judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date is disclosed in Note 15 to the financial statements.

##### **(h) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expenses and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets of the Group and of the Company as at the reporting date are approximately RM1,290,000 (2023 - RM2,299,000) and RM18,000 (2023 - RM19,000) respectively.

##### **(i) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

##### **(j) Purchase Price Allocation**

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made in the previous financial year are disclosed in Note 34 to the financial statements.

##### **(k) Discount Rates used in Leases**

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

##### **Critical Judgements Made in Applying Accounting Policies**

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

##### **(a) Classification between Investment Properties and Owner occupied Properties**

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

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment properties.

##### **(b) Lease Terms**

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

## Notes to the Financial Statements (Cont'd)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.2 FINANCIAL INSTRUMENTS

##### (a) Financial Assets

###### Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

###### Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

###### Financial Assets Through Other Comprehensive Income

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

##### (b) Financial Liabilities

###### Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

###### Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

##### (c) Equity

###### Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

## Notes to the Financial Statements (Cont'd)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.2 FINANCIAL INSTRUMENTS (CONT'D)

##### (d) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

#### 4.3 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

#### 4.4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries, which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

#### 4.5 PLANT AND EQUIPMENT

All items of plant and equipment are initially measured at cost.

Subsequent to initial recognition, all plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Computers	10% - 50%
Motor vehicles	20%
Office equipment, furniture and fittings	5% - 10%
Plant and machinery	10% - 20%
Renovation	10% - 20%
Warehouse equipment	20%

#### 4.6 INVESTMENT PROPERTIES

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation rate are as follows:-

Buildings	2%
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## Notes to the Financial Statements (Cont'd)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

##### (a) Short-term Leases and Leases of Low-value Assets

The Group applies the “short-term lease” and “lease of low-value assets” recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

##### (b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

##### (c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

#### 4.8 INTANGIBLE ASSETS

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition. Subsequent to the initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

##### Intangible Assets with Definite Useful Lives

The intangible assets are amortised using the straight-line method to allocate their depreciable amounts over the following periods:-

Contract with a customer	1 year
Trademarks	5 to 15 years

#### 4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

## Notes to the Financial Statements (Cont'd)

### 5. INVESTMENTS IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost		
At 1 July	72,600	68,210
Addition during the year	–	51,000
Disposal during the year	–	(46,610)
At 30 June	72,600	72,600
Accumulated impairment losses		
At 1 July	–	(19,000)
Disposal during the year	–	19,000
At 30 June	–	–
	72,600	72,600

The details of the subsidiaries are as follows:-

<b>Name of Subsidiary</b>	<b>Principal Place of Business/ Country of Incorporation</b>	<b>Percentage of Issued Share Capital Held by Parent</b>		<b>Principal Activities</b>
		<b>2024</b>	<b>2023</b>	
		%	%	
Formidex Sdn. Bhd. ("Formidex")	Malaysia	100	100	Principally engaged in provision of slitting services and trim waste sales.
MESB Resources Sdn. Bhd. ^	Malaysia	100	100	Principally engaged in the activities of wholesale of metal and non-metal waste and scrap and materials for recycling.
Miroza Leather (M) Sdn. Bhd. ^ ("Miroza")	Malaysia	55	55	Principally engaged in the business of trading and retailing of leather product and apparels.
N.U. Recycle Sdn. Bhd. ("NURSB")	Malaysia	100	100	Principally engaged in the sale and purchase of recycling material.
Waier Trading Sdn. Bhd. ^ ("Waier")	Malaysia	100	100	Principally engaged in recycling materials.

^ These subsidiaries were audited by other firms of chartered accountants.

## Notes to the Financial Statements (Cont'd)

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) In the previous financial year, the Company had acquired:-

- (i) 100% equity interests in Formidex;
- (ii) 100% equity interests in NURSB; and
- (iii) 100% equity interests in Waier

The details of the acquisition are disclosed in Note 34 to the financial statements.

(b) In the previous financial year, the Company had disposed:-

- (i) 80% equity interests in Active Fit Sdn. Bhd.;
- (ii) 100% equity interests in MESB Capital & Development Sdn. Bhd.; and
- (iii) 45% equity interests in Miroza.

The details of the disposal are disclosed in Note 35 to the financial statements.

(c) In the previous financial year, the remaining 20% equity interest in Active Fit Sdn. Bhd. had met the criteria to be classified as held for sale with an carrying amount of RM1,774,000 as disclosed in Note 18 to the financial statements.

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

	Effective Equity Interest		The Group	
	2024	2023	2024	2023
	%	%	RM'000	RM'000
Miroza	45	45	42,021	38,171



## Notes to the Financial Statements (Cont'd)

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	<b>Miroza</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 30 June</b>		
Non-current assets	6,333	4,180
Current assets	100,617	100,145
Non-current liabilities	(805)	(166)
Current liabilities	(12,765)	(19,334)
<b>Net assets</b>	<b>93,380</b>	<b>84,825</b>
<b>Financial Year Ended 30 June</b>		
Revenue	140,751	150,744
Profit for the financial year/Total comprehensive income	8,556	13,167
Total comprehensive income/(expenses) attributable to non-controlling interests	3,850	(4)
Net cash flows from/(for) operating activities	4,965	(8,200)
Net cash flows from investing activities	3,071	259
Net cash flows for financing activities	(4,887)	(5,901)

Notes to the Financial Statements  
(Cont'd)

**6. PLANT AND EQUIPMENT**

	At 1.7.2023 RM'000	Additions (Note 36(a)) RM'000	Write Off RM'000	Depreciation Charges RM'000	At 30.6.2024 RM'000		
<b>The Group</b>							
<b>2024</b>							
<b>Carrying Amount</b>							
Computers	68	29	-	(40)	57		
Motor vehicles	1,215	162	-	(401)	976		
Office equipment, furniture and fittings	941	63	(109)	(104)	791		
Plant and machinery	1,577	63	-	(255)	1,385		
Renovation	569	1,835	-	(509)	1,895		
	4,370	2,152	(109)	(1,309)	5,104		
	At 1.7.2022 RM'000	Additions (Note 36(a)) RM'000	Disposals RM'000	Depreciation Charges RM'000	Acquisition of Subsidiaries (Note 34) RM'000	Disposal of Subsidiaries (Note 35) RM'000	At 30.6.2023 RM'000
<b>The Group</b>							
<b>2023</b>							
<b>Carrying Amount</b>							
Computers	33	55	-	(32)	22	(10)	68
Motor vehicles	50	226	-	(44)	983	-	1,215
Office equipment, furniture and fittings	2,224	493	-	(378)	45	(1,443)	941
Plant and machinery	319	1,060	-	(63)	261	-	1,577
Renovation	911	271	(215)	(501)	103	-	569
Warehouse equipment	6	-	-	(6)	-	-	-
	3,543	2,105	(215)	(1,024)	1,414	(1,453)	4,370

## Notes to the Financial Statements (Cont'd)

### 6. PLANT AND EQUIPMENT (CONT'D)

	<b>At Cost RM'000</b>	<b>Accumulated Depreciation RM'000</b>	<b>Carrying Amount RM'000</b>
<b>The Group</b>			
<b>2024</b>			
<b>Carrying Amount</b>			
Computers	2,961	(2,904)	57
Motor vehicles	3,460	(2,484)	976
Office equipment, furniture and fittings	2,782	(1,991)	791
Plant and machinery	4,245	(2,860)	1,385
Renovation	11,470	(9,575)	1,895
Warehouse equipment	76	(76)	-
	24,994	(19,890)	5,104
<b>2023</b>			
<b>Carrying Amount</b>			
Computers	2,933	(2,865)	68
Motor vehicles	3,434	(2,219)	1,215
Office equipment, furniture and fittings	2,982	(2,041)	941
Plant and machinery	4,204	(2,627)	1,577
Renovation	9,637	(9,068)	569
Warehouse equipment	76	(76)	-
	23,266	(18,896)	4,370
<b>The Company</b>			
<b>2024</b>			
<b>Carrying Amount</b>			
Computers	15	(15)	-
<b>2023</b>			
<b>Carrying Amount</b>			
Computers	15	(15)	-

Included in the plant and equipment of the Group were equipment and motor vehicles with a total carrying amount of RM981,000 (2023 - RM1,335,000) held under hire purchase arrangements. These assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 20 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 7. INVESTMENT PROPERTIES

	The Group	
	2024 RM'000	2023 RM'000
Cost:-		
At 1 July	666	3,740
Disposal of subsidiaries (Note 35)	-	(3,074)
<hr/>		
At 30 June	666	666
<hr/>		
Accumulated depreciation:-		
At 1 July	(252)	(1,173)
Depreciation during the financial year	(13)	(57)
Disposal of subsidiaries (Note 35)	-	978
<hr/>		
At 30 June	(265)	(252)
<hr/>		
	401	414
<hr/>		
Represented by:-		
Buildings, at cost	401	414
<hr/>		
Fair value	500	500
<hr/>		

- (a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable period of 2 (2023 - 2) years and an option that is exercisable by the customers to extend their leases and subsequent renewals are negotiated with the lessee.

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires advance rental payment and security deposits from the lessees. These leases do not include residual value guarantees.

The contribution arising from the lease income is not material to the Group. Therefore, the disclosures required by MFRS 16 for a lessor are not presented.

- (b) In the previous financial year, the investment properties were pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements. The pledge has been discharged during the current financial year.
- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

## Notes to the Financial Statements (Cont'd)

### 8. INTANGIBLE ASSETS

	<b>The Group</b>	
	<b>2024</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b> <b>(Restated)</b>
Cost:-		
At 1 July	3,003	1,347
Additions during the financial year	–	66
Acquisition of subsidiaries (Note 34)	–	1,590
	<hr/>	<hr/>
At 30 June	3,003	3,003
Accumulated amortisation:-		
At 1 July	(117)	(52)
Amortisation charge during the financial year	(1,540)	(65)
	<hr/>	<hr/>
At 30 June	(1,657)	(117)
Accumulated impairment losses:-		
At 1 July/At 30 June	(500)	(500)
	<hr/>	<hr/>
	846	2,386
	<hr/>	<hr/>

Included in trademarks are the rights of using trademarks of a brand in Malaysia and Brunei granted by a licensor for a licence fee of RM847,000 and RM66,000 for a period of 15 years and 5 years respectively.

In the previous financial year, the Group has recognised an intangible asset amounting RM1,590,000 from the acquisition of subsidiaries as disclosed in Note 34 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 9. RIGHT-OF-USE ASSETS

	At 1.7.2023 RM'000	Addition (Note 36(a)) RM'000	Depreciation Charges RM'000	At 30.6.2024 RM'000
<b>The Group</b>				
<b>2024</b>				
<b>Carrying Amount</b>				
Buildings	1,008	2,286	(1,368)	1,926

	At 1.7.2022 RM'000	Addition (Note 36(a)) RM'000	Acquisition of Subsidiaries (Note 34) RM'000 (Restated)	Depreciation Charges RM'000	At 30.6.2023 RM'000 (Restated)
<b>The Group</b>					
<b>2023</b>					
<b>Carrying Amount</b>					
Buildings	308	300	700	(300)	1,008

The Group leases various boutiques, warehouse and hostels for 1 to 3 (2023 - 1 to 3) years, with an option to renew the lease after that date.

### 10. NET INVESTMENT IN A LEASE

	<b>The Group</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>
At 1 July	121	–
Acquisition of subsidiaries (Note 34)	–	125
Interest income	*	*
Lease payment	(90)	(4)
At 30 June	31	121

\* Amount is less than RM1,000

## Notes to the Financial Statements (Cont'd)

### 10. NET INVESTMENT IN A LEASE (CONT'D)

The Group leases premise to a related party for a period of two years.

The lease payments to be received are as follows:

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than one year	31	90
One to two years	–	31
	31	121
Analysed by:		
Current assets	31	90
Non-current assets	–	31
	31	121

### 11. GOODWILL

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
Cost:-		
At 1 July	40,062	–
Acquisition of subsidiaries (Note 34)	–	40,062
	40,062	40,062
At 30 June	40,062	40,062

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
Formidex	9,563	9,563
NURSB	24,860	24,860
Waier	5,639	5,639
	40,062	40,062

## Notes to the Financial Statements (Cont'd)

### 11. GOODWILL (CONT'D)

- (b) The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flow projections are based on 5 years of financial budgets with terminal growth rate which approved by management. The other key assumptions used in the determination of the recoverable amount are as follows:-

	<b>Average Gross Margins 2024 %</b>	<b>Average Growth Rates 2024 %</b>	<b>Discount Rates 2024 %</b>	<b>Terminal Growth Rates 2024 %</b>
Formidex	76.3 - 85.0	2.8	7.53	2.16
NURSB	34.0 - 85.0	2.8	7.53	2.16
Waier	15.0 - 45.0	2.8	7.53	2.16
	<b>2023 %</b>	<b>2023 %</b>	<b>2023 %</b>	<b>2023 %</b>
Formidex	69	2.9	9.24	2.14
NURSB	19	2.9	9.24	2.14
Waier	16.7 - 35.5	2.9	9.24	2.14

- (i) Average Gross Margins Gross margin is based on the average historical gross margin ranged from 24 to 26 (2023 - 24 to 26) months.
- (ii) Average Growth Rates The first year growth rate is based on the average historical growth rate ranged from 24 to 26 (2023 - 24 to 26) months and adjusted for any others contractual arrangement entered into by the cash-generating unit.  
  
Subsequently, the growth rate increases yearly by 2.8% (2023 - 2.9%) based on the average inflation rate of past 3 (2023 - 2) years.
- (iii) Discount Rates Discount rate is based on the average pre-tax Weighted Average Cost of Capital ("WACC") rate of the recycling business of 7.53% (2023 - 9.24%).
- (iv) Terminal Growth Rates Terminal growth rate is based on the last 5 years' average Malaysia National's Recycling Rate of 2.16% (2023 - 2.14%).

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and are based on internal and external historical data.

- (c) The directors believe that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.



## Notes to the Financial Statements (Cont'd)

### 12. DEFERRED TAX ASSETS

	At 1.7.2023 RM'000	Recognised in Profit Or Loss (Note 31) RM'000	At 30.6.2024 RM'000
<b>The Group</b>			
<b>2024</b>			
<b><i>Deferred Tax Assets</i></b>			
Inventories	416	(122)	294
Lease liabilities	87	286	373
Plant and equipment	38	(38)	–
Others	546	120	666
	1,087	246	1,333
<b><i>Deferred Tax Liabilities</i></b>			
Intangible assets	(381)	353	(28)
Plant and equipment	(58)	(86)	(144)
Right-of-use assets	(88)	(274)	(362)
	(527)	(7)	(534)
	560	239	799

Notes to the Financial Statements  
(Cont'd)

**12. DEFERRED TAX ASSETS (CONT'D)**

	At 1.7.2022 RM'000	Recognised in Profit Or Loss (Note 31) RM'000	Acquisition of Subsidiaries (Note 34) RM'000 (Restated)	At 30.6.2023 RM'000 (Restated)
<b>The Group</b>				
<b>2023</b>				
<b>Deferred Tax Assets</b>				
Inventories	573	(157)	–	416
Lease liabilities	77	10	–	87
Plant and equipment	85	(47)	–	38
Others	514	32	–	546
	1,249	(162)	–	1,087
<b>Deferred Tax Liabilities</b>				
Intangible assets	–	–	(381)	(381)
Plant and equipment	(23)	(31)	(4)	(58)
Right-of-use assets	(74)	(8)	(6)	(88)
	(97)	(39)	(391)	(527)
	1,152	(201)	(391)	560

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	<b>The Group/The Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Unused tax losses:		
- expires year of assessment 2033	636	636
- expires year of assessment 2034	588	–
	1,224	636

Based on the current legislation, the unused tax losses are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment.

## Notes to the Financial Statements (Cont'd)

### 13. INVENTORIES

	The Group	
	2024 RM'000	2023 RM'000
Finished goods	44,739	40,119
Recognised in profit or loss:-		
Inventories recognised as cost of sales	71,693	67,759
Reversal of inventories previously written down	(511)	(652)

### 14. TRADE RECEIVABLES

	The Group	
	2024 RM'000	2023 RM'000
Third parties	19,256	20,927
Related parties	2,210	362
Allowance for impairment losses	(278)	-
	21,188	21,289
Allowance for impairment losses:-		
At 1 July	-	(59)
Addition for the financial year	(278)	-
Disposal of subsidiaries	-	8
Written off during the financial year	-	51
At 30 June	(278)	-

The Group's normal trade credit terms range from 30 to 120 (2023 - 30 to 120) days.

### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables	612	1,999	16	-
Deposits	874	831	1	1
Prepayments	501	534	1	1
	1,987	3,364	18	2

## Notes to the Financial Statements (Cont'd)

### 16. SHORT-TERM INVESTMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Quoted ordinary shares, at fair value	336	–	–	–
Money market funds, at fair value	–	340	–	340
	336	340	–	340

In the previous financial year, the money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash and are subject to an insignificant risk of changes in value.

### 17. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.00% to 3.70% (2023 - 2.18% to 3.60%) per annum and 3.4% (2023 - 3.6%) per annum respectively. The fixed deposits have maturity period range from 3 to 12 months (2023 - 3 to 6 months) and 3 months (2023 - 3 months) for the Group and the Company respectively.
- (b) Included in fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of approximately RM13,833,000 (2023 - RM18,453,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 26 and 27 to the financial statements.

### 18. ASSET OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In the previous financial year, the Company entered into a conditional share sale agreement for the proposed disposals of its entire equity interests in Active Fit Sdn. Bhd. and MESB Capital & Development Sdn. Bhd., as well as 45% equity interest in Miroza to Trend Navigator Sdn. Bhd. for a total cash consideration of RM46.0 million.

In the previous financial year, the Company announced the completion of the disposals of the First Tranche Sale Shares on disposal of the entire equity interests in MCD, 80% equity interests in Active Fit, and the 45% equity interest in Miroza for a total cash consideration of RM44.0 million.

On 31 May 2024, the Company announced the completion of the disposal of the Second Tranche Sale Shares on the remaining 20% equity interest in Active Fit for total consideration of RM2.0 million.

	<b>The Group</b>
	<b>2023</b>
	<b>RM'000</b>
Unquoted shares, at cost	1,634
Share of post acquisition profits	140
	1,774

## Notes to the Financial Statements (Cont'd)

### 18. ASSET OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

The summarised financial information for associate that is classified as held for sale is as follows:-

	<b>The Group 2023 RM'000</b>
<b>Assets</b>	
Plant and equipment	1,453
Inventories	14,798
Trade receivables	7,940
Other receivables, deposits, prepayments	253
Cash and bank balances	6,916
Fixed deposit with licensed bank	10,044
	41,404
<b>Liabilities</b>	
Trade balances	(1,365)
Other payables and accruals	(23,521)
Lease liabilities	(6)
Current tax liabilities	(135)
Bankers' acceptances	(7,506)
	(32,533)
Net Asset	8,871
Assets of disposal group classified as held for sale for the remaining 20% interest as at date of disposal	1,774

The carrying amount of the non-current asset is the same as its carrying value before it was reclassified as held for sale.

## Notes to the Financial Statements (Cont'd)

### 19. SHARE CAPITAL

	The Group/The Company		2024 RM'000	2023 RM'000
	2024 Number Of Shares	2023 Number Of Shares		
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 July	144,294	112,792	69,909	60,457
New shares issued under the exercise of Warrants	–	31,502	–	9,452
At 30 June	144,294	144,294	69,909	69,909

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) On 2 January 2018, the Company issued 40,950,000 free warrants to all the entitled shareholders of the Company after the share split on the basis of one (1) free warrant for every two (2) existing ordinary shares held in the Company.

The warrants can only be exercised commencing on and including the date from the second anniversary date of the first issue of the warrants, i.e. 2 January 2020 to 30 December 2022. Each warrant entitles the registered holder the right at any time during the exercise period from 2 January 2020 to 30 December 2022 to subscribe in cash for one (1) new ordinary share of the Company at an exercise price of RM0.30 each.

In the previous financial year, the Company has issued 31,502,000 new ordinary shares from the exercise of warrants 2017/2022 at the exercise price of RM0.30 per warrant of a total cash consideration of RM9,450,728.

As at 30 December 2022, all the warrant has been lapsed and no longer exercisable.

## Notes to the Financial Statements (Cont'd)

### 20. HIRE PURCHASE PAYABLES

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Minimum hire purchase payments:		
- not later than 1 year	312	361
- later than 1 year and not later than 5 years	238	455
	550	816
Less: Future finance charges	(49)	(69)
Present value of hire purchase payables	501	747
Present value of hire purchase payments:		
- not later than 1 year	284	333
- later than 2 year and not later than 5 years	217	414
	501	747
Analysed by:-		
Current liabilities	284	333
Non-current liabilities	217	414
	501	747

- (a) The hire purchase payables of the Group are secured by the Group's equipment and motor vehicles as disclosed in Note 6 to the financial statements.
- (b) The hire purchase payables of the Group at the end of the financial year bore effective interest rates ranged from 3.90% to 6.78% (2023 - 3.16% to 6.78%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

## Notes to the Financial Statements (Cont'd)

### 21. LEASE LIABILITIES

	The Group	
	2024 RM'000	2023 RM'000 (Restated)
At 1 July	1,153	355
Addition	2,286	300
Acquisition of subsidiaries (Note 34)	–	826
Disposal of subsidiaries (Note 35.1)	–	(6)
Interest expense recognised in profit or loss	152	35
Repayment of principal	(1,446)	(322)
Repayment of interest expense	(152)	(35)
<b>At 30 June</b>	<b>1,993</b>	<b>1,153</b>
Analysed by:-		
Current liabilities	1,045	786
Non-current liabilities	948	367
	<b>1,993</b>	<b>1,153</b>

### 22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2023 - 30 to 90) days.

Included in trade payables of the Group is an amount due to a company in which a director has significant financial interests of RM99,000 (2023 - RM316,000). The amount is unsecured, interest free and subject to negotiated trade terms.

### 23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other payables	3,734	5,174	3,454	4,928
Accruals	3,471	4,189	213	408
	<b>7,205</b>	<b>9,363</b>	<b>3,667</b>	<b>5,336</b>

Included in other payables of the Group and of the Company are amount due to companies in which directors have significant financial interests of RM3,440,000 (2023 - RM4,851,000) and RM3,434,000 (2023 - RM4,808,000) respectively. The amount is unsecured, interest free and repayable on demand.



## Notes to the Financial Statements (Cont'd)

### 24. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents non-trade balances, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 25. AMOUNT OWING TO A SHAREHOLDER

The amount owing to a shareholder represents non-trade balances, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 26. TERM LOANS (SECURED)

	The Group	
	2024 RM'000	2023 RM'000
Current liabilities	–	627

- (a) In the previous financial year, the term loans were secured by:-
- (i) a pledged over the deposits placed with licensed banks of the subsidiaries as disclosed in Note 17 to the financial statements; and
  - (ii) a corporate guarantee by the Company.
- (b) In the previous financial year, the term loans bore effective interest rates range from 6.95% to 7.95% per annum and repayable in 60 monthly instalments.

### 27. BANKERS' ACCEPTANCES

The bankers' acceptances at the end of the reporting period bore effective interest rates ranging from 4.61% to 5.40% (2023 - 4.65% to 7.32%) per annum and are secured by:-

- (i) a pledge over the deposits placed with licensed banks of the Group as disclosed in Note 17 to the financial statements;
- (ii) a corporate guarantee provided by the Company and a related party; and
- (iii) a personal guarantee by a Director of a subsidiary.

In the previous financial year, the bankers' acceptances were also secured by a first legal charge over the investment properties of the Group as disclosed in Note 7 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 28. REVENUE

	The Group	
	2024 RM'000	2023 RM'000
<b>Revenue from Contracts with Customers Recognised at a point in time</b>		
Sale of goods	138,687	141,249
Commission income from consignment sales	2,064	7,170
Waste recycling	39,852	10,768
Waste recycling - cleaning fee	6,837	-
	187,440	159,187

(a) The information of the revenue from contracts with customers is summarised below:-

#### **Sale of goods**

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the retail outlets. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery in outlet.

#### **Commission earned**

The Group acts in a capacity of an agent rather than as the principal in a transaction, the revenue is recognised upon the sale of goods and is the net amount of commission earned by the Group.

#### **Sale of waste recycling materials**

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the goods sold.

#### **Waste recycling - cleaning fee**

Revenue from waste recycling cleaning fee is recognised at a point in time when the services are rendered. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(b) The information of the revenue from other sources is summarised below:-

#### **Interest income**

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

#### **Rental income**

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

## Notes to the Financial Statements (Cont'd)

### 29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2024 RM'000	2023 RM'000
Impairment losses:		
- trade receivables	278	-

### 30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	317	264	161	170
- underprovision in previous financial year	2	3	-	-
- non-audit fees	7	5	7	5
Directors' fee	231	185	231	185
Directors' non-fee emoluments:				
- salaries, bonuses and allowances	741	551	42	47
- defined contribution benefits	80	56	-	-
<b>Material Expenses/(Income)</b>				
Amortisation of intangible assets	1,540	65	-	-
Bad debts written off	-	*	-	-
Depreciation of:				
- plant and equipment	1,309	738	-	-
- investment properties	13	14	-	-
- right-of-use assets	1,368	300	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptance	134	134	-	-
- bank commitment	-	77	-	-
- bank overdrafts	-	3	-	-
- debt factoring	101	81	-	-
- hire purchase	30	2	-	-
- term loans	16	78	-	-
- unwinding of interest on deferred consideration	156	-	-	-

\* Amount less than RM1,000

## Notes to the Financial Statements (Cont'd)

### 30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting) (Cont'd):-				
<b>Material Expenses/(Income) (Cont'd)</b>				
Interest expense on lease liabilities	152	34	—	—
Lease expenses:				
- short-term leases	1,400	1,558	—	—
- low-value assets	—	4	—	—
Plant and equipment written off	109	—	—	—
Royalty expenses	6,323	8,048	—	—
Staff costs (including other key management personnel):				
- short-term employee benefits	30,499	26,653	466	351
- defined contribution benefits	3,424	3,162	52	41
Fair value gain on short-term investments	(176)	(8)	—	(8)
(Gain)/Loss on foreign exchange:				
- realised	(110)	23	—	—
- unrealised	23	86	—	—
Gain on disposal of asset of disposal group classified as held for sale	(226)	—	(366)	—
Gain on disposal of plant and equipment	(47)	(149)	—	(8)
Gain on disposal of subsidiaries (Note 35)	—	(1,421)	—	(18,024)
Lease income:				
- rental income from investment properties	(20)	(40)	—	—
- sublease of right-of-use assets	(19)	(19)	—	—
Reversal of inventories written down	(511)	(652)	—	—
Total interest income on financial assets measured at amortised cost	(1,074)	(812)	(344)	(67)
Total interest income on financial assets measured at fair value through profit or loss	(4)	(2)	(4)	(2)

## Notes to the Financial Statements (Cont'd)

### 31. INCOME TAX EXPENSE

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense:				
- current year	5,086	5,245	-	-
- underprovision in the previous financial year	285	557	1	-
	5,371	5,802	1	-
Deferred tax (Note 12):				
- origination and reversal of temporary differences	(92)	316	-	-
- overprovision in the previous financial year	(147)	(115)	-	-
	(239)	201	-	-
	5,132	6,003	1	-
Represented by:-				
Income tax expense on continuing operations	5,132	4,899	1	-
Income tax expense on discontinued operations (Note 32)	-	1,104	-	-
Total income tax expense	5,132	6,003	1	-

## Notes to the Financial Statements (Cont'd)

### 31. INCOME TAX EXPENSE (CONT'D)

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) after taxation	14,156	12,193	(450)	15,930
Total income tax expense	5,132	6,003	1	-
<hr/>				
Results from continuing and discontinued operations before income tax expense	19,288	18,196	(449)	15,930
<hr/>				
Tax at the statutory tax rate of 24% (2023 - 24%)	4,629	4,367	(108)	3,823
Tax effects of:-				
Non-taxable income	(130)	(428)	(88)	(4,328)
Non-deductible expenses	367	476	55	352
Deferred tax assets not recognised during the financial year	141	1,146	141	153
Utilisation of deferred tax assets previously not recognised	(13)	-	-	-
Underprovision of current tax in the previous financial year	285	557	1	-
Overprovision of deferred taxation in the previous financial year	(147)	(115)	-	-
	5,132	6,003	1	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023 - 24%) of the estimated assessable profit for the financial year.

## Notes to the Financial Statements (Cont'd)

### 32. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 18 to the financial statements, the Company completed disposal of entire equity interests in MESB Capital & Development Sdn. Bhd. and Active Fit Sdn. Bhd.

An analysis of the results of the discontinued operations is as follows:-

	<b>The Group 2023 RM'000</b>
Revenue	41,017
Cost of sales	(17,759)
<hr/>	
Gross profit	23,258
Other income	186
<hr/>	
	23,444
Selling and marketing expenses	(10,644)
Administrative expenses	(12,318)
Other expenses	(286)
Finance costs	(86)
<hr/>	
Results from operating activities (Note 32(a))	110
Income tax expense (Note 31)	(1,104)
<hr/>	
Loss after taxation from discontinued operations	(994)
<hr/>	
Attributable to:-	
Owners of the Company	(994)
<hr/>	

## Notes to the Financial Statements (Cont'd)

### 32. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

(a) Included in the results from operating activities are the following:-

	<b>The Group 2023 RM'000</b>
Auditors' remuneration:	
- audit fees	53
- non-audit fees	15
Directors' non-fee emoluments:	
- salaries, bonuses and allowances	87
- defined contribution benefits	10
<b>Material Expenses/(Income)</b>	
Depreciation of:	
- plant and equipment	286
- investment properties	43
Interest expense on financial liabilities that are not at fair value through profit or loss:	
- bankers' acceptance	138
- bank commitment	25
- bank overdrafts	1
Interest expense on lease liabilities	1
Lease expenses:	
- short-term leases	144
Loss on foreign exchange:	
- unrealised	401
Royalty expenses (excluding the amount disclosed below)	2,380
Accruals made for potential payments to a licensor on the following expenses for a brand:	
- Royalty expenses	1,561
- Common marketing funds	88
- Advertising and promotion expenses	2,237
- Late payment charges	527
Staff costs (including other key management personnel):	
- short-term employee benefits	6,158
- defined contribution benefits	776
Total interest income on financial assets measured at amortised cost	(185)

(b) The cash flows attributable to the discontinued operations are the following:-

	<b>The Group 2023 RM'000</b>
Net cash from operation activities	62,078
Net cash for investing activities	(577)
Net cash from financing activities	3,959
Net cash from discontinued operations	65,460



## Notes to the Financial Statements (Cont'd)

### 33. EARNINGS/(LOSS) PER SHARE

#### (a) Basic Earnings/(Loss) Per Share

The basic earnings/(loss) per share is calculated by dividing the consolidated profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.

	2024	< ----- 2023 ----- >		Total RM'000
	Continuing Operations RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	
<b>The Group</b>				
Profit/(Loss) after taxation attributable to owners of the Company	10,306	13,187	(994)	12,193
<hr/>				
		<b>The Group</b>		
		<b>2024</b>	<b>2023</b>	
		<b>'000</b>	<b>'000</b>	
Issued ordinary shares at 1 July		144,294	112,792	
Effect of new ordinary shares issued via private placement and exercise of Warrants		-	19,992	
Weighted average number of ordinary shares in issue (Basic)		144,294	132,784	
<hr/>				
		<b>The Group</b>		
		<b>2024</b>	<b>2023</b>	
Basic earnings/(loss) per share (sen):				
- continuing operations		7.14	9.93	
- discontinued operations		-	(0.75)	
		7.14	9.18	
<hr/>				

#### (b) Diluted Earnings/(Loss) Per Share

The diluted earnings/(loss) per share is equal to the basic earnings per share because there were no potential ordinary shares as at the end of the reporting period.

## Notes to the Financial Statements (Cont'd)

### 34. ACQUISITIONS OF SUBSIDIARIES

In the previous financial year, the Company acquired entire equity interests in NURSB, Formidex, and Waier. The acquisition of these subsidiaries is to enable the Group to expand its business into waste recycling business.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

#### (a) Fair Value of Purchase Consideration

	<b>The Group 2023 RM'000 (Restated)</b>
Cash	44,000
Retention sum	5,100
Discounting on retention sum	(156)
Defer payment	1,900
<b>Total purchase consideration</b>	<b>50,844</b>

#### (b) Identifiable Assets Acquired and Liabilities Assumed

	<b>The Group 2023 RM'000 (Restated)</b>
Plant and equipment (Note 6)	1,414
Right-of-use assets (Note 9)	700
Net investment in a lease (Note 10)	125
Intangible asset (Note 8)	1,590
Inventories	239
Trade receivables	528
Other receivables, deposits, and prepayments	3,586
Current tax assets	502
Cash and cash equivalents	4,061
Deferred tax liabilities	(391)
Trade payables	(90)
Other payables and accruals	(179)
Amount owing to related companies	(20)
Hire purchase payables	(457)
Lease liabilities	(826)
<b>Fair value of net identifiable assets acquired</b>	<b>10,782</b>

In the previous financial year, the acquisition has been accounted for as a business combination in accordance with MFRS 3 Business Combinations. As permitted by MFRS 3, the Group accounted for the assets acquired and liabilities assumed based on provisional assessment of their fair value while the Group procuring an independent valuation of the acquired assets and liabilities. The acquisition had resulted a goodwill of approximately RM41.4 million.

During the financial year, the purchase price allocation has been completed, and the Group has retrospectively adjusted the provisional amounts to reflect the new information obtained about facts and circumstances that existed as of the acquisition date which would have affected the measurement of the amounts recognised as of the acquisition date, as shown in Note 41 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)

#### (c) Cash Flows Arising from Acquisition

	<b>The Group 2023 RM'000</b>
Purchase consideration settled in cash and cash equivalents (item (a) above)	44,000
Less: Cash and cash equivalents of subsidiaries acquired (item (b) above)	(4,061)
<hr/>	
Net cash outflow from the acquisition of subsidiaries	39,939

#### (d) Goodwill Arising from Acquisition

	<b>The Group 2023 RM'000 (Restated)</b>
Total consideration transferred (item (a) above)	51,000
Less: Discounting on retention sum	(156)
<hr/>	
	50,844
Less: Fair value of identifiable net assets acquired (item (b) above)	(10,782)
<hr/>	
Goodwill from the acquisition of subsidiaries (Note 11)	40,062

The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiaries into the Group's existing waste recycling. The goodwill is not deductible for tax purposes.

#### (e) Impact of Acquisition on the Group's Results

	<b>The Group 2023 RM'000</b>
Revenue	1,032
Profit after taxation	107

If the acquisition had taken place at the beginning of the previous financial year, the Group's revenue and profit after taxation from continuing operations would have been approximately RM186,391,000 and RM16,238,000 respectively.

There were no acquisitions of new subsidiaries in the current financial year.

## Notes to the Financial Statements (Cont'd)

### 35. DISPOSAL OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

#### 35.1 DISPOSAL OF SUBSIDIARIES

In the previous financial year, the Company disposed of its entire equity interests in MESB Capital & Development Sdn. Bhd. and 80% equity interest in Active Fit Sdn. Bhd. for a total consideration of RM11,000,000.

The financial effects of the disposal at the date of disposal are summarised below:-

	<b>The Group 2023 RM'000</b>
Plant and equipment	1,453
Investment properties	2,096
Inventories	14,798
Trade receivables	7,940
Other receivables, deposits and prepayments	266
Fixed deposits with licensed banks	10,044
Cash and bank balances	7,303
Trade payables	(1,365)
Other payables and accruals	(23,535)
Lease liabilities	(6)
Current tax liabilities	(135)
Bankers' acceptances	(7,506)
<hr/>	
Carrying amount of net assets disposed of	11,353
Fair value of equity interests retained as an associate held for sales (Note 18)	(1,774)
Gain on disposal of subsidiaries (Note 30)	1,421
<hr/>	
Consideration received, satisfied in cash	11,000
Less: Cash and bank balances of subsidiaries disposed of	(17,347)
<hr/>	
Net cash outflow from the disposal of subsidiaries	(6,347)
<hr/>	

## Notes to the Financial Statements (Cont'd)

### 35. DISPOSAL OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONT'D)

#### 35.2 NON-CONTROLLING INTERESTS

In the previous financial year, the Company disposed its 45% equity interests in Miroza for RM33,000,000 in cash, decreasing its ownership from 100% to 55%. The carrying amount of Miroza's net assets in the Group's financial statements on that date was RM76,196,316. The Group recognised an increase in non-controlling interests of RM38,174,992 and a decrease in retained profits of RM5,174,992.

The following summarises the effect of changes in the equity interests in Miroza that is attributable to the owners of the Company:-

	<b>The Group 2023 RM'000</b>
Equity interest at 1 July	71,658
Effect of decrease in the Company's ownership interest	(38,175)
Share of profits for the years	13,171
<hr/>	
Equity interest at 30 June	46,654

There were no disposals of subsidiaries in the current financial year.

### 36. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of plant and equipment is as follows:-

	<b>The Group</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>
<b>Plant and equipment</b>		
Cost of plant and equipment purchased (Note 6)	2,152	2,105
Less: Acquired through hire purchase arrangements (Note 36(b))	(100)	(320)
<hr/>		
	2,052	1,785
<hr/>		
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 9)	2,286	300
Less: Additions of new lease liabilities (Note 36(b))	(2,286)	(300)
<hr/>		
	-	-
<hr/>		

## Notes to the Financial Statements (Cont'd)

### 36. CASH FLOW INFORMATION (CONT'D)

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

	<b>Bankers' Acceptances RM'000</b>	<b>Hire Purchases RM'000</b>	<b>Term Loans RM'000</b>	<b>Lease Liabilities RM'000</b>	<b>Total RM'000</b>
<b>The Group</b>					
<b>2024</b>					
At 1 July	4,895	747	627	1,153	7,422
<b>Changes in Financing Cash Flows</b>					
Repayment of principal	(3,675)	(346)	(627)	(1,446)	(6,094)
Repayment of interests	(134)	(30)	(16)	(152)	(332)
	(3,809)	(376)	(643)	(1,598)	(6,426)
<b>Other Changes</b>					
Acquisition of new leases	-	-	-	2,286	2,286
Addition of plant and equipment	-	100	-	-	100
Interest expense recognised in profit or loss	134	30	16	152	332
	134	130	16	2,438	2,718
At 30 June	1,220	501	-	1,993	3,714

## Notes to the Financial Statements (Cont'd)

### 36. CASH FLOW INFORMATION (CONT'D)

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

	<b>Bankers' Acceptances RM'000</b>	<b>Hire Purchases RM'000</b>	<b>Term Loans RM'000</b>	<b>Lease Liabilities RM'000 (Restated)</b>	<b>Total RM'000 (Restated)</b>
<b>The Group</b>					
<b>2023</b>					
At 1 July	11,958	–	1,517	355	13,830
<b>Changes in Financing Cash Flows</b>					
Proceeds from drawdown	16,713	–	–	–	16,713
Repayment of principal	(16,270)	(30)	(890)	(322)	(17,512)
Repayment of interests	(272)	(2)	(78)	(35)	(387)
	171	(32)	(968)	(357)	(1,186)
<b>Other Changes</b>					
Acquisition of new leases	–	–	–	300	300
Addition of plant and equipment	–	320	–	–	320
Acquisition of subsidiaries	–	457	–	826	1,283
Interest expense recognised in profit or loss	272	2	78	35	387
Disposal of subsidiaries	(7,506)	–	–	(6)	(7,512)
	(7,234)	779	78	1,155	(5,222)
At 30 June	4,895	747	627	1,153	7,422

## Notes to the Financial Statements (Cont'd)

### 36. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflow for leases as a lease is as follow:-

	<b>The Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Payment of short-term leases	1,400	1,702
Payment of low-value assets	–	4
Interest paid on lease liabilities	152	35
Payment of lease liabilities	1,446	322
	<hr/> 2,998	<hr/> 2,063

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term investments	–	340	–	340
Fixed deposits with licensed banks	42,136	41,824	10,397	10,062
Cash and bank balances	19,119	14,324	515	1,636
	<hr/> 61,255	<hr/> 56,488	<hr/> 10,912	<hr/> 12,038
Less: Fixed deposit pledged to a licensed bank	(13,833)	(18,453)	–	–
Fixed deposits with tenure of more than 3 months	–	(207)	–	–
	<hr/> 47,422	<hr/> 37,828	<hr/> 10,912	<hr/> 12,038



## Notes to the Financial Statements (Cont'd)

### 37. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Continuing operations</b>				
<b>Directors of the Company</b>				
Short-term employee benefits:				
- fees	231	185	231	185
- salaries, bonuses and other benefits	738	551	42	47
	969	736	273	232
Defined contributions benefits	86	56	-	-
	1,055	792	273	232
<b>Discontinued operations</b>				
<b>Directors of the Company</b>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	-	87	-	-
Defined contributions benefits	-	10	-	-
	-	97	-	-
<b>Directors of a subsidiary</b>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	188	14	-	-
Defined contributions benefits	14	-	-	-
	202	14	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM11,000 (2023 - RM11,500).

## Notes to the Financial Statements (Cont'd)

### 38. RELATED PARTY DISCLOSURES

#### (a) Subsidiaries

The subsidiaries are disclosed in Note 5 to the financial statements.

#### (b) Significant Related Party Transactions and Balances

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

	The Group	
	2024 RM'000	2023 RM'000
Advertisement expenses charged to an associate	–	(8)
Commission income from consignment sales through an associate	–	(6)
Rental income from an associate	–	(1)
Commission paid to a related party	160	146
Payment on behalf made by a related party	7	498
Purchase of goods from related parties	4,776	3,374
Rental of factory, office and lorry charged by related parties	1,067	548
Sales of goods to related parties	5,425	(856)
Transportation services charged by a related party	1,136	94

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

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

### 39. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the group's executive directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

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

- Retailing - involved in the trading and retailing of leather products, apparel and accessories.
  - Investment holding - involved in investment holding.
  - Waste recycling - involved in waste recycling business.
- (a) The group's executive directors assess the performance of the reportable segments based on their profit before interest expense and profit attributable to owners of the Company. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets are measured based on all assets (including goodwill) of the segment.
- (c) Each reportable segment liabilities are measured based on all liabilities of the segment.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items.

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

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2024</b>					
<b>Revenue</b>					
External revenue	140,752	–	46,903	(215)	187,440
Total Revenue	140,752	–	46,903	(215)	187,440
<b>Results</b>					
Segment profit	11,946	(449)	9,984	(1,604)	19,877
Finance costs	(358)	–	(81)	(150)	(589)
Profit before taxation	11,588	(449)	9,903	(1,754)	19,288
Profit/(Loss) after taxation/Other comprehensive income/(expenses) attributable to:					
Owners of the Company	4,706	(450)	7,448	(1,398)	10,306
Non-controlling interests	3,850	–	–	–	3,850
	8,556	(450)	7,448	(1,398)	14,156

The profit attributable to the owners of the Company mainly contributed from the recycling segment and retailing segment, RM7.488 million and RM4.706 million respectively, during the financial year.

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS (CONT'D)

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2024</b>					
<b><u>Other information:</u></b>					
Amortisation of intangible assets	70	–	–	1,470	1,540
Depreciation of:					
- plant and equipment	649	–	660	–	1,309
- investment properties	13	–	–	–	13
- right-of-use assets	624	–	730	14	1,368
Impairment of trade receivables	278	–	–	–	278
Interest expense	251	–	30	156	437
Interest expense on lease liabilities	107	–	44	1	152
Plant and equipment written off	109	–	–	–	109
Unrealised loss on foreign exchange	23	–	–	–	23
Fair value gain on short-term investments	(176)	–	–	–	(176)
Gain on disposal of asset of disposal group classified as held for sale	–	(366)	–	140	(226)
Gain on disposal of plant and equipment	–	–	(47)	–	(47)
Interest income:					
- fixed deposits with licensed bank	(704)	(344)	(26)	–	(1,074)
- short-term investments	–	(4)	–	–	(4)
Reversal of inventory written down	(511)	–	–	–	(511)
<b>Assets</b>					
Segment assets	106,950	83,548	21,841	(32,375)	179,964
<b><u>Additions to non-current assets other than financial instruments and deferred tax assets:-</u></b>					
Plant and equipment	1,917	–	235	–	2,152
Right-of-use assets	1,792	–	494	–	2,286
<b>Liabilities</b>					
Segment liabilities	13,570	5,233	2,004	36	20,843

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS (CONT'D)

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2023</b>					
<b>Revenue</b>					
External revenue	191,680	81	10,785	(2,342)	200,204
Total Revenue	191,680	81	10,785	(2,342)	200,204
<b>Results</b>					
Segment profit	18,452	15,937	795	(16,493)	18,691
Finance costs	(491)	–	(4)	–	(495)
Profit before taxation	17,961	15,937	791	(16,493)	18,196
Profit/(Loss) after taxation/Other comprehensive income/(expenses) attributable to:					
Owners of the Company	12,188	15,919	583	(16,493)	12,197
Non-controlling interests	(4)	–	–	–	(4)
	12,184	15,919	583	(16,493)	12,193

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS (CONT'D)

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2023</b>					
<b>Other information:</b>					
Amortisation of intangible assets	65	–	–	–	65
Depreciation of:					
- plant and equipment	945	–	79	–	1,024
- investment properties	14	43	–	–	57
- right-of-use assets	281	–	19	–	300
Interest expense	537	–	2	–	539
Interest expense on lease liabilities	33	–	2	–	35
Unrealised loss on foreign exchange	487	–	–	–	487
Fair value gain on short-term investments	(8)	–	–	–	(8)
Gain on disposal of plant and equipment	(8)	(141)	–	–	(149)
Gain on disposal of subsidiaries	–	(18,024)	–	16,603	(1,421)
Interest income:					
- fixed deposits with licensed bank	(929)	(67)	(1)	–	(997)
- short term investments	–	(2)	–	–	(2)
Reversal of inventories written down	(652)	–	–	–	(652)
<b>Assets</b>					
Segment assets	104,325	86,293	14,881	(31,245)	174,254
<b>Additions to non-current assets other than financial instruments and deferred tax assets:-</b>					
Plant and equipment	1,025	–	1,080	–	2,105
Intangible assets	66	–	–	–	66
Right-of-use assets	300	–	–	25	325
<b>Liabilities</b>					
Segment liabilities	19,501	7,528	2,482	(222)	29,289

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

#### 39.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

### 40. FINANCIAL INSTRUMENTS

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

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES

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

##### (a) Market Risk

##### (i) Foreign Currency Risk

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

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

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

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

##### *Foreign Currency Exposure*

	Brunei Dollar RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>The Group</b>				
<b>2024</b>				
<b>Financial Assets</b>				
Trade receivables	88	–	21,100	21,188
Other receivables	–	–	612	612
Net investment in a lease	–	–	31	31
Short-term investments	–	–	336	336
Fixed deposits with licensed banks	–	–	42,136	42,136
Cash and bank balances	–	–	19,119	19,119
	88	–	83,334	83,422
<b>Financial Liabilities</b>				
Trade payables	–	2,304	6,054	8,358
Other payables and accruals	–	–	7,205	7,205
Amount owing to a director	–	–	1,272	1,272
Amount owing to a shareholder	–	–	294	294
Hire purchase payables	–	–	501	501
Bankers' acceptances	–	–	1,220	1,220
	–	2,304	16,546	18,850
Net financial assets/(liabilities)	88	(2,304)	66,788	64,572
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	(66,788)	(66,788)
Currency Exposure	88	(2,304)	–	(2,216)



## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

	Brunei Dollar RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000 (Restated)	Total RM'000 (Restated)
<b>The Group</b>				
<b>2023</b>				
<b><u>Financial Assets</u></b>				
Trade receivables	108	–	21,181	21,289
Other receivables	–	–	1,999	1,999
Net investment in a lease	–	–	121	121
Short-term investments	–	–	340	340
Fixed deposits with licensed banks	–	–	41,824	41,824
Cash and bank balances	–	–	14,324	14,324
	108	–	79,789	79,897
<b><u>Financial Liabilities</u></b>				
Trade payables	–	1,569	8,792	10,361
Other payables and accruals	–	–	9,363	9,363
Amount owing to a director	–	–	1,740	1,740
Amount owing to a shareholder	–	–	403	403
Hire purchase payables	–	–	747	747
Term loans	–	–	627	627
Bankers' acceptances	–	–	4,895	4,895
	–	1,569	26,567	28,136
Net financial assets/(liabilities)	108	(1,569)	53,222	51,761
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	(53,222)	(53,222)
Currency Exposure	108	(1,569)	–	(1,461)

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Risk Sensitivity Analysis*

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

	The Group	
	2024 RM'000	2023 RM'000
<b>Effects on Profit After Taxation</b>		
BND/RM - strengthened by 10%	7	8
- weakened by 10%	(7)	(8)
USD/RM - strengthened by 10%	(175)	(119)
- weakened by 10%	175	119

There is no impact on the Group's equity.

The Company does not have any transactions or balances denominated in foreign currencies and hence, no sensitivity analysis is presented.

##### (ii) Interest Rate Risk

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

The fixed rate debt instruments of the Group and of the Company are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 26 and 27 to the financial statements.

##### *Interest Rate Risk Sensitivity Analysis*

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit/(loss) after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (iii) Equity Price Risk

The exposure to equity price risk arises mainly from changes in quoted investment prices of the Group. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

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

##### ***Equity Price Risk Sensitivity Analysis***

Any reasonably possible change in the prices of quoted investments classified as fair value through profit or loss at the end of the reporting period does not have a material impact on the profit/(loss) after taxation of the Group and of the Company and hence, no sensitivity analysis is presented. There is no impact on the equity of the Group and of the Company.

##### (b) Credit Risk

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

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

##### (i) Credit Risk Concentration Profile

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by 3 (2023 - Nil) customers which constituted approximately 64% (2023 - Nil) of its trade receivables (including related parties), net of loss allowance.

##### (ii) Maximum Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM1,220,000 (2023 - RM5,522,000), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses

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

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

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

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

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

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

##### **Trade Receivables**

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

##### ***Inputs, Assumptions and Techniques used for Estimating Impairment Losses***

To measure the expected credit losses, trade receivables (including related parties) has been grouped based on shared credit risk characteristics and the days past due.

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

The expected loss rates are based on the payment profiles of sales over 12 months (2023 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

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

##### Trade Receivables (Cont'd)

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

On top of that, the Group assesses whether any of the trade receivables are credit impaired. The gross carrying amount of credit impaired trade receivables is written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group 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 that are written off could still be subject to enforcement activities.

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

##### *Allowance for Impairment Losses*

The reconciliations of allowance for impairment losses are as follows:-

	<b>Non-credit Impaired RM'000</b>	<b>Credit Impaired RM'000</b>	<b>Total RM'000</b>
<b>The Group</b>			
<b><u>Trade Receivables</u></b>			
Balance at 1.7.2022	–	59	59
Disposal of subsidiaries	–	(8)	(8)
Written off	–	(51)	(51)
<hr/>			
Balance at 30.6.2023/1.7.2023	–	–	–
Additions	278	–	278
<hr/>			
Balance at 30.6.2024	278	–	278
<hr/>			

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

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

##### Trade Receivables (Cont'd)

##### *Allowance for Impairment Losses (Cont'd)*

The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows:-

	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
<b>The Group</b>				
<b>2024</b>				
Current (not past due)	17,171	(125)	–	17,046
1 to 30 days past due	2,308	(64)	–	2,244
31 to 60 days past due	742	(46)	–	696
61 to 90 days past due	458	(43)	–	415
More than 90 days past due	787	–	–	787
<b>Trade receivables</b>	<b>21,466</b>	<b>(278)</b>	<b>–</b>	<b>21,188</b>
<b>2023</b>				
Current (not past due)	19,966	–	–	19,966
1 to 30 days past due	1,170	–	–	1,170
31 to 60 days past due	133	–	–	133
61 to 90 days past due	20	–	–	20
<b>Trade receivables</b>	<b>21,289</b>	<b>–</b>	<b>–</b>	<b>21,289</b>

Trade receivables that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

Trade receivables that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

There has not been any significant change in the gross amounts of trade receivables that impacted the allowance for impairment losses.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

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

###### **Other Receivables**

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

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

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

###### ***Allowance for Impairment Losses***

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

###### **Fixed Deposits with Licensed Banks, Cash and Bank Balances**

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

###### **Financial Guarantee Contracts**

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

###### ***Inputs, Assumptions and Techniques used for Estimating Impairment Losses***

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

###### ***Allowance for Impairment Losses***

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

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk

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

##### *Maturity Analysis*

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

	<b>Contractual Interest Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>	<b>1 - 5 Years RM'000</b>
<b>The Group</b>					
<b>2024</b>					
<b><u>Non-derivative</u></b>					
<b><u>Financial Liabilities</u></b>					
Trade payables	–	8,358	8,358	8,358	–
Other payables and accruals	–	7,205	7,205	7,205	–
Amount owing to a director	–	1,272	1,272	1,272	–
Amount owing to a shareholder	–	294	294	294	–
Hire purchase payables	3.90 - 6.78	501	550	312	238
Lease liabilities	2.49 - 8.50	1,993	2,144	1,177	967
Bankers' acceptances	4.61 - 5.40	1,220	1,220	1,220	–
		20,843	21,043	19,838	1,205



## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

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

	<b>Contractual Interest Rate %</b>	<b>Carrying Amount RM'000 (Restated)</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>	<b>1 - 5 Years RM'000</b>
<b>The Group</b>					
<b>2023</b>					
<b><u>Non-derivative Financial Liabilities</u></b>					
Trade payables	–	10,361	10,361	10,361	–
Other payables and accruals	–	9,363	9,470	9,470	–
Amount owing to a director	–	1,740	1,780	1,780	–
Amount owing to a shareholder	–	403	412	412	–
Hire purchase payables	3.16 - 6.78	747	781	326	455
Lease liabilities	2.49 - 8.00	1,153	1,237	862	375
Term loans	6.95 - 7.95	627	649	649	–
Bankers' acceptances	4.65 - 7.32	4,895	4,895	4,895	–
		<b>29,289</b>	<b>29,585</b>	<b>28,755</b>	<b>830</b>

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

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

	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>
<b>The Company</b>			
<b>2024</b>			
<b><u>Non-derivative Financial Liabilities</u></b>			
Other payables and accruals	3,667	3,667	3,667
Amount owing to a director	1,272	1,272	1,272
Amount owing to a shareholder	294	294	294
Financial guarantee contract in relation to corporate guarantee given to a subsidiary	–	1,220	1,220
	5,233	6,453	6,453
<b>2023</b>			
<b><u>Non-derivative Financial Liabilities</u></b>			
Other payables and accruals	5,336	5,336	5,336
Amount owing to a director	1,780	1,780	1,780
Amount owing to a shareholder	412	412	412
Financial guarantee contract in relation to corporate guarantee given to a subsidiary	–	5,522	5,522
	7,528	13,050	13,050

The contractual undiscounted cash flows represent the outstanding credit facilities of a subsidiary at the end of the reporting period. The financial guarantee has not been recognised in the financial statements since its fair value on initial recognition was not material.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.2 CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

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

#### 40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024 RM'000	2023 RM'000 (Restated)	2024 RM'000	2023 RM'000
<b>Financial Assets</b>				
<b><u>Fair Value Through Profit or Loss</u></b>				
Short-term investments	336	340	–	340
<b><u>Amortised Cost</u></b>				
Trade receivables	21,188	21,289	–	–
Other receivables	612	1,999	16	–
Net investment in a lease	31	121	–	–
Fixed deposits with licensed banks	42,136	41,824	10,397	10,062
Cash and bank balances	19,119	14,324	515	1,636
	83,086	79,557	10,928	11,698

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2024 RM'000	2023 RM'000 (Restated)	2024 RM'000	2023 RM'000
<b>Financial liability</b>				
<b><u>Amortised Cost</u></b>				
Trade payables	8,358	10,361	–	–
Other payables and accruals	7,205	9,363	3,667	5,336
Amount owing to a director	1,272	1,740	1,272	1,780
Amount owing to a shareholder	294	403	294	412
Hire purchase payables	501	747	–	–
Term loans	–	627	–	–
Bankers' acceptances	1,220	4,895	–	–
	18,850	28,136	5,233	7,528

#### 40.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Financial Assets</b>				
<b><u>Fair Value Through Profit or Loss</u></b>				
Net gains recognised in profit or loss	180	10	4	10
<b><u>Amortised Cost</u></b>				
Net gains recognised in profit or loss	796	812	344	67
<b>Financial Liability</b>				
<b><u>Amortised Cost</u></b>				
Net losses recognised in profit or loss	(487)	(375)	–	–

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>The Group</b>								
<b>2024</b>								
<b>Financial Asset</b>								
Short-term investments:								
- quoted shares	336	-	-	-	-	-	336	336
<b>2023</b>								
<b>Financial Asset</b>								
Short-term investments:								
- money market fund	-	340	-	-	-	-	340	340
<b>Financial Liability</b>								
Term loans:								
- floating rate	-	-	-	-	627	-	627	627

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D) 40.5 FAIR VALUE INFORMATION (CONT'D)

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>								
<b>2023</b>								
<b>Financial Asset</b>								
Short-term investment: - money market fund	-	340	-	-	-	-	340	340

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

- (i) The fair values above have been determined using the following basis:-
- (aa) The fair value of quoted equity investments is determined at their quoted closing bid prices at the end of the reporting period.
- (bb) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into at the close of business at the end of the reporting period.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

#### (b) Fair Value of Financial Instruments Not Carried at Fair Value

In the previous financial year, the fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

## Notes to the Financial Statements (Cont'd)

### 41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 31 May 2024, the conditions precedent for the second tranche of disposal has been fulfilled, and the Group disposed its remaining 2,134,000 ordinary shares representing 20% equity interest in Active Fit Sdn. Bhd. for a total consideration of RM2.0 million.

### 42. COMPARATIVE FIGURES

In the previous financial year, the Group acquired the entire equity interests in NURSB, Formidex, and Waier. The acquisition has been accounted for as a business combination in accordance with MFRS 3 Business Combinations. At the end of the previous financial year, the Group has yet to complete the Purchase Price Allocation ("PPA") exercise, and the assets acquired and liabilities assumed are based on provisional assessment of their fair value.

During the financial year, the Group completed the PPA exercise in accordance with MFRS 3. Following the completion of PPA, the Group adjusted the fair values of certain identifiable assets and liabilities. The fair values were adjusted retrospectively.

The restatement of comparative amounts as at 30 June 2023 are as follows:-

	<b>As Previously Reported RM'000</b>	<b>As Restated RM'000</b>
<b>The Group</b>		
Statements of Financial Position (Extract):-		
NON-CURRENT ASSETS		
Intangible assets	796	2,386
Right-of-use assets	983	1,008
Goodwill	41,437	40,062
Deferred tax assets	947	560
CURRENT LIABILITIES		
Other payables and accruals	9,470	9,363
Amount owing to a director	1,780	1,740
Amount owing to a shareholder	412	403
Lease liabilities	777	786

**STATEMENT BY  
DIRECTORS**

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

We, Loke Lee Ping and Chua Jin Kau, being two of the directors of MESB Berhad, state that, in the opinion of the directors, the financial statements set out on pages 85 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 25 October 2024.

**Loke Lee Ping****Chua Jin Kau****STATUTORY  
DECLARATION**

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

I, Loke Lee Ping, being the director primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 158 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Loke Lee Ping, NRIC Number: 790214-14-5571  
at Kuala Lumpur in the Federal Territory  
on this 25 October 2024.

**Loke Lee Ping**

Before me

**Shaiful Hilmi Bin Halim**  
No. W804  
Commissioner for Oaths  
Kuala Lumpur



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MESB BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 85 to 158.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

## Independent Auditors' Report (Cont'd)

### Key Audit Matters (Cont'd)

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

Key audit matters	How our audit addressed the key audit matter
<p><u>Purchase price allocation</u></p> <p>In June 2023, the Group completed the acquisition of N.U. Recycle Sdn. Bhd., Formidex Sdn. Bhd., and Waier Trading Sdn. Bhd.</p> <p>The Group assessed the fair value of the identified assets acquired and liabilities assumed on the date of acquisition via a purchase price allocation (“PPA”) exercise. A provisional goodwill of approximately RM41.4 million was recognised in the Group’s financial statements on the date of acquisition in the previous financial year.</p> <p>The Group finalised the purchase consideration and the PPA exercise in the current financial year. Based on the finalised PPA, the Group recorded a goodwill of RM40.1 million.</p> <p>We have identified this is an important area of audit given this requires a significant judgement and estimation.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed the share sale agreement, PPA and any other relevant supporting documents.</li> <li>• Assessed the objectivity, independence, competence and capabilities of the expert.</li> <li>• Assessed the methodologies and key assumptions used in determining the fair values of the assets acquired and liabilities assumed (including the valuation of intangible assets acquired).</li> <li>• Reviewed the compliance with MFRS 3 - Business Combinations.</li> <li>• Reviewed the appropriateness of the disclosures pertaining to the acquisition provided in the notes to the financial statements.</li> </ul>
<p><u>Impairment of goodwill</u></p> <p>The Group carries significant goodwill as disclosed in Note 11 to the financial statements. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually.</p> <p>The impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluated whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.</li> <li>• Made enquiries of and challenged management on the key assumptions and inputs used in the measurement method.</li> <li>• Evaluated whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.</li> <li>• Performed stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.</li> </ul>
<p><u>Valuation of inventories</u></p> <p>The carrying amount of inventories held by the Group is approximately RM44.7 million as disclosed in Note 13 to the financial statements.</p> <p>We focused on this area as the assessment of net realisable value is an area of significant judgement particularly in relation to the estimation of allowances for obsolete and slow-moving inventories.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group’s process for measuring the amount of inventories write down.</li> <li>• Reviewed the ageing analysis of inventories and tested its reliability.</li> <li>• Reviewed the net realisable value of inventories.</li> <li>• Evaluated the reasonableness and adequacy of the allowance for obsolete and slow-moving inventories recognised for identified exposures.</li> </ul>

## Independent Auditors' Report (Cont'd)

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

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent Auditors' Report (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):

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

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

### OTHER MATTERS

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

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

Kuala Lumpur

25 October 2024

**Ho Yen Ling**  
03378/06/2026 J  
Chartered Accountant

LIST OF  
**PROPERTY**  
 AS AT 30 JUNE 2024

Location	Description/ Existing use	Tenure	Approximate Land/ Built- up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 30/06/2024 (RM'000)	Date of revaluation
Prangin Mall Komtar 33-1-48 Jalan Dr Lim Chwee Leong Prangin Mall Komtar, 10100 Pulau Pinang	Shop lot Office	Leasehold expiring on 09/06/2096	452	25	401	22 June 2022

## ANALYSIS OF SHAREHOLDINGS

AS AT 3 OCTOBER 2024

Total Number of Issued Shares	:	144,294,425 Ordinary Shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	One (1) vote per Ordinary Share

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	50	2.58	1,216	0.00
100 – 1,000	120	6.19	52,302	0.04
1,001 – 10,000	928	47.86	4,315,252	2.99
10,001 – 100,000	677	34.92	22,605,426	15.67
100,001 – less than 5% of issued shares	161	8.30	76,488,125	53.00
5% and above of issued shares	3	0.15	40,832,104	28.30
<b>Total</b>	<b>1,939</b>	<b>100.00</b>	<b>144,294,425</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING AS AT 3 OCTOBER 2024

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares held	%	No. of Shares held	%
Datuk Wong Sak Kuan	38,407,898	26.62	–	–
Yau Ming Teck	11,324,206	7.85	–	–

### DIRECTORS' SHAREHOLDINGS AS AT 3 OCTOBER 2024

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares held	%	No. of Shares held	%
Chua Jin Kau	–	–	–	–
Loke Lee Ping	–	–	–	–
Datuk Wong Sak Kuan	38,407,898	26.62	–	–
Lee Kok Heng	–	–	–	–
Dato' Lee Ban Seng	–	–	–	–
Wong Yu Perng	–	–	–	–
Chen, JianHua	–	–	–	–
Low Koon Min	–	–	–	–
Dr. Norhanim Binti Mat Sari	–	–	–	–

## Analysis of Shareholdings (Cont'd)

### TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS AS AT 3 OCTOBER 2024

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares	%
1.	Wong Sak Kuan	19,507,898	13.52
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Yau Ming Teck (PB)</i>	11,324,206	7.85
3.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Sak Kuan</i>	10,000,000	6.93
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Sak Kuan (7000571)</i>	6,000,000	4.16
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kuan Teck</i>	4,063,200	2.82
6.	Lee Wai Fun	3,947,101	2.74
7.	Wong Sak Kuan	2,900,000	2.01
8.	Hwang Yung Aun & Sons Sdn Bhd	2,808,800	1.95
9.	Tan Kuan Teck	2,634,500	1.83
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Wai Fun (7001743)</i>	1,864,700	1.29
11.	Wong Wai Kong	1,500,000	1.04
12.	Aw Kheng Tong	1,350,000	0.94
13.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teow Chee Keong</i>	1,300,000	0.90
14.	Chong Fong Tai	1,270,000	0.88
15.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Dato' Chang Lik Sean</i>	1,225,300	0.85
16.	Loo Leong Aun	1,100,000	0.76
17.	Affin Hwang Investment Bank Berhad <i>IVT (SKM) Lim Shi Kim</i>	1,037,400	0.72
18.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Chung Ching (E-PTS)</i>	1,010,000	0.70
19.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Tien Heng (MY4602)</i>	1,005,000	0.70
20.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Sin Hao</i>	1,000,000	0.69
21.	Khow Cheah Yong	1,000,000	0.69
22.	Koay Choon Chin	1,000,000	0.69
23.	Malayan Electro-Chemical Industry Co., Sdn Bhd	930,000	0.64
24.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Shih Mien (MY4572)</i>	891,900	0.62
25.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)</i>	868,900	0.60
26.	Lee Kao Choon	796,200	0.55
27.	Tan Phan Lieh	700,000	0.49
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Hung Chiang (7005339)</i>	699,100	0.48
29.	Lee Chee Beng	657,749	0.46
30.	Ng Meng Wah	630,000	0.44
		<b>85,021,954</b>	<b>58.94</b>



## NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Ninth Annual General Meeting (“29<sup>th</sup> AGM” or “Meeting”) of MESB Berhad (“MESB” or “the Company”) will be held on a fully virtual basis and entirely via remote participation and electronic voting through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via <https://sshbs.net.my/> (Domain registration number with MYNIC: D4A004360) on Monday, 9 December 2024 at 3:00 p.m., to transact the following businesses:-

### AGENDA

#### As Ordinary Business:

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon.   | <i><b>Please refer to<br/>Explanatory Note 1</b></i>          |
| 2. | To approve the payment of Directors’ fees for the financial year ending 30 June 2025.  | <i><b>Ordinary Resolution 1</b></i>                           |
| 3. | To approve the payment of Directors’ benefits (other than Directors’ fees) of up to RM68,000 for the period commencing from the date immediately after this 29 <sup>th</sup> AGM until the date of the next Annual General Meeting of the Company. | <i><b>Ordinary Resolution 2</b></i>                           |
| 4. | To re-elect the following Directors who retire by rotation pursuant to Clause 97 of the Constitution of the Company:-<br><br>(i) Datuk Wong Sak Kuan<br>(ii) Wong Yu Perng   | <i><b>Ordinary Resolution 3<br/>Ordinary Resolution 4</b></i> |
| 5. | To re-elect Dr. Norhanim Binti Mat Sari as Director who retires pursuant to Clause 104 of the Constitution of the Company.   | <i><b>Ordinary Resolution 5</b></i>                           |
| 6. | To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.   | <i><b>Ordinary Resolution 6</b></i>                           |

#### As Special Business:

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

- |    |  |                                     |
|----|--|-------------------------------------|
| 7. | <b>GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”) AND WAIVER OF PRE-EMPTIVE RIGHTS</b> | <i><b>Ordinary Resolution 7</b></i> |
|----|--|-------------------------------------|

“THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time (“Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.



## Notice of Twenty-Ninth Annual General Meeting (Cont'd)

THAT pursuant to Section 85 of the Act read together with the Constitution of the Company, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares.”

8. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE”)**

**Ordinary Resolution 8**

“THAT, authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.8 of the Circular to Shareholders dated 30 October 2024 which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm’s length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Shareholders’ Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Shareholders’ Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Shareholders’ Mandate in the best interest of the Company.”

## Notice of Twenty-Ninth Annual General Meeting (Cont'd)

9. **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Ordinary Resolution 9**

"THAT approval be and is hereby given to Mr. Lee Kok Heng to be retained as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

10. **PROPOSED CHANGE OF NAME OF THE COMPANY FROM "MESB BERHAD" TO "LOTUS CIRCULAR BERHAD" ("PROPOSED CHANGE OF NAME")**

**Special Resolution 1**

"THAT subject to the approvals of the relevant authorities and/or parties being obtained (where applicable), the name of the Company be and is hereby changed from "MESB Berhad" to "Lotus Circular Berhad" with effect from the date of the Notice of Registration of New Name to be issued by the Companies Commission of Malaysia and that all references in the Constitution of the Company in relation to the name "MESB Berhad", wherever the same may appear, be and is hereby be deleted and substituted with "Lotus Circular Berhad".

AND THAT the Directors and/or the Secretary of the Company be and are hereby authorised to take all necessary steps to give effect to the Proposed Change of Name and to carry out all the necessary formalities in effecting the Proposed Change of Name."

11. To transact any other business of which due notice shall have been given.

By order of the Board

**KHOO MING SIANG (MAICSA 7034037) (SSM PC NO.: 202208000150)**

Company Secretary

Petaling Jaya, Selangor Darul Ehsan  
30 October 2024

**Notes:**

- (i) The 29<sup>th</sup> AGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform provided by SS E Solutions Sdn. Bhd. at <https://sshsb.net.my/>. Please refer to the Administrative Notes for the 29<sup>th</sup> AGM on the procedures to register, participate and vote remotely via <https://sshsb.net.my/>.
- (ii) According to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- (iii) Members may submit questions relating to resolutions to be tabled at the Meeting to the Board via email to [mesb@mesbbhd.com](mailto:mesb@mesbbhd.com) no later than 3:00 p.m. on Saturday, 7 December 2024. Alternatively, members may transmit questions to the Board via <https://sshsb.net.my/> platform during the live streaming of the Meeting.
- (iv) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.

## Notice of Twenty-Ninth Annual General Meeting (Cont'd)

### Notes: (Cont'd)

- (v) A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (vii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (viii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (ix) The instrument appointing a proxy may be made via hard copy or by electronic means through the following manner and must be deposited not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the appointment proposes to vote:-
  - a) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
  - b) By electronic means

The Proxy Form can be electronically lodged by email to [eservices@sshhsb.com.my](mailto:eservices@sshhsb.com.my). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of the Proxy Form.
- (x) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Constitution of the Company to issue a General Meeting Record of Depositors as at 29 November 2024. Only members whose names appear in the General Meeting Record of Depositors as at 29 November 2024 shall be entitled to attend the Meeting and to speak and vote thereat.
- (xi) All the resolutions set out in the Notice of Meeting will be put to vote by poll.

## Notice of Twenty-Ninth Annual General Meeting (Cont'd)

### EXPLANATORY NOTES

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2024

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require formal approval of members for the Audited Financial Statements. Hence, Agenda No. 1 will not be put forward for voting.

#### 2. Items 2 and 3 of the Agenda – Directors' fees and benefits

Pursuant to Section 230(1) of the Act, the directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board of Directors is recommending to the shareholders to approve the fees payable to the Directors by the Company and by the Group amounting to RM270,000 for the financial year ending 30 June 2025.

The proposed fees payable to the Directors by the Company and the Group of up to RM270,000 for the financial year ending 30 June 2025 are calculated based upon their memberships in the Board and Board Committees, and assuming that all Directors will hold office until the next AGM and possible new additions to the Board in the financial year ending 30 June 2025. This resolution is to facilitate payment of Directors' fees on current year basis.

The estimated Directors' benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' benefits for the period from the date immediately after this 29<sup>th</sup> AGM until the date of the next AGM of the Company to be held in the year 2025. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

#### 3. Items 4 and 5 of the Agenda – Re-election of Directors

Clause 97 of the Constitution of the Company provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Clause 104 of the Constitution of the Company provides that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Following thereto, Datuk Wong Sak Kuan and Mr. Wong Yu Perng will retire pursuant to Clause 97 of the Constitution of the Company whereas Dr. Norhanim Binti Mat Sari will retire pursuant to Clause 104 of the Constitution of the Company (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 29<sup>th</sup> AGM.

The Board had through the Nomination and Remuneration Committee ("NRC"), assessed the performance and contribution of each of the Retiring Directors including their personality, experience, integrity, competence, time commitment, and fit and properness to effectively discharge their duties as Directors. Based on the assessment conducted, the Board is satisfied that the aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the Board's competencies.

The Retiring Directors had abstained from all deliberations and decisions on their respective eligibility to stand for re-election at the Board meeting. The details and profile of the Retiring Directors are provided in the Profile of Directors on pages 44, 45 and 47 of the Company's Annual Report 2024.

## Notice of Twenty-Ninth Annual General Meeting (Cont'd)

### EXPLANATORY NOTES (CONT'D)

#### 4. **Item 7 of the Agenda – General Authority for the Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act and Waiver of Pre-emptive Rights**

The Ordinary Resolution 7 proposed under item 7 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital, debt settlement/debt repayment, repayment of borrowings and/or acquisition(s).

The Company had at its Twenty-Eighth AGM held on 6 December 2023 ("28<sup>th</sup> AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("General Mandate"). This General Mandate will expire at the conclusion of the 29<sup>th</sup> AGM.

Pursuant to Section 85 of the Act and the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 7, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 28<sup>th</sup> AGM which will lapse at the conclusion of the 29<sup>th</sup> AGM.

#### 5. **Item 8 of the Agenda – Proposed Renewal of Shareholders' Mandate**

The Ordinary Resolution 8 proposed under item 8 of the Agenda, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 30 October 2024 for further information.

## Notice of Twenty-Ninth Annual General Meeting (Cont'd)

### EXPLANATORY NOTES (CONT'D)

#### 6. Item 9 of the Agenda – Proposed Retention of Independent Non-Executive Director

The Ordinary Resolution 9, if passed, will allow Mr. Lee Kok Heng to continue in office as an Independent Non-Executive Director of the Company.

Mr. Lee Kok Heng was appointed to the Board on 25 November 2015 as an Independent Director. The Board has via the NRC conducted performance evaluation and assessment on Mr. Lee Kok Heng, who would have served the Company for more than nine (9) years as at the date of the 29<sup>th</sup> AGM. The Board and NRC (save for Mr. Lee Kok Heng who has declared his interest and abstained from deliberation and voting) recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- i) He fulfils the criteria of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and therefore is able to bring independent and objective judgement to the Board;
- ii) His experience in the legal domains enable him to provide the Board with a diverse set of experience, expertise, skills and competence;
- iii) He has been with the Company for more than nine (9) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations and discussions, including at the NRC (as the Chair of the committee), Audit and Risk Management Committee (as a member of the committee) and at the Board meetings; and
- iv) He has devoted sufficient time and effort in attending the Committee and Board meetings and contributed to informed and balanced decision-making.

Pursuant to the Malaysian Code on Corporate Governance 2021, the Company will use two-tier voting process in seeking annual shareholders' approval to retain Mr. Lee Kok Heng, who served the Company as an Independent Non-Executive Director beyond nine (9) years.

#### 7. Item 10 of the Agenda - Proposed Change of Name

The name change reflects a pivotal transformation in the business operations of the MESB group of companies ("MESB Group"), shifting from apparel retail business towards waste recycling business, which has now become the new core business of the MESB Group. Since the conclusion of the acquisitions of key waste recycling subsidiaries, the waste recycling business has contributed over 70% of the MESB Group's profit after tax for the financial year ended 30 June 2024, reflecting its importance as the new core business.

Please refer to the Circular to Shareholders dated 30 October 2024 for further information.

#### **Personal Data Privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate 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.*

## ADMINISTRATIVE NOTES

### ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL TWENTY-NINTH ANNUAL GENERAL MEETING (“29<sup>TH</sup> AGM” OR “MEETING”) OF MESB BERHAD (“MESB” OR “THE COMPANY”)

Meeting Day, Date	:	Monday, 9 December 2024
Time	:	3.00 p.m.
Online Meeting Platform	:	<a href="https://sshsb.net.my/">https://sshsb.net.my/</a> (Domain registration number with MYNIC: D4A004360)
Depository of Proxy Form	:	The Share Registrar’s Office  Securities Services (Holdings) Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia  Email : <a href="mailto:eservices@sshsb.com.my">eservices@sshsb.com.my</a>

### REMOTE PARTICIPATION AND ELECTRONIC VOTING (“RPEV”) FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 29<sup>th</sup> AGM using the RPEV facilities provided by SS E Solutions Sdn. Bhd. (“SSE”) via its SSE Online Portal at <https://sshsb.net.my/>.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 29<sup>th</sup> AGM via RPEV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPEV facilities at SSE Online Portal at <https://sshsb.net.my/>.

As the 29<sup>th</sup> AGM will be held on a fully virtual meeting, shareholders who are unable to participate in this 29<sup>th</sup> AGM via RPEV facilities may also appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

### ENTITLEMENT TO PARTICIPATE AND VOTE AT THE 29<sup>TH</sup> AGM

In respect of deposited securities, only members whose names appear in the Record of Depositors on **29 November 2024** (29<sup>th</sup> AGM Record of Depositors) shall be eligible to participate in the 29<sup>th</sup> AGM or to appoint proxy(ies) to participate and/or vote on his/her behalf.



## Administrative Notes (Cont'd)

### PROXY FORM(S)

Shareholders who are unable to participate in our 29<sup>th</sup> AGM are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.

Please take note that you **must** complete the Proxy Form for the 29<sup>th</sup> AGM should you wish to appoint proxy(ies).

Please deposit your Proxy Form at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia or email to [eservices@sshbsb.com.my](mailto:eservices@sshbsb.com.my) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

### POLL VOTING

The voting at the 29<sup>th</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The poll will be conducted by way of electronic voting ("e-voting"). Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll, respectively.

Access to e-voting will be opened from the commencement of the 29<sup>th</sup> AGM until the end of the voting session which will be announced by the Chairman of the 29<sup>th</sup> AGM. Upon completion of the voting session, the Independent Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

#### 1. **REMOTE PARTICIPATION AND E-VOTING FACILITIES**

- (i) Only members whose names appear on the General Meeting Record of Depositors as at **29 November 2024** shall be eligible to participate and vote at the 29<sup>th</sup> AGM or appoint proxy(ies) to participate and/or vote on his/her behalf.
- (ii) Members who wish to participate at the 29<sup>th</sup> AGM are required to register as a user in SSE Online Portal as well as register for the remote participation via <https://sshbsb.net.my/>.
- (iii) SSE Online Portal is an online platform that allows both individual shareholders and body corporate shareholders, through their appointed representatives to:-
  - (a) Submit proxy form electronically - paperless submission
  - (b) Register for RPEV at meetings
  - (c) Participate in meetings remotely via live streaming
  - (d) Vote online remotely on resolutions tabled at meetings



## Administrative Notes (Cont'd)

### POLL VOTING (CONT'D)

#### 2. **SECURITIES SERVICES E-PORTAL USER GUIDE**

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the 29<sup>th</sup> AGM remotely using the RPEV facilities are to follow the requirements and procedures as summarised below:-

<b>(A) Register as a user of Securities Services e-Portal ("SSEP")</b>	
<p><b>Step 1:</b> Visit <a href="https://sshsb.net.my/">https://sshsb.net.my/</a> to register as a user (registration is free). Please click on "<b>Sign Up</b>" to begin. You will be prompted to fill in your details and also to upload a copy of your MyKad (front and back separately) or passport.</p> <p><b>Step 2:</b> A notification email will be sent to you within one (1) working day. Please verify your user account within seven (7) days of the notification email and log in.</p> <p>(Note: Your email address is your User ID)</p>	<p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. This is a <b>ONE-TIME Registration</b>. If you are already a registered user of SSEP, you need not register again and may proceed to either (B) or (C) below.</li> <li>2. To register for remote participation at the 29<sup>th</sup> AGM under (B) below, please sign up for a user account <b>latest by Thursday, 5 December 2024</b>.</li> <li>3. To submit e-Proxy Form under (C) below, please sign up for a user account <b>latest by Thursday, 5 December 2024</b>, failing which you may only be able to submit the hard copy proxy form.</li> </ol>
<b>(B) Registration for Remote Participation</b>	
<p><b>Step 1:</b> Log on to <a href="https://sshsb.net.my/">https://sshsb.net.my/</a> with your registered User ID (email address) and password.</p> <p><b>Step 2:</b> Select "<b>MESB Berhad 29<sup>th</sup> AGM on 9 December 2024 at 3.00 p.m. - Registration for Remote Participation</b>" under Event tab and click "&gt;".</p> <p><b>Step 3:</b> Select whether you are participating as <b>(1) Individual Shareholder;</b> or <b>(2) Corporate or Authorised Representative of a body corporate<sup>1</sup>,</b> and click "<b>Submit</b>".</p>	<p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. If you wish to participate remotely at the 29<sup>th</sup> AGM, please register for remote participation <b>latest by Saturday, 7 December 2024, 3.00 p.m.</b></li> <li>2. A copy of your eRegistration for remote participation can be accessed via My Records.</li> <li>3. Your registration will apply to all the CDS account(s) of each individual shareholder/body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.</li> </ol>

## Administrative Notes (Cont'd)

### POLL VOTING (CONT'D)

#### 2. SECURITIES SERVICES E-PORTAL USER GUIDE (CONT'D)

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the 29<sup>th</sup> AGM remotely using the RPEV facilities are to follow the requirements and procedures as summarised below:- (Cont'd)

(C) Submission of e-Proxy Form	
<p><b>Step 1:</b> Log on to <a href="https://sshsb.net.my/">https://sshsb.net.my/</a> with your registered User ID (email address) and password.</p> <p><b>Step 2:</b> Select “MESB Berhad 29<sup>th</sup> AGM on 9 December 2024 at 3.00 p.m. - Submission of Proxy Form” under Event tab and click “&gt;”.</p> <p><b>Step 3:</b> Select whether you are submitting the proxy form as <b>(1) Individual Shareholder</b>; or <b>(2) Corporate or Authorised Representative of a body corporate</b><sup>1</sup>.</p> <p><b>Step 4:</b> Enter your <b>CDS account number</b> or the body corporate’s CDS account number.</p> <p><b>Step 5:</b> Enter the information of your proxy(ies) and the proportion of securities to be represented by your proxy(ies).</p> <p><b>Step 6:</b> Proceed to indicate how your votes are to be cast for the resolutions.</p> <p><b>Step 7:</b> Review and confirm your proxy form details before submission.</p>	<p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. Please submit your proxy form <b>latest by Saturday, 7 December 2024, 3.00 p.m.</b> if you wish to appoint proxy(ies) to participate on your behalf.</li> <li>2. You are strongly encouraged to appoint the Chairman of the meeting as your proxy if you are not able to participate remotely.</li> <li>3. A copy of your submitted e-Proxy Form can be accessed via My Records.</li> <li>4. You need to submit your e-Proxy Form for <b>every CDS account(s)</b> you have or represent.</li> <li>5. <b>Appointed proxies need not register for remote participation under (B) above but are required to be registered users of SSeP by Thursday, 5 December 2024. Please notify your proxy(ies) accordingly.</b></li> <li>6. Upon processing the proxy forms, remote participation access will be granted to the proxy(ies) instead of the shareholder, provided that the proxy(ies) must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the 29<sup>th</sup> AGM.</li> <li>7. Upon verification by SS E Solutions Sdn. Bhd. with the General Meeting Record of Depositors as at <b>29 November 2024</b>, you will receive an email advising you if your registration for remote participation/ submission of e-Proxy Form is approved or rejected.</li> </ol>

<sup>1</sup> For body corporates, the appointed Corporate/Authorised Representative must upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). Any document that are not in English or Bahasa Malaysia must be accompanied by a certified translation in English in one (1) file. The original evidence of authority and translation thereof, if required, have to be submitted to the Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia for verification before the registration closing date and time.

## Administrative Notes (Cont'd)

### POLL VOTING (CONT'D)

#### 2. **SECURITIES SERVICES E-PORTAL USER GUIDE (CONT'D)**

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the 29<sup>th</sup> AGM remotely using the RPEV facilities are to follow the requirements and procedures as summarised below:- (Cont'd)

#### ON THE 29<sup>TH</sup> AGM DAY (MONDAY, 9 DECEMBER 2024 @ 3.00 P.M.)

##### (A) Joining the Live Stream Meeting

###### Step 1:

Log on to <https://sshsb.net.my/> with your registered User ID (email address) and password.

###### Step 2:

Select "**MESB Berhad 29<sup>th</sup> AGM on 9 December 2024 at 3.00 p.m. - Live Stream Meeting**" under Event tab and click ">" to join the 29<sup>th</sup> AGM.

###### Notes:

1. You can start to log in at any time from 2.30 p.m., i.e. 30 minutes before the commencement of the 29<sup>th</sup> AGM.
2. If you have any questions that you wish to raise, please use the text box to submit your question. The Board/Management will endeavour to respond to your question during the 29<sup>th</sup> AGM.
3. Quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

##### (B) Remote Online Voting during the 29<sup>th</sup> AGM

If you are already accessing the Live Stream Meeting, click "**Proceed to Vote**" under the live stream player;

OR

If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, select "**MESB Berhad 29<sup>th</sup> AGM on 9 December 2024 at 3.00 p.m. - Remote Voting**" under Event tab and click ">" to remotely cast and submit votes online for the resolutions tabled at the 29<sup>th</sup> AGM.

###### Step 1:

Cast your votes by clicking on the radio buttons for the resolutions and review your votes cast and submit the votes.

###### Step 2:

Upon casting your votes, you will be redirected automatically to the Live Stream Meeting or you may rejoin the Live Stream Meeting for the poll result announcement, (Please refer to Step 2 under "(A) Joining the Live Stream Meeting" above).

###### Notes:

1. Access to e-voting will be opened on the abovementioned date and time.
2. Your votes cast will apply throughout **ALL** the CDS accounts you represent as an individual shareholder, corporate/ authorised representative and proxy.
3. If you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be cast, we will take the shareholder's indicated votes in the proxy form.
4. Access to e-voting will close when the Chairman announces the closing of the voting at the 29<sup>th</sup> AGM.
5. A copy of your submitted e-voting can be accessed via My Records.

##### (C) End of Remote Participation

The live streaming will end upon the announcement by the Chairman on the closure of the 29<sup>th</sup> AGM.

## Administrative Notes (Cont'd)

### POLL VOTING (CONT'D)

#### 2. **SECURITIES SERVICES E-PORTAL USER GUIDE (CONT'D)**

Notes to users of the RPEV facilities:-

- The quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection at the location of the user and the device of the user.
- Users are advised to afford ample time to complete the log in process in advance of the meeting.
- In the event you encounter any issues with logging-in, connection to live streamed meeting or online voting on the meeting day, kindly call +603 2084 9000 and email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) for assistance.
- Member(s)/proxy(ies)/corporate representative(s)/attorney(s) are encouraged to register as a user with SSE Online Portal latest by Thursday, 5 December 2024. The user registration is open from 30 October 2024.

#### **APPOINTMENT OF PROXY(IES)/CORPORATE REPRESENTATIVE(S)/ATTORNEY(S)**

A member who has appointed a proxy(ies)/authorised representative(s)/attorney(s) to participate in the 29<sup>th</sup> AGM via RPEV facilities must request his/her proxy(ies)/authorised representative(s)/attorney(s) to register himself/herself for RPEV facilities via SSE Online Portal at <https://sshsb.net.my/>.

#### **NO DOOR GIFTS OR FOOD VOUCHERS**

There will be no distribution of door gifts and food vouchers during the 29<sup>th</sup> AGM as the meeting is conducted on a fully virtual basis.

#### **NO RECORDING OR PHOTOGRAPHY**

By participating in the 29<sup>th</sup> AGM, you agree that no part of the 29<sup>th</sup> AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

#### **ENQUIRY**

If you have any enquiry(ies) relating to the 29<sup>th</sup> AGM, Administrative Notes for the fully virtual 29<sup>th</sup> AGM, RPEV facilities or encounter issues with the login, steps to connect to live streaming and online voting, you may send them in advance or contact the following during office hours from Mondays to Fridays (except for public holidays):-

##### **For Agenda of the 29<sup>th</sup> AGM related:**

Email : [mesb@mesbbhd.com](mailto:mesb@mesbbhd.com)

If you have any enquiry relating to Securities Services e-Portal or proxy appointment prior to the 29<sup>th</sup> AGM, please contact the following persons from Mondays to Fridays (except public holidays) during office hours (8.30 a.m. to 12.15 p.m. and 1.15 p.m. to 5.30 p.m.).

Mr. Wong Piang Yoong	:	+603-2084 9168
Puan Norhaslilivati	:	+603-2084 9163
Ms. Rachel Ou	:	+603-2084 9161
En. Afiq Aiman	:	+603-2084 9007
Email address	:	<a href="mailto:eservices@sshsb.com.my">eservices@sshsb.com.my</a>

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Registration No. 199501008356 (337554-D)  
Incorporated in Malaysia

## PROXY FORM

No. of shares held	
CDS Account No.	

I/We\*, \_\_\_\_\_ NRIC No./Passport No./Registration No.\* \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

being a member/members\* of **MESB BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Full Address (in capital letters)			
Contact No.:			
Email Address:			

and

Full Name (in capital letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Twenty-Ninth Annual General Meeting ("29<sup>th</sup> AGM" or "Meeting") of the Company to be held on a fully virtual basis and entirely via remote participation and electronic voting through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via <https://sshbsb.net.my/> (Domain registration number with MYNIC: D4A004360) on Monday, 9 December 2024 at 3:00 p.m..

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her\* discretion.

No.	Resolutions		For	Against
1.	To approve the payment of Directors' fees for the financial year ending 30 June 2025.	Ordinary Resolution 1		
2.	To approve the payment of Directors' benefits (other than Directors' fees) of up to RM68,000 for the period commencing from the date immediately after this 29 <sup>th</sup> AGM until the date of the next Annual General Meeting of the Company.	Ordinary Resolution 2		
3.	To re-elect Datuk Wong Sak Kuan as Director of the Company.	Ordinary Resolution 3		
4.	To re-elect Mr. Wong Yu Perng as Director of the Company.	Ordinary Resolution 4		
5.	To re-elect Dr. Norhanim Binti Mat Sari as Director of the Company.	Ordinary Resolution 5		
6.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.	Ordinary Resolution 6		
7.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights.	Ordinary Resolution 7		
8.	To approve the Proposed Renewal of Shareholders' Mandate.	Ordinary Resolution 8		
9.	To retain Mr. Lee Kok Heng as Independent Director of the Company.	Ordinary Resolution 9		
10.	To approve the Proposed Change of Name.	Special Resolution 1		

\* delete whichever not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024

\_\_\_\_\_  
Signature(s)/ Seal of Shareholder(s)

### NOTES:

- The 29<sup>th</sup> AGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform provided by SS E Solutions Sdn. Bhd. at <https://sshbsb.net.my/>. Please refer to the Administrative Notes for the 29<sup>th</sup> AGM on the procedures to register, participate and vote remotely via <https://sshbsb.net.my/>.
- According to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- Members may submit questions relating to resolutions to be tabled at the Meeting to the Board via email to [mesb@mesbbhd.com](mailto:mesb@mesbbhd.com) no later than 3:00 p.m. on Saturday, 7 December 2024. Alternatively, members may transmit questions to the Board via <https://sshbsb.net.my/> platform during the live streaming of the Meeting.

**NOTES: (CONT'D)**

- (iv) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- (v) A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (vii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (viii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (ix) The instrument appointing a proxy may be made via hard copy or by electronic means through the following manner and must be deposited not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the appointment proposes to vote:-
  - a) In hard copy form  
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
  - b) By electronic means  
The Proxy Form can be electronically lodged by email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of the Proxy Form.
- (x) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Constitution of the Company to issue a General Meeting Record of Depositors as at 29 November 2024. Only members whose names appear in the General Meeting Record of Depositors as at 29 November 2024 shall be entitled to attend the Meeting and to speak and vote thereat.
- (xi) All the resolutions set out in the Notice of Meeting will be put to vote by poll.

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AFFIX  
STAMP

The Share Registrar  
**MESB BERHAD**  
c/o Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur, Malaysia.

2nd Fold Here

Fold This Flap For Sealing





BE PART OF THE SOLUTION

**SAVE THE EARTH**





