EG INDUSTRIES BERHAD
199101012585 (222897-W)

Annual Report 2023

Contents

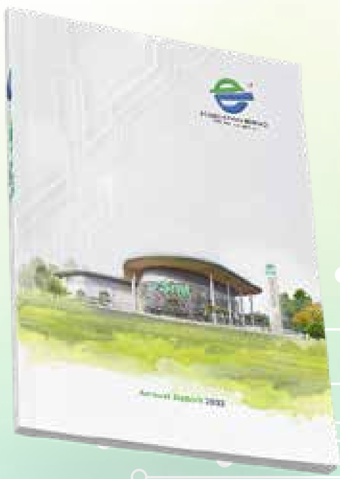
Smart 4.0 Manufacturing

The establishment of our state-of-the-art Smart Factory 4.0 in Batu Kawan, Penang represents the next level of achievement for EG Industries Berhad ("EG"), in line with our strategy of pivoting toward high-value upstream operations.

The silhouette of circuit board grid epitomises the technological excellence that will drive our transformation, anchored by robust research and development, strong design innovation, high efficiency, and comprehensive box-build services.

Upon its completion in 2024, the facility will be equipped with cutting-edge Lights-Out technology, thus encapsulating our ascent toward the Industrial Revolution 4.0.

These endeavours form part of our 4R strategy to **Reset, Recharge, Refocus** and **Regain** our market leadership on the global platform.



OUR MILESTONES

Taking The Next Leap Of Growth

Through the years and various economic cycles, EG has demonstrated tremendous agility and resilience in not only successfully navigating numerous operational challenges, but also building the pathway for future sustainability.

The year under review has certainly seen EG pave the way to consistently be in the forefront of technological excellence.

The implementation of Smart Manufacturing in our plants in Sungai Petani, the preparation of support functions including Smart Warehouses and International Procurement Centre, as well as the impending adoption of advanced methodologies such as Lights-Out environment in our upcoming Batu Kawan facility sets EG well on our course of fulfilling the Technological Roadmap that goes beyond traditional EMS functions.

Together with various partnerships with global players and industry leaders, we at EG are aptly positioned to accelerate our upstream trajectory, raise the benchmark standards of the wider manufacturing industry and bring tremendous multiplier effects to the EG community and beyond.

Board Of Directors

Ong Lye Soon
(Independent Non-Executive Director and Chairman)

Dato' Alex Kang Pang Kiang
(Group Chief Executive Officer/Executive Director)

Ang Seng Wong
(Non-Independent Non-Executive Director)

Lim Sze Yan
(Independent Non-Executive Director)

Lee Kean Teong
(Independent Non-Executive Director)

Tan Jie En
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Lim Sze Yan

Members
Ang Seng Wong
Lee Kean Teong
Tan Jie En

NOMINATION COMMITTEE

Chairman
Lim Sze Yan

Members
Ang Seng Wong
Lee Kean Teong
Tan Jie En

REMUNERATION COMMITTEE

Chairman
Lee Kean Teong

Members
Ang Seng Wong
Lim Sze Yan
Tan Jie En

COMPANY SECRETARIES

Ong Tze-En [MAICSA 7026537]
SSM PC NO.: 202008003397

Lau Yoke Leng [MAICSA 7034778]
SSM PC NO.: 202008003368

REGISTERED OFFICE

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town, Penang
Tel : 04 - 229 4390
Fax : 04 - 226 5860
Email : boardroom-kl@boardroomlimited.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Suite 18.05, MWE Plaza
No. 8 Lebuh Farquhar
10200 Penang, Malaysia
Tel : 04-263 1966
Fax : 04-262 8544
Email : info@sshsb.com.my

AUDITORS

UHY (AF 1411)
Chartered Accountants

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
AmBank Islamic Berhad
CIMB Islamic Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
Kasikornbank Public Company Limited (Thailand)
OCBC Bank (Malaysia) Berhad
TMBThanachart Bank Public Company Limited (Thailand)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : EG
Stock Code : 8907

GROUP STRUCTURE

EG INDUSTRIES BERHAD
199101012585 [222897-W]

Investment holding company listed on Main Market of Bursa Malaysia Securities Berhad

100% — SMT TECHNOLOGIES SDN. BHD.
199301024828 [279566-X]

Provision of electronic manufacturing services for computer peripherals, consumer electronic/electrical products and production of high filtration face masks

100% — GLISTEN KNIGHT SDN. BHD.
199501025359 [354564-D]

Investment holding activities and to undertake procurement, sales, marketing and distribution activities for electronics/ electrical products and related components, and operating and rental of warehouses for the storage of goods and materials handling

49% — TM SMT SDN. BHD.
201901012677 [1322005-T]

Manufacturing of electronic/electrical products, wholesale of computer hardware, software and peripherals

99.99% — TM SMT (THAILAND) CO., LTD.
[0255563001154]

Dormant

100% — SMT INDUSTRIES CO., LTD.
[0255549000227]

Provision of electronic manufacturing services for computer peripherals, consumer electronic/electrical and automotive industrial products

100% — EG ELECTRONIC SDN. BHD.
200401026915 [665423-W]

Original Equipment Manufacturer/Original Design Manufacturer in complete box built products

100% — EG R&D SDN. BHD.
201301044868 [1074691-M]

Research and development activities for electronic, electrical, telecommunication and technology products and operate a shared services outsourcing center rendering business process outsourcing in financial and administration processes and IT services

100% — EG OPERATIONS SDN. BHD.
201301045538 [1075362-W]

Investment holding activities and manufacturing and assembling of plastic moulded parts, electronic components and other related box-build products

30% — GENITRONIC (MALAYSIA) SDN. BHD.
202301019738 [1513660-D]

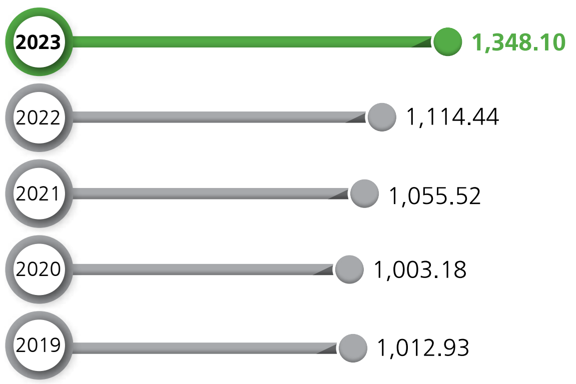
Production of commercial network communication and security related products, home digital products, computer peripherals and provision of technology consulting services

97.30% — MASTIMBER INDUSTRIES SDN. BHD.
199701002942 [418438-V]

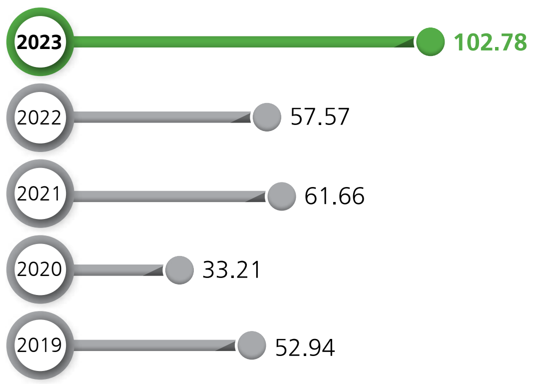
Dormant

Year ended June 30 Amount in RM'million	2019	2020	2021	2022	2023
Revenue	1,012.93	1,003.18	1,055.52	1,114.44	**1,348.10**
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	52.94	33.21	61.66	57.57	**102.78**
Profit/(Loss) Before Tax	13.10	(12.81)	14.20	10.76	**41.39**
Profit/(Loss) Attributable to the Owners of the Company	12.58	(13.61)	13.97	10.82	**38.96**
Shareholders' Funds	331.80	323.05	364.85	385.46	**438.98**
Basic earnings/(loss) per ordinary share (sen)	4.78	(5.29)	4.12	2.75	**9.16**
Net assets per ordinary share (RM)	1.31	1.25	1.01	0.97	**1.06**

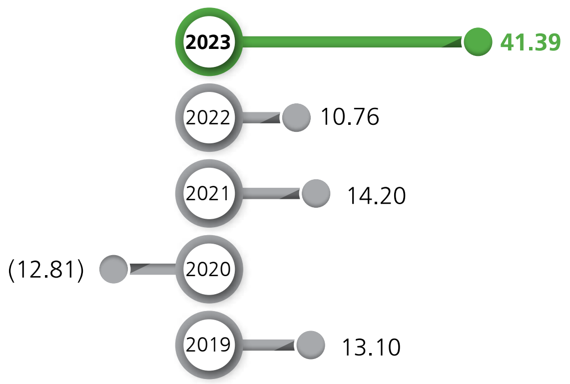
Revenue (RM'million)



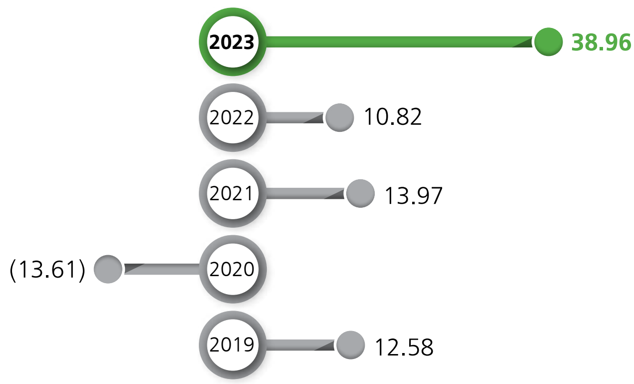
EBITDA (RM' million)



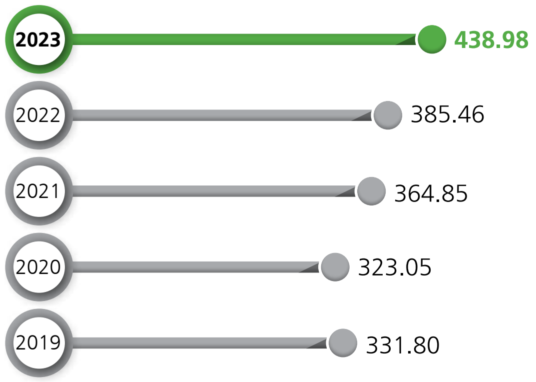
Profit/(Loss) Before Tax (RM' million)



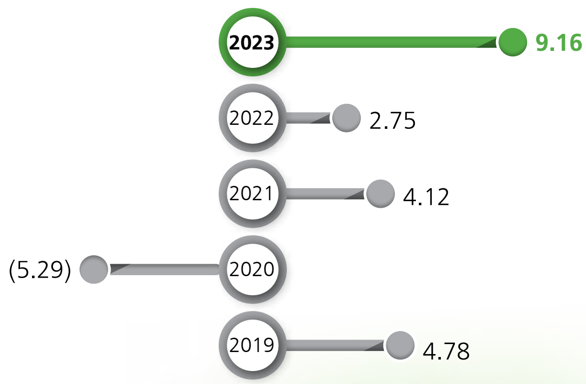
Profit/(Loss) Attributable to the Owners of the Company (RM' million)



Shareholders' Funds (RM' million)



Basic earnings/(loss) per ordinary share (sen)



MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors of EG Industries Berhad ("EG" or "the Group"), it is my privilege to present you a report of our performance in the financial year ended 30 June 2023 ("FY2023").

EG has always strived to be ahead of the curve, as our in-built resilience spurs us to strategically anticipate future trends and devise our strategies accordingly to capture the next demand wave.

Building on our strength, FY2023 was a monumental year for the Group as we successfully reached multiple achievements including breaking ground on our Smart Factory 4.0 in Batu Kawan, Penang; signing a Letter of Intent ("LOI") with a prominent 5G technology provider to initiate Southeast Asia's first technology transfer in 5G photonics; and establishing cooperation with global players to extend our move upstream.

It is through this determination that EG attained the successful feat of posting record-high financial performance, as we reaped the benefits of the plans laid in place in recent years, and set the path for future sustainability.

BUSINESS AND OPERATIONS

EG is a leading Electronics Manufacturing Services ("EMS") and Vertical Integration ("VI+") provider that has remained within the global list of Top 50 EMS providers in 2022: cementing our reputation as a manufacturer and technological partner for several crucial industries including consumer electronics, data storage, automotive, information and communications technologies ("ICT"), medical and telecommunications sectors. Our customer base of internationally renowned clients and brands attest to the benchmark standards that we uphold and deliver.

The Group's core business consists of two key categories, namely printed circuit board assembly ("PCBA") and box-build. Our PCBA segment manufactures high and low-mix printed circuit boards while our box-build segment provides a wide range of services to electronics providers including design, manufacturing, testing, and shipping of completed products to customers' end users.

EG, the investment holding company, has four wholly owned subsidiaries (excluding dormant companies) and two associate companies namely:

	Subsidiary	Principal activities
(1)	SMT Technologies Sdn. Bhd. ("SMTT")	Provision of EMS for computer peripherals, consumer electronics/electrical products and production of high filtration face masks in its manufacturing facility in Sungai Petani, Malaysia
(2)	SMT Industries Co., Ltd.	Provision of EMS for computer peripherals, consumer electronic/electrical and automotive industrial products in Prachinburi, Thailand
(3)	EG Electronic Sdn. Bhd.	Original equipment manufacturer/original design manufacturer in complete box-build products
(4)	EG R&D Sdn. Bhd.	Research and development activities for electronic, electrical, telecommunication and other technological products
(5)	EG Operations Sdn. Bhd.	Investment holding activities, manufacturing and assembling of plastic moulded parts, electronic components and other related box-build products

	Associate Company	Principal activities
(1)	TM SMT Sdn. Bhd.	Manufacturing of electronic/electrical products, wholesale of computer hardware, software, and peripherals
(2)	Genitronic (Malaysia) Sdn. Bhd. ("Genitronic")	Production of commercial network communication and security related products, home digital products, computer peripherals and provision of technology consulting services

SECTOR REVIEW

The global EMS market was worth US Dollar ("USD")534.62 billion in 2023, increasing marginally from USD504.2 billion in 2022 as the sector staged a gradual comeback with the easing of supply chain disruptions.

The communications segment emerged as the largest market in the EMS industry, driven in part by the growing demand for high-performance processors for use in 5G wireless networks and Artificial Intelligence tools. This segment has eclipsed the resilient revenue in the computing segment.

SECTOR REVIEW (Cont'd)

In the context of the Malaysian EMS field, the US-China trade war benefited domestic EMS players as many foreign firms diverted their investment from China to Southeast Asia as part of the "China Plus One" diversification and business continuation strategy. Meanwhile, the weakening of the Malaysian Ringgit ("MYR") relative to the USD throughout much of FY2023 made Malaysian EMS providers an attractive proposition to foreign clients.

Share Performance (1 July 2022 to 30 June 2023)

Year High	Year Low	Year Close	Trading Volume	Market Capitalisation as at 30 June 2023
RM1.460	**RM0.445**	**RM1.140**	**789.6 million shares**	**RM492.3 million**

OPERATIONAL HIGHLIGHTS

- **LOI with Cambridge Industries Group ("CIG")**

  EG signed an LOI with US-based research and development and manufacturing firm CIG in October 2022 to produce Advanced High Speed Optical Signal Transmitter and Receiver for 5G wireless network ("optical modules") using the photonics and semiconductor technologies for the latter's global customers. With this, EG is the first recipient of CIG's pioneer technology transfer to Southeast Asia.

  CIG is a leading Original Design/Equipment Manufacturer and Joint Development Manufacturer that focuses on wired and wireless access products, carrier ethernet, home networking and optical modules, which are deployed globally by American and international industry icons.

  The Group has partnered with CIG since 2018 for the provision of box-build services for high-speed routers and gateway products. The LOI will further strengthen our collaboration, as EG will add 5G photonics modular related products into our portfolio, on top of expanding on the current and new range of wireless access products.

- **Smart Factory 4.0**

  EG is committed to embracing Industrial Revolution 4.0 ("IR 4.0") as a strategy to reinforce our leadership in a fast-paced and competitive industry.

  Demonstrating this, on 9 November 2022, the Group broke ground for the RM180.0 million Smart Factory 4.0 in Batu Kawan, Penang. The 22,500 sq. m plant is earmarked for the production of next-generation technologies, including 5G optical modules for CIG and other advanced components for multinational giants.

  The new facility's unique feature is its Lights-Out methodology which creates a completely networked environment that digitises material flow for autonomous manufacturing, controlled by a remote team of highly specialised experts to manage data, production planning and quality.

  Construction progress of the said building reached 88% as of October 2023 and is on track for completion by early 2024.

- **Collaborations with Other Global Leaders**

  During the financial year, EG entered into two collaborations with global leaders as part of our strategy to move upstream in the technology sector.

  In May 2023, the Group, via SMTT, has entered into a tripartite business alliance with Yamaha Motor Co., Ltd. and the latter's Malaysian distribution agency. Together with Yamaha, EG will set up automated intelligent Surface Mount Technology production lines using EG's high speed 5G technology at our Smart Factory 4.0 to establish an intelligent and 5G-connected enterprise. The collaboration will eventually open a new revenue stream for EG to deploy in-house produced 5G high speed technology in other Lights-Out factory setups for other technology players.

  Also, EG will collaborate with a worldwide top 3 Ethernet switches company through our new associated company, Genitronic, to produce high-speed 5G switches and network products using co-packaged optics technology.

OPERATIONAL HIGHLIGHTS (Cont'd)

- **Smart Warehouses and International Procurement Centre**

  As part of our holistic approach, our Smart Factory 4.0 will be complemented by Smart Warehouses and new International Procurement Centre ("IPC") in Sungai Petani featuring the state's first Vendor Management Inventory system.

  The RM40.0 million facilities are slated to commence operations in 2024, pending the necessary regulatory approvals. Equipped with advanced infrastructure, the facilities will allow clients to monitor inventories in real time and benefit from greater cost advantages, thus incentivising them to move their overseas-located storage hubs to Malaysia for better coordination and efficiency. Furthermore, the IPC will also promote local sourcing and serve as a new income stream for the Group.

  In this manner, we are playing the role as a valuable enabler, for all parties to move forward as a collective unit to raise the benchmarks of industrial productivity.

FINANCIAL REVIEW

The Group ended FY2023 with impeccable financial performance, as net profit tripled to a record-high of RM39.0 million from RM10.8 million in FY2022 on the back of a favourable product mix of consumer electronics, 5G wireless access and photonics modular related products.

Revenue increased 21% to RM1.3 billion in FY2023 from RM1.1 billion in FY2022, thanks to the improved sales volumes from a surge in new orders and products from our existing clients, as well as the easing of global supply chain disruptions.

In positioning ourselves to capture the growth wave, EG embarked on an expansion plan that involved the construction of a new plant in Batu Kawan, new warehouses, and renovations in our existing plant. Thus, the Group's capital expenditure increased from RM35.1 million to RM95.0 million in FY2023. Additionally, the Group employed larger working capital in line with higher sales volumes.

The above factors led total borrowings to rise from RM285.6 million previously to RM450.5 million. In tandem, total liabilities increased to RM773.6 million in end-FY2023 from RM612.3 million in the prior year.

Nevertheless, the Group remained on firm financial footing. Our cash and cash equivalents and fixed deposits with licensed banks increased from RM10.7 million to RM53.7 million in FY2023.

Shareholders' equity improved to RM439.0 million as at 30 June 2023 from RM385.5 million previously resulted from higher retained earnings and private placement exercise.

All things considered, our net gearing rose to 0.91 in FY2023 compared to 0.72 in FY2022, as we pave the way for the Group's next chapter of growth.

CORPORATE EXERCISES

- **Private Placement**

  On 14 July 2023, we have completed our Private Placement Exercise involving issuance of 10% new shares and raised RM47.0 million gross proceeds from the listing of three tranches of Private Placement totalling 40,928,700 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

- **Proposed Bonus Issue of Warrants**

  On 17 October 2023, the Group announced the proposed bonus issue of 225,108,037 free five-year Warrants on the basis of 1 Warrant for every 2 existing EG Shares held by the Entitled Shareholders on the Entitlement Date.

  Based on the illustrative exercise price of RM1.80 per warrant and assuming full conversion, the warrants exercise is expected to raise up to RM405.2 million in gross proceeds over the five-year period to be utilised for the repayment of bank borrowings and as working capital to fund the Group's day-to-day operations. The proposed bonus issue of warrants exercise is subject to Bursa Securities approval and subsequently shareholders' approval at the upcoming Extraordinary General Meeting.

DIVIDEND

In view of the high capital expenditure needed to sustain our expansion plans in Sungai Petani and Batu Kawan, and investment in new machinery to keep up with technological changes, the Board has adopted a prudent stance in dividend distribution and will continue reinvesting our earnings into expansion plans to strengthen the path going forward.

ANTICIPATED OR KNOWN RISKS

Competitive Environment

EG operates in a highly competitive environment, and faces stiff competition from other EMS manufacturers, both in Malaysia and abroad. We are addressing this risk by increasing our involvement in upstream activities, upgrading our technological abilities, and working consistently with our clients to understand their needs.

Foreign Currency Fluctuations

As an export-oriented manufacturer, we transact in different currencies such as USD, Thai Baht, Singapore Dollar and Euro, and a portion of our borrowings are denominated in USD. Hence, any unfavourable fluctuations in those currencies may have an adverse impact on the Group performance. Nonetheless, the risk would be mitigated via a natural hedge as we mainly service the export market where transactions are predominantly in USD.

ANTICIPATED OR KNOWN RISKS (Cont'd)

Supply Chain Disruptions

The supply of electronics-related raw materials in FY2023 was adversely impacted by ongoing Russia-Ukraine War and the end stage of Covid-related restrictions in China.

As a countermeasure, we will leverage on the real-time monitoring in our IPC warehouse system to mitigate any potential disruption from the shortage, and liaise closely with suppliers to ensure sufficient supply of raw materials. Simultaneously, we also collaborate with clients closely to anticipate the dynamics of potential changes in demand, in order to ensure sufficient stocks in hand.

Labour Cost and Availability

We take pride in being a leading employer in Sungai Petani with over 3,000 staff strength. With most of our workers being Malaysians, the impact of foreign labour shortage impacting the Malaysian industrial sector has been minimal. However, the minimum wage hike which took effect in May 2022 increased labour costs by 25%, which may negate bottom line growth.

In response, we proactively run programmes designed to train and upskill our employees to enhance efficiency, as well as invest more heavily in automation to reduce our dependency on labour.

BUSINESS OUTLOOK AND PROSPECTS

Having already achieved our highest-ever revenue in FY2023, the Group is optimistic of accomplishing the next level of performance in FY2024 and beyond on the back of robust demand for 5G wireless networks, broadband and photonics related products.

We are also strategically moving upstream in partnership with industry-leading clients and pressing ahead with our growth plans.

We will renew our focus on technology adoption and research and development activities to enhance our service to clients. Our commitment toward automation also enhances greater efficiency and elevates the skill sets of our teams in Kedah and Penang.

We remain steadfast in our vision to usher EG toward a trajectory of accelerated and sustainable growth in the coming years, aided by our pivot upstream toward IR 4.0 as embodied by our Smart Factory 4.0, Smart Warehouses, IPC, and other exciting developments in the years to come.

APPRECIATION

I would like to convey my sincere appreciation to the Board, the management team and all EG employees for your firm dedication to the Group. Your work ethic has created a culture of excellence that has catapulted EG to great success.

I wish to thank our outgoing Board member Mr. Keh Chuan Seng for his dedicated service, and I extend a warm welcome to our new Board members, namely Mr. Ong Lye Soon and Ms. Tan Jie En. I am confident that they will contribute significantly, and enhance the diversity and dynamism of the Board.

Together, we will boldly advance ahead to realise our 4R strategy to **Reset, Recharge, Refocus** and **Regain** EG’s market leadership.

Dato’ Alex Kang Pang Kiang
Group Chief Executive Officer/Executive Director

DIRECTORS' PROFILE

ONG LYE SOON
Independent Non-Executive Director and Chairman

Age | 60
Gender | Male
Nationality | Malaysian

Qualifications
- Sijil Pelajaran Malaysia ("SPM") Certificate

Date Appointed to the Board
31 May 2023

Board Committee
Nil

Other Directorships in Public Companies/ Listed Issuers
Nil

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer
Nil

Conflict of Interest with Listed Issuer
Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any
Nil

No. of Board Meeting Attended during the Financial Year
N/A

Working Experience

Mr. Ong Lye Soon has been involved in the property development industry for more than a decade and is the founder of Savalut Development Sdn. Bhd., a local property development player. An entrepreneur by nature and drawing on his business acumen, Mr. Ong invested in a wide portfolio of local private limited companies transversing several industries.

Mr. Ong is currently a Committee Member of Kedah Chinese Chamber of Commerce and Industry which he has built a strong business network in Kedah.

DATO' ALEX KANG PANG KIANG

Group Chief Executive Officer/Executive Director

Age | 51
Gender | Male
Nationality | Malaysian

Qualifications

- Double degrees in Bachelor of Commerce and Bachelor of Science, University of Auckland, New Zealand
- Chartered Accountant of Malaysian Institute of Accountants ("MIA")
- Associate Chartered Accountant ("ACA") of Chartered Accountant Association, New Zealand

Date Appointed to the Board

23 November 2009

Board Committee

Nil

Other Directorships in Public Companies/ Listed Issuers

Nil

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest with Listed Issuer

Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

5

Working Experience

Dato' Alex Kang Pang Kiang ("Dato' Alex"), the Group CEO of EG, has a double degrees educational background in Bachelor of Commerce and Bachelor of Science from University of Auckland, New Zealand. He is also an active member of Chartered Accountant of MIA for more than 20 years.

Dato' Alex plays a leading role on the Group's overall planning and operations since he took over the company 9 years ago, on 18th July 2014. With his visionary leadership insight expertising in financial management, planning, corporate restructuring exercises, risk management and investor relations for more than 20 years, he plays an essential role in formulating and providing solutions for EG Group's strategic positioning and business expansion.

For his exceptional entrepreneurship and dedication, he has been awarded the Best Chief Executive Officer and Best Investor Relations Professional by Malaysian Investor Relations Association ("MIRA") under the Micro-cap category "The Investor Relations Awards 2015".

On top of that, he was conferred the title of Dato' in 2018 in appreciation of his dedication to the business and social communities. Subsequently in year 2019, Persatuan Kebajikan Keluarga Bekas Polis dan Tentera ("POLTERA") had also appointed Dato' Alex as an honorable POLTERA life V.I.P to honor and recognise the remarkable value on his kind support, cooperation and contribution towards POLTERA's accomplishment.

Dato' Alex is a distinguished "Adjunct Professor" at AIMST University in 2020, where he imparts his businesses and industry knowledge to our next generation. Recently, he was also appointed as the Honorary Advisor of Malaysia-China Chamber of Commerce ("MCCC") for the year 2022-2025 in recognition for his rich expertise and experiences in the manufacturing business across the world. Dato' Alex is also a member of Singapore Institute of Directors by virtue of his standing and stature in the community globally.

In addition, he was appointed as the Honorary Advisor of Kelab Rekreasi Pekerja Dan Pedagang Cina Negeri Pulau Pinang in September 2022.

ANG SENG WONG

Non-Independent Non-Executive Director

Age | 61
Gender | Male
Nationality | Malaysian

Qualifications

- Bachelor of Arts (Sociology), Chisholm Institute of Technology, Melbourne, Australia
- Bachelor of Business (Banking & Finance), Chisholm Institute of Technology, Melbourne, Australia
- Master of Business Administration, Cardiff Metropolitan University, United Kingdom
- Chartered Accountant of MIA

Date Appointed to the Board

30 January 2009

Board Committee

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

Other Directorships in Public Companies/ Listed Issuers

- Independent Non-Executive Director of Ralco Corporation Berhad
- Independent Non-Executive Director of CPE Technology Berhad

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest with Listed Issuer

Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

5

Working Experience

Mr. Ang Seng Wong began his career as an accountant in Melbourne, Australia in 1986. Upon his return to Malaysia in 1989, Mr. Ang served as the Finance Director for a Taiwanese PCB and PCBA firm, the Executive Representative for a Taiwanese Venture Capital Organisation and a Corporate Affairs Manager for a listed entity. He was also appointed as an Executive Director for a listed electronics company. In his professional capacity, he has extensive senior management experience locally and internationally.

In addition, he is involved in conducting public and in-house programmes for well-known companies such as Petronas, Telekoms, NEC, Maxis, DRB-Hicom, Pantai Group, Columbia Hospital, MISC, SABIC etc. in Malaysia, Singapore, Thailand and Philippines. On a part time basis, Mr. Ang lectures Masters programmes for local and overseas institutions. Professionally, Mr. Ang is a Chartered Accountant of MIA and Fellow of Institute of Corporate Directors Malaysia ("ICDM").

LIM SZE YAN
Independent Non-Executive Director

Age | 46
Gender | Male
Nationality | Malaysian

Qualifications
- Bachelor of Commerce (Accounting & Finance), Curtin University of Technology, Australia
- Master of Business Administration, Cardiff Metropolitan University, United Kingdom
- Member of Certified Practising Accountant ("CPA"), Australia
- Associate member of FIAT - IFTA

Date Appointed to the Board
28 February 2012

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

Other Directorships in Public Companies/ Listed Issuers
Nil

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer
Nil

Conflict of Interest with Listed Issuer
Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any
Nil

No. of Board Meeting Attended during the Financial Year
5

Working Experience

Mr. Lim Sze Yan started his profession as an audit assistant at Tay and Associate from 2001 to 2003. He subsequently transitioned to the business environment by joining Aim Strong Industries Sdn. Bhd., where he served in several positions with increasing responsibilities before becoming the General Manager in 2007. Presently, he is the Executive Director of both Aim Strong Industries Sdn. Bhd. and V-Hua Management Sdn. Bhd.

LEE KEAN TEONG

Independent Non-Executive Director

Age | 64
Gender | Male
Nationality | Malaysian

Qualifications

- Chartered Accountant of Malaysian Institute of Certified Public Accountants ("MICPA")
- Chartered Accountant of MIA

Date Appointed to the Board

1 June 2016

Board Committee

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

Other Directorships in Public Companies/ Listed Issuers

- Independent Non-Executive Director of Oriental Holdings Berhad
- Independent Non-Executive Director of Asas Dunia Berhad
- Independent Non-Executive Director of Thong Guan Industries Berhad

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer

Nil

Conflict of Interest with Listed Issuer

Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any

Nil

No. of Board Meeting Attended during the Financial Year

5

Working Experience

Mr. Lee Kean Teong served KPMG Malaysia for over 35 years and was a Partner with KPMG until his retirement on 31 December 2014.

Throughout his tenure, he has obtained extensive knowledge in auditing and management consulting. He was an engagement partner for a broad range of companies, including public listed corporations and multinationals in various industries, mainly manufacturing, property development, construction, hospitality, stock broking and finance.

TAN JIE EN
Independent Non-Executive Director

Age | 29
Gender | Female
Nationality | Malaysian

Qualifications
- Bachelor of Laws, University of Sheffield, United Kingdom
- Barrister-at-Law from Middle Temple, England
- Advocate and Solicitor of the High Court of Malaya

Date Appointed to the Board
31 May 2023

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

Other Directorships in Public Companies/ Listed Issuers
Nil

Family Relationships with Other Directors and/or Major Shareholder of the Listed Issuer
Nil

Conflict of Interest with Listed Issuer
Nil

Offences Convicted for the Past 5 Years Other than Traffic Offences, if any
Nil

No. of Board Meeting Attended during the Financial Year
N/A

Working Experience

Ms. Tan Jie En was admitted as an Advocate and Solicitor of the High Court of Malaya in 2020 after she completed her pupillage at Messrs. Zaid Ibrahim & Co, Penang in 2019. Subsequently, she joined Messrs. Wong & Loh as a Legal Assistant.

From December 2020 to April 2023, Ms. Tan joined Messrs. Wong Chooi & Mohd. Nor as a Legal Assistant where she handled conveyancing matters, banking and finance, share sale and purchase transaction and probate and the administration of estates. In addition, she also handled commercial and corporate loan documentations for various financial institutions.

At present, Ms. Tan is the Partner of Messrs. Ng Law Firm. Her legal expertise spans across the areas of real estate, banking and finance and probate and estate administration.

CORPORATE KEY MANAGEMENT PROFILE

LOW JOO HIANG

Supply Chain Management ("SCM")/Plant Senior Director

Age | 54
Gender | Male
Nationality | Malaysian

Qualifications
- Diploma in Electronic Engineering, Federal Institute of Technology, Kuala Lumpur, Malaysia
- Full Certification in Power Electrical, City and Guilds of London Institute, Kuala Lumpur, Malaysia

Working Experience

Mr. Low Joo Hiang joined EG Group in 1996 with over 27 years of expertise in various fields such as Assembly, Test, Process, Equipment, Surface Mount Technology ("Front End"), Back End Line, Facility, Security, Production Planning, Warehousing, Logistics, Material Control, Sourcing and Purchasing.

He is currently in charge of the organisation's overall Supply Chain Management and Operation which includes Production, Quality, Production Planning, Purchasing, Sourcing, Material Control and Logistics.

TAI CHEE SEONG

Information Technology ("IT") Senior Director

Age | 58
Gender | Male
Nationality | Malaysian

Qualifications
- Diploma in Electronic Engineering, Tunku Abdul Rahman University of Management and Technology
- Master of Business Administration, Heriot-Watt University, Edinburgh, Scotland

Working Experience

Mr. Tai Chee Seong joined EG Group in year 2008 as Process Engineering Manager and subsequently his responsibilities were extend to Equipment Engineering, New Product Introduction ("NPI") and Product Process Analysis ("PPA"). He was appointed as the IT Director and IT Senior Director in June 2019 and January 2022 respectively.

Since 1990, he started his career in the field of electronics and possessed extensive working experience in various western, Japanese and local firms before joining the Group.

Currently he is taking the lead of the Group IT and Smart Manufacturing function.

JOHNNY KHONG HONG WAI

Business Development ("BD") Senior Director

Age | 57
Gender | Male
Nationality | Malaysian

Qualifications
- Bachelor of Electronics & Electrical Engineering, University College Dublin, Republic of Ireland

Working Experience

Mr. Johnny Khong Hong Wai joined EG Group in year 2013 as BD Senior Manager. He was appointed as BD Director and BD Senior Director in July 2018 and January 2022 respectively.

Before joining the Group, he began his career in electronics components manufacturing in 1993 and earned electronics distribution experience while working with one of the World's Top 3 Components Distribution Company.

He is currently leading the Group Business Development Department's operations, driving the team to achieve the Group's objectives while also strengthening the Group's performance.

Notes:

None of the corporate key management personnel has any directorship in public companies/listed issuers, nor has any family relationship with any Directors and/or Major Shareholder of the Company, nor any conflict of interest with the Company. They have not been convicted any offences within the past 5 years other than traffic offences, if any.

ABOUT THIS STATEMENT

At EG, we believe that businesses have a vital role to play in shaping a more responsible future. As the world's leading EMS and Vertical Integration ("VI+") provider, we are dedicated to delivering exceptional products and services to world-renowned brands in the electrical and electronic ("E&E") industry.

This Sustainability Statement serves as a testament to our continuous dedication to sustainable practices. We aim to address environmental, social, and governance ("ESG") factors, playing our part in creating a positive impact on society and the environment.

Within this Statement, we not only outline EG's sustainability efforts but also disclose EG's performance during the FY2023, unless otherwise specified. By sharing this information, we aim to foster transparency and accountability in our sustainability initiatives. We invite our stakeholders to join us on this sustainability journey and welcome any feedback or suggestions to strengthen our sustainability efforts further. Please direct queries and comments (if any) via the 'Contact Us' section of the Company's website at www.eg.com.my.

<table>
<tr><th>Reporting Period</th><th>1 July 2022 to 30 June 2023 ("FY2023")</th></tr>
<tr><td>Reporting Cycle</td><td>Annually</td></tr>
<tr><td>Reporting Scope and Boundary</td><td>This Statement covers the following subsidiaries, excluding associates and joint ventures:
<table>
<tr><th>Business Entities</th><th>Operating Country</th></tr>
<tr><td>SMT Technologies Sdn. Bhd. ("SMTT")</td><td>Malaysia</td></tr>
<tr><td>SMT Industries Co. Ltd. ("SMTI")</td><td>Thailand</td></tr>
<tr><td>EG R&D Sdn. Bhd.</td><td>Malaysia</td></tr>
</table>
EG's key business segment is EMS and VI+ provider, which accounts for more than 99% of the Group's revenue. The abovementioned scope is applicable to the disclosures of all sustainability matters, unless specific reference is made in this Statement.</td></tr>
<tr><td>Reporting Framework and Standards</td><td>The Statement has been prepared in accordance with the Main Market Listing Requirements ("MMLR") and Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide (3rd edition, 2022). It has also incorporated elements of the Responsible Business Alliance ("RBA") and relevant aspects in the Global Reporting Initiatives ("GRI") Standards.</td></tr>
<tr><td>Materiality and Reliability of Information</td><td>The accuracy of the content in this Sustainability Statement has been reviewed by the Senior Management and presented to the Board for approval.</td></tr>
</table>

SUSTAINABILITY AT EG

During this financial year, we understand that every business and organisation continued to struggle with the lingering impacts of the COVID-19 pandemic outbreak. Within the E&E industry, we faced a unique set of risks that can significantly impact our operations and overall success. These risks include keeping up with rapid technological advancements, product innovation, supply chain disruptions coupled with unforeseen events like natural disasters or geopolitical tensions, market demand fluctuations due to uncertain shifts in consumer preferences or economic conditions, as well as the attention towards sustainability practices within the company. Despite the challenging environment, we remained resilient in driving our company towards business continuity and competitiveness over long-term responsible growth while managing sustainability risks.

SUSTAINABILITY AT EG (Cont'd)

With a 30-year history, we have stayed true to our mission and vision statement with the aim of providing the best quality products to our customers and continuously introducing more sustainable practices within our business. Our business sustainability is guided by the Economic, Environmental and Social ("EES") pillars as follows:

VISION

To reach global benchmarks in consistently delivering outstanding value to customers and all stakeholders

MISSION

Our corporate culture will be shaped by being **GREAT**.

Growth-focused in nurturing long-term customers
Robust in delivering design, quality and innovation
Empowering in developing and advancing employees
Ardent in creating value for shareholders
Tenacious in upholding socio-environment well-being

ECONOMIC

Conducting business with good compliance and practices for our shareholders and all EG's stakeholders

ENVIRONMENTAL

Reducing EG's business impacts towards the environment via resource efficiency, energy, waste, water and air

SOCIAL

Managing our relationship with our employees and community through engagement and various initiatives

At EG, we strive to drive sustainability transformation process within the E&E industry through continuous innovation, greater efficiency and responsiveness. This also includes our quality of this Statement to keep our stakeholders well informed on our ever-growing sustainability-related practices and reporting of our sustainability performances.

OUR SUSTAINABILITY GOVERNANCE

Board of Directors

Audit and Risk Management Committee

Risk Management Committee

Head of Departments

Human Resources | Manufacturing | Information technology | Finance | Environment, Health & Safety | Research & Development | Sourcing | Purchasing | Logistics | Business Development | Admin | Customer Quality | Quality Assurance

Environmental, Social and Governance ("ESG") Committee

OUR SUSTAINABILITY GOVERNANCE (Cont'd)

The Board is responsible for setting sustainability strategies and overseeing the management of all sustainability matters to ensure integration of sustainability into our business operations. With the support of the Audit and Risk Management Committee together with the Group Chief Executive Officer/Executive Director("Group CEO"), the Board reviews and advises on sustainability strategies and performance targets of EG on a group basis.

The Risk Management Committee, comprising mainly senior management, takes charge of the implementation, monitoring and achievement of the Group's sustainability initiatives and performance. In January this year, we formed the ESG Committee to facilitate and oversee the implementation of the sustainability initiatives by the respective Head of Departments.

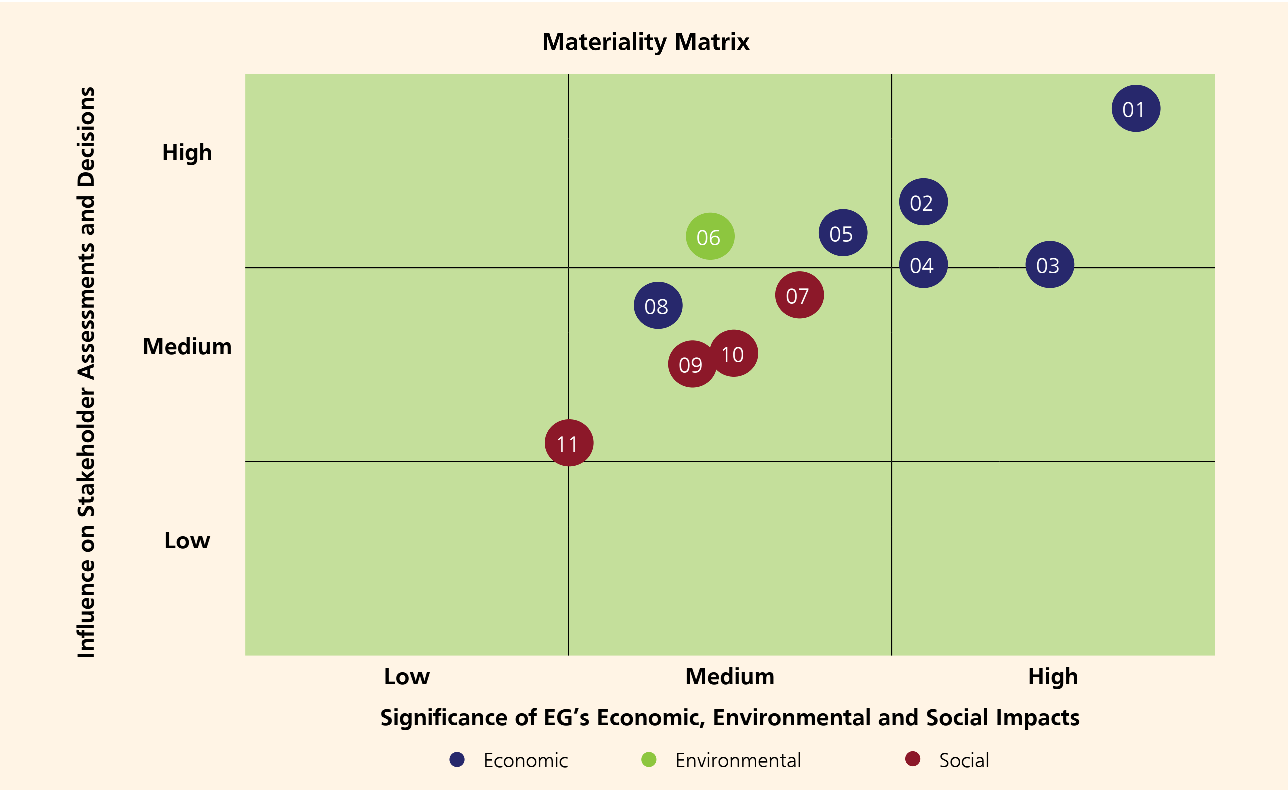
MAINTAINING POSITIVE RELATIONSHIPS WITH OUR STAKEHOLDERS

Regular engagement with our stakeholders is key to understanding their needs and meeting their expectations and concerns. To create increasing value for our stakeholders in alignment with our vision and mission, we constantly connect with them via various platforms and channels enabling us to build positive relationships with our stakeholders.

Customers	• Periodic and ad-hoc meetings and interactions • Monthly and/or quarterly business review • Periodic and surprise quality control and audit by customers • Customer satisfaction survey • Corporate website and social media • Site visits
Business Partners/Suppliers	• Periodic and ad-hoc meetings and interactions • Supplier due diligence and assessment • Supplier audit and performance • E-mails, phone calls and conferences • Operation and response of supplier consultation service • Site visits
Employees	• Training and development programmes • Internal engagement channels • Management review/ town hall sessions • Employee performance review • Company-organised events
Government/Regulatory authorities	• Participation in programmes and conferences • Meeting and email correspondence • On-site inspection and site visits • Seminars and workshops • Information disclosures
Shareholders/Investors	• General meetings • Annual report and quarterly financial reports • Press releases and announcements to Bursa Securities • Analyst briefing and site visits • Corporate website and social media
Local Communities	• Corporate volunteering activities • Charitable event • Corporate website and social media

MATERIALITY ASSESSMENT

In driving sustainability transformation process, we regularly review, assess and collect feedback on EES issues through a thorough materiality assessment exercise. This exercise helps us to identify and prioritise issues that matter most to our business and stakeholders. Based on our internal review, our existing materiality matrix remained relevant and was used to manage our material matters during this financial year.



Sustainability Matters by Pillar

ECONOMIC	ENVIRONMENTAL	SOCIAL
01 Customer management	06 Environmental Management	07 Occupational health and safety
02 Supply Chain Management		09 Talent attraction and retention
03 Sustainable design and manufacturing		10 Human rights and labour practices
04 Responsible materials sourcing		11 Local communities
05 Data Management		
08 Corporate Governance		

Considering the great achievement of our business, the materiality matrix above highlights three crucial economic sustainability matters: Customer Management, Supply Chain Management, and Sustainable Design and Manufacturing, positioning them as our top priorities. Notwithstanding that, our dedication to addressing environmental and social impacts within our business operations is also evident with these two sustainability matters: Environmental Management and Occupational Health and Safety, positioning them as the next priority in the matrix.

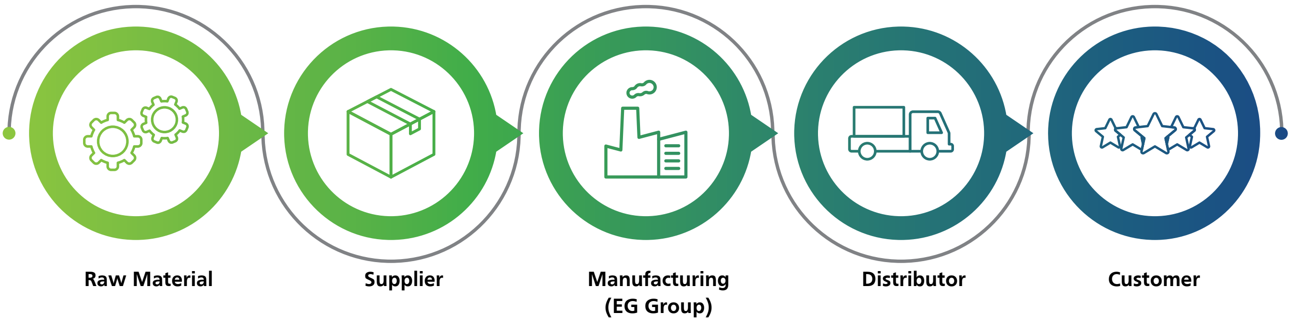
By actively addressing these material sustainability matters, we reinforce our efforts to create a business model that is not only economically viable but also environmentally and socially responsible. We promise to continuously improve our materiality assessment exercise and enhance our sustainability disclosures for our stakeholders. Details on our sustainability initiatives towards managing these identified material matters are discussed in the subsequent sections of this Statement.

ECONOMIC PILLAR: SUSTAINING SUCCESS THROUGH RESPONSIBLE PRACTICES

EG Group's positive reputation reflects the trust and confidence earned from society and stakeholders. We are committed to providing excellent products and services, as well as upholding high standards of integrity and transparency in all aspects of our operations. Our commitment to excellence remains at the core of our corporate culture, fueling our desire to solidify our position as a responsible and reliable business partner.

RESPONSIBLE SUPPLY CHAIN

We value both upstream and downstream stakeholders in our supply chain as any disruption within this chain could pose significant risks to our operations. This would result in adverse impacts to our business and products, with potential consequences towards our customers' operations and satisfaction.



We assess our supplier's performance, as well as conduct supplier surveys and audits for both existing and new suppliers on a regular basis. To date, 87% of our targeted suppliers are evaluated for their performance, and 85% of the suppliers have met our Business Code of Conduct ("BCOC") requirements aligning to ISO 9001 standard and RBA Code of Conduct.

To ensure ethical practices and adherence to our BCOC along the supply chain, we implement a supplier management system with strict evaluation criteria. Our commitment to responsible practices extends through our membership in RBA and Supplier Ethical Data Exchange ("SEDEX"). Additionally, we prioritise maintaining strong customer relationships through dedicated customer support, satisfaction surveys, and in-process quality audits.

Whether we are able to procure direct materials locally depends largely on the approved suppliers from our customers, as well as the availability and suitability of natural resources in the countries we operate in. Nonetheless, EG strives to maintain a balanced participation in and continuously contribute to the local economy in various ways, such as local procurement of general goods and services, local employment, and contribution to the local community. Despite having over 80% export of our products, we managed to support our local suppliers with a total of 55% of the Group's suppliers in FY2023.

RESPONSIBLE MATERIAL SOURCING

We place significant importance on ensuring the materials sourced are of good quality and in compliance with all relevant international standards. We are committed to reasonably assure that minerals including tantalum, tin, tungsten and gold in the products we manufacture do not violate human rights within the supply chain. Due diligence on the source and chain of custody of these minerals, as well as annual Conflict Mineral Reporting are conducted in alignment to our customers' requirement. During the financial year under review, all suppliers declared sourcing from conflict-free nations.

We have in place a quality control system throughout the product developmental process. All our operations are governed by the following framework:

Quality Policy	Conflict Mineral Policy	RBA requirements	Environmental, Safety and Health Standing Order
RoHS-3 declaration *Restriction of Hazardous Substances ("RoHS") in Electrical and Electronic Equipment*		REACH SVHC declaration *Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") for Substances of Very High Concern ("SVHC")*	

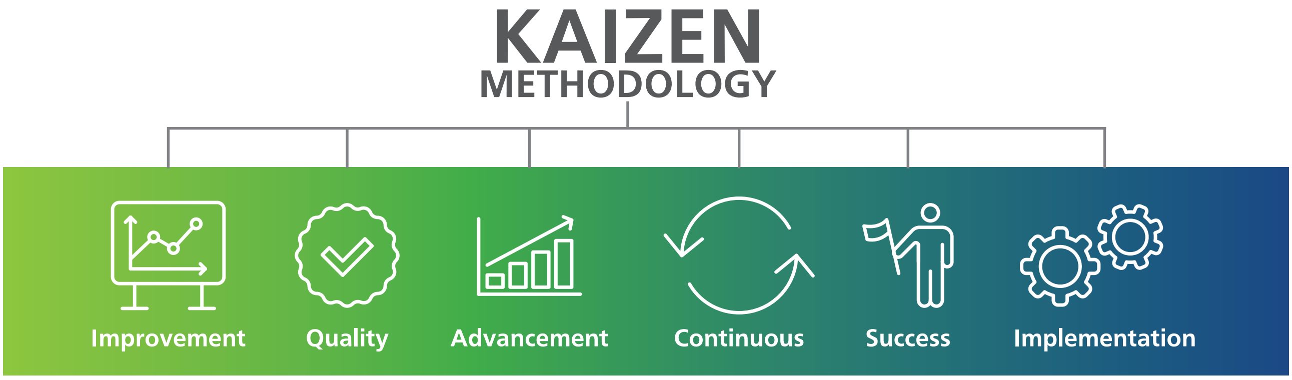
RESPONSIBLE MATERIAL SOURCING (Cont'd)

Our Purchasing Department is responsible for 100% compliance of RoHS-3 declaration and REACH SVHC declaration for all products purchased. Meanwhile, our Quality Assurance ("QA") Department is responsible for inspecting all incoming raw materials, semi-products and packaging materials through its Sampling Plan Methodology. During the financial year, 100% of the products purchased met the international requirements, and we managed to keep the quality above the standards that we have set.

SUSTAINABLE DESIGN AND MANUFACTURING

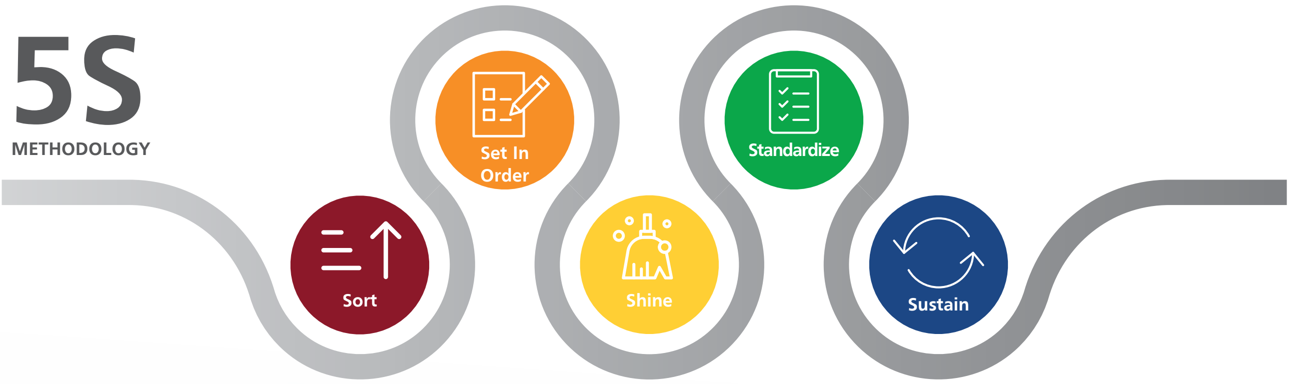
At EG, we embrace technology and innovation to drive efficiency in our business operations to deliver value for our stakeholders. This includes incorporating sustainability features into our manufacturing processes and product design. We continue to embark on strategic projects to keep us ahead of the competition, such as utilising computer simulation software to optimise production parameters, increasing the use of automation to reduce labour dependency and harnessing the use of robots to assure consistent quality. In April 2023, we commenced our SMART warehouse that is fully operated by robotic arms and machinery with Radio-Frequency Identification ("RFID") control.

We adopt Kaizen methodology, also known as Continuous Improvement, to achieve operational excellence in our production. Through Zero Defect Mindset ("ZDM"), we utilize pre-alert triggering to eliminate defects, improve product quality, and reduce costs associated with waste.



The 5S pillars – Sort, Set in Order, Shine, Standardise, and Sustain, provide a methodology for organising, cleaning, developing, and sustaining a productive work environment. Our employees are trained to instill 5S in their daily activities. Our resolute 5S Committee is responsible for establishing the 5S standards and conducting thorough audits to ensure adherence to these principles across all operations. We aim to introduce 6S lean manufacturing that combines the existing 5S methodology with safety, with the goal to reduce the risk of accidents and limiting the amount of production downtime.

As part of our journey towards Industry 4.0 and increasing adoption of the Internet of Things ("IOT"), we incorporate Manufacturing Execution System ("MES") to digitally track and document the transformation from raw materials to finished goods. MES provides real-time digital data for analysis and optimisation of current manufacturing processes to improve productivity and production yields.



CUSTOMER MANAGEMENT

Meeting the Group's quality strategic priorities, including customer satisfaction, is a daily central mission of all employees at EG. Our employees are trained regularly to equip them with the right skills and knowledge.

EG's Quality Policy plays an important role in enabling us to gain the trust and confidence of our customers in critical industries. We put in place the following international management systems that consistently meet and exceed our customer's expectations in terms of quality, technology and delivery. This year, we have successfully recertified our ISO 22301:2019 on Business Continuity Management to ensure continuous delivery of products and services to our customers even during business disruption.

ISO 9001:2015 Quality Management System	ISO 14001:2015 Environment Management System	ISO 45001:2018 Occupational Health & Safety Management System

ISO 13485:2016 Medical Quality Management System	TS/ IATF 16949:2016 Automotive Quality Management System	ISO/IEC 80079-34:2018 Quality Management System for Explosion-proof Products	TL 9000:2016 Telecommunication Quality Management System

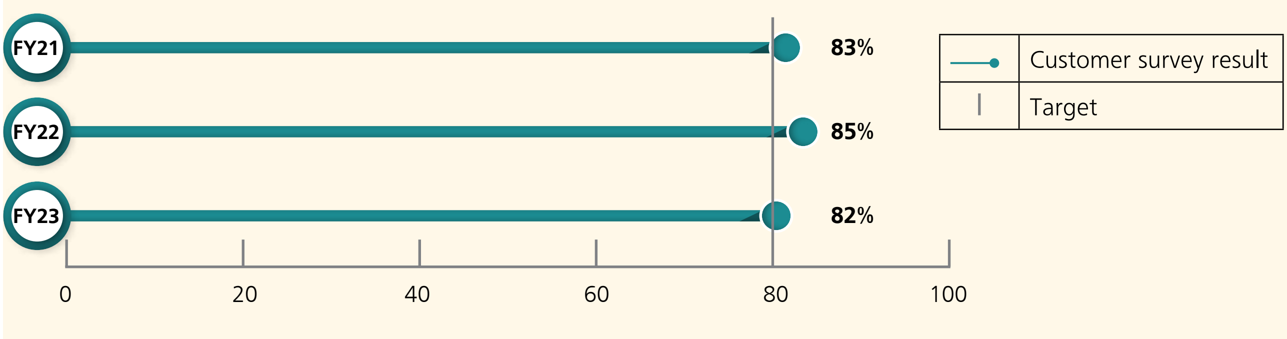
ISO 22301:2019
Business Continuity Management

We turn to our reliable Customer Management Process to maintain consistent and high standards of customer service. Our key account managers act as key communication touch points with our customers, providing 24/7 services and helping deliver breakthrough solutions and drive improvement plans. Our sales order handling procedure, in-process quality audit and MES system support our product quality and traceability.

To ensure our product quality remains top-notch, our QA Department practices the First-in, First-Out ("FIFO") policy to prevent wasting resources on old products and ensure that customers receive the latest stock possible. During the year under review, we have achieved 100% compliance for the random sampling check from store inventory every month through the FIFO audit.

Regular communications through digital and printed materials and face-to-face interaction strengthen customers' loyalty and retention. We take a proactive role in engaging with our customers via annual survey, regular business review, customer feedback tracking report and site visits, with the aim to not only ensure customer satisfaction but to resolve any issues arise in an efficient manner. Based on our customer satisfaction survey, we surpassed our target of 80% of key customer satisfaction score 3 years in a row. We also monitor our customer feedback and complaints through various platforms. Based on our target of ≤ 1 report per customer per month, we achieved a low rating of 0.2 case per customer per month.

CUSTOMER SATISFACTION SCORE



MANAGING AND PROTECTING DATA AGAINST CYBERSECURITY

Protecting customer information is critical to EG Group as we continue to digitalise our processes and system utilising technology and IOT. We constantly review our policies and procedures to protect the rights of our stakeholder's data in line with the Personal Data Protection Act ("PDPA") 2010. During the financial year, there were no major reported cases of data leakage, data misuse or other non-compliance nor cybersecurity incidents.

For our day-to-day operations, we continue to emphasise on the importance of implementing internal mitigative measures such as installation of antivirus, endpoint protection and firewall protection, 24-hour real time monitoring and detection of malicious network traffic. Our IT team regularly reviews and audits our systems and processes to ensure the effectiveness.

In FY2023, we have successfully completed several upgrading works to improve the Group's network efficiency at our Malaysia plants. These include installation of fiber optic cable to increase the network speed and stability at our production areas and upgraded the core switch to two units to ensure continuous network.

OUR CORPORATE GOVERNANCE AND RESPONSIBILITY

We recognise the profound impact that effective governance has on our stakeholders, business performance, and societal trust. Our Board of Directors plays a pivotal role in setting the tone for responsible governance. The three (3) principles under the Malaysian Code on Corporate Governance act as a framework for our Board to enhance shareholders' value and safeguard the interest of other stakeholders. In maintaining good corporate governance, our Board abides to the following policies which can be found at our corporate website at www.eg.com.my:

- Board Charter
- Terms of Reference
- Directors' Fit and Proper Policy
- Remuneration Policy

EG Group's BCOC defines our commitment to upholding the highest standards of integrity, transparency, and ethical practices in alignment with all applicable laws, rules and regulations, including the RBA Code of Conduct. As shown in the diagram below, our BCOC is made up of 5 sections that are developed with reference to various international standards, such as Universal Declaration of Human Rights ("UDHR"), Social Accountability International ("SAI") and the Ethical Trading Initiative ("ETI"), ISO 45001, ISO 14001, MS 1722:2011, ILO Guidelines, OHSAS 18001 and others. The details of the BCOC can be read at our corporate website at www.eg.com.my.

EG GROUP'S BUSINESS CODE OF CONDUCT

Our comprehensive approach to corporate governance also includes the implementation of vital policies such as the Anti-Corruption and Anti-Bribery Policy and Whistle-Blowing Policy. EG adopts a zero-tolerance approach against all forms of bribery and corruption. Our Whistle-Blowing Policy provides an avenue for employees to report on any bribery, corruption and other suspicious activities or wrongdoings that may lead to bribery through its whistleblowing channels. We take proactive measures to ensure widespread awareness and adherence to the policies, with regular training and communication initiatives for our Board of Directors, Management as well as our employees. Our internal audit function also conducts regular assessments to identify areas for improvement and promptly address any concerns and evolving risks of corruption.

As a leading EMS provider, it is crucial for us to show our commitment to ensuring good governance and business practices. Our testament to this commitment is reflected upon the accreditation of the RBA. RBA Validated Assessment Program ("VAP") audit is a key step of a capability development model that assesses conformance to the RBA Code of Conduct, local laws, and regulations through a management systems approach to drive sustainable solutions. We aim to maintain our RBA score, at highest possible to reflect our efforts in practicing good governance.

Featuring EG Group's RBA Achievement

During the financial year, our associate company under SMTT, TM SMT Sdn Bhd, completed the RBA VAP with a high score of **184.6** out of 200 points. On the other hand, SMTI completed the VAP audit with a score of **161.2** points. SMTT is currently in progress of final preparation for VAP audit that is planned for year 2024.

Highlights of EG's Ethical Performance

	FY2022	FY2023
Number of major cases on compliance violations	0	0
Number of cases of breaches in ethics and integrity conduct	0	0
Cost of fines and penalties from the authorities	RM 0	RM 0
Percentage of employees receive training on anti-corruption	100%	100%
Percentage of operations assessed for corruption-related risks	100%	100%
Confirmed incidents of corruption and action taken	0	0

ENVIRONMENTAL PILLAR: CHAMPIONING A GREENER FUTURE

We embrace our responsibility as stewards of the environment and acknowledge the urgent need to address environmental challenges. Through innovative technologies and efficient practices, we actively work to minimise our environmental impact across our operations. From energy conservation and waste reduction to responsible resource management, we strive to continuously improve our environmental performance.

OUR ENVIRONMENTAL MANAGEMENT APPROACH

EG realises the importance of compliance with relevant laws and regulations and responsibility for the environment in all operational areas to reduce direct and indirect impacts on the environment, including climate change, waste and pollution. Our primary goal is to maintain a zero-case target for environmental compliance violations, which is monitored and reviewed annually. During the financial year under review, there were no fines, penalties or non-monetary sanctions for non-compliance with environmental laws and regulations.

Our operations are accredited with ISO 14001:2015 for Environmental Management System to monitor and continuously improve our environmental performance across all operations and the supply chain in accordance with the international standard. Our Environmental, Safety and Health ("ESH") Policy guides our actions in this regard, with a dedicated ESH Committee ensuring compliance and implementation throughout the operations. The Committee works closely with related departments and is supported by sub-committees to enhance the effectiveness of good environmental practices. They are trained annually to keep abreast of the ISO 14001 standard and equipped with knowledge and skills to conduct the ISO 14001 audit.

Our RBA membership allows us to discuss environmental sustainability topics such as climate change and climate-related issues, reflecting our commitment to mitigating the impact of climate change. In FY2023, we achieved RBA certification and pledged to Intertek Workplace Conditions Assessment ("WCA") Code of Conduct, positioning our business practices towards international environmental standards. Our ESH Handbook serves as a comprehensive guideline for our ESH management, setting high standards that extend to our contractors through the Contractor Protocol.

CLIMATE CHANGE MANAGEMENT

Climate change has been one of the most pressing global challenges for more than 5 years, as reported by the World Economic Forum. At EG, we begin to materialise climate change and its impacts as part of our sustainability and risk management approach across the Group's entire supply chain.

Scope 1	We use petrol and diesel to power company-owned vehicles and machinery. Our generators also require insignificant amounts of diesel. We currently calculate our Scope 1 for internal transport, in which the emission is low due to low movement.
Scope 2	Our main source of energy, where electricity supply is purchased from the local government, i.e., Tenaga Nasional Berhad ("TNB") for SMTT, Electricity Generating Authority of Thailand ("EGAT") for SMTI.

Since 2020, we have started monitoring our Scope 1 and 2 greenhouse gas ("GHG") emission at SMTT. Our ESH Committee is responsible for the annual GHG monitoring which is reported internally and externally. We also integrated our climate-related risk management into the Group's strategy. In this financial year, we extended our climate management effort to SMTI to track and monitor its GHG emission using FY2023 as the baseline.

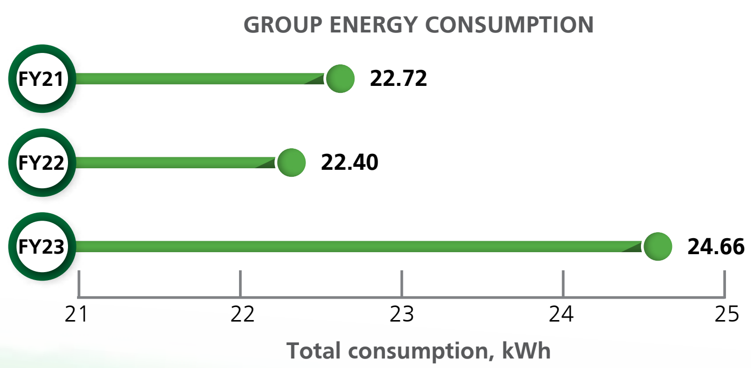
We aim to reduce our carbon footprint where practicable, such as initiating a green programme by encouraging employees to grow plants around the facilities, reducing our Scope 1 emission by phasing out refrigerant, adopting cleaner energy and others.

ENERGY MANAGEMENT

EG is dedicated to effectively controlling electricity usage within production operations, aiming to ensure that energy consumption remains both reasonable and within acceptable parameters. We conduct regular electricity usage monitoring to improve efficiency and reduce wastage, with the efficiency report published annually by the appointed energy manager. We also conduct energy audits and analysis to maintain high energy efficiency.

Implement new energy-saving measures	We aim to control the use of electricity in all activities within our companies. All departments are required to turn off switches when not in use.
Adopt cleaner energy	We replace our purchased electricity within our operations, by installing solar panels. In Malaysia, all the lights within the premise are currently powered by the solar power generated from the solar panels.
Improve energy efficiency through technology	We control our electricity usage by installing temperature control units on our Air Handling Unit ("AHU") to reduce energy consumption. We also improve the efficiency of the air condition by playing with the operation settings.
Reduce the use of unnecessary resources	We conduct inspections and maintenance of electrical systems to avoid unnecessary wastage. For example, we check for air leakage in the production area to estimate the cost of energy loss.

The existing 2,000 units of 1.7MW solar panels at our Sungai Petani plants generate an average monthly energy output of 140,000 kWh. Notably, our efforts in GHG reduction encompass the utilisation of renewable energy sources, contributing to cover 5% - 10% of our total electricity consumption, saving an estimated 8,824 tonnes of carbon emission. This also means that we managed to save 220,608 equivalent number of trees.



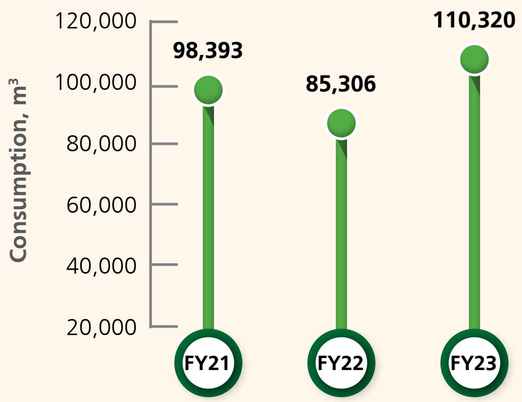
WATER USE AND EFFLUENT DISCHARGE

Water is vital for our manufacturing and site operations. We are committed to responsible water management to protect local biodiversity and communities. We continually enhance our water efficiency and conservation in our production processes while minimising water losses from unnecessary activities.

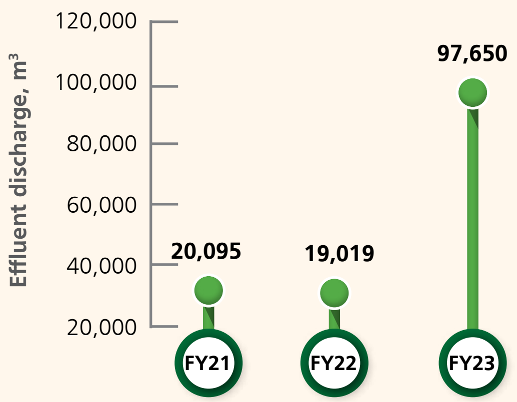
Although Malaysia is a country with abundant water resources, we nevertheless still face a looming water crisis due to increasing demand, poor water resource management, as well as extreme weathers like drought or flood. At EG, we monitor and report our water usage at our operations to reduce wastage via monthly usage bill from municipal water supplier.

Our on-site wastewater treatment plants ("WWTPs") are managed and regularly maintained by competent employees with Certified Environmental Professional in the Operation of Industrial Effluent Treatment System (Biological Process) ("CePIETSO-BP") qualification. We conduct monthly wastewater analysis to control and improve the wastewater quality to be in accordance with local standards before discharging into the water treatment pond.

GROUP WATER CONSUMPTION



GROUP WATER DISCHARGE



Note: The low group water discharge in FY2021 and FY2022 were mainly due to non-operation of SMTT's WWTP as a result of COVID-19 pandemic. SMTT started re-operating its WWTP in January 2023, causing a spike in water discharge in FY2023.

WASTE MANAGEMENT

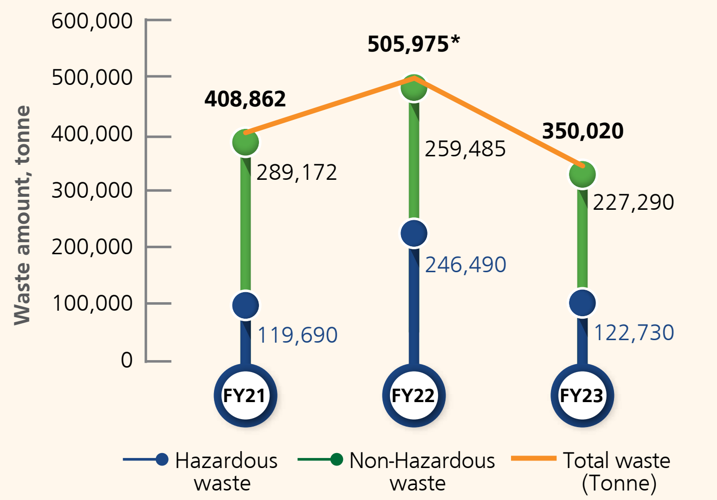
Our waste disposal practices are implemented in compliance with the local regulations where we operate. Our waste handlers undergo annual training, equipping them with the latest knowledge on legislation related to scheduled waste. This encompasses comprehensive training on proper handling procedures and swift, effective emergency responses. Our waste disposal and management are being recorded and tracked monthly.

WASTE MANAGEMENT (Cont'd)

We view waste as a valuable resource. We are dedicated to minimising its impact through innovative strategies. Our 3R ("Reduce, Reuse and Recycle") programme aims to promote continuous internal materials reuse and recycling while also facilitating the identification and collection of waste suitable for external repurposing. Any waste materials that meet the criteria for reuse and recycling are directed to locally registered contractors.

Scheduled wastes are toxic wastes that may impact the environment and human health. As part of the ISO 14001 continuous improvement, we have developed a scheduled waste reduction plan whereby controllable parameters are utilised to reduce the amount of waste generated. Currently, we are working on the minimisation of solder dross generation in the soldering processes. These activities are being managed by our competent person with Certified Environmental Professional in Scheduled Waste Management ("CePSWaM") qualification.

GROUP WASTE GENERATED



*Note: * On average, solid waste generated is consistent with the production output. The spike in FY2022 was mainly due to cleaning activities of SMTT's WWTP prior to its reopening after the pandemic.*

Bottle Lucky Project

The "Bottle Lucky Project" is a SMTI initiative designed to promote recycling practices while fostering a culture of engagement and reward. It is a simple yet impactful process that begins with employees sorting their recyclable bottles — plastic, glass, and cans — by type. Once sorted, our dedicated butler ensures the organised bottles are collected and safely stored for future use.

Recycling, however, does not end here. Every month, the security team sells the collected recyclable waste. 50% of the proceeds from recycling journey back to our employees, transforming into exciting prizes and rewards. Another 50% is saved for future safety and environmental activities in FY2024. This innovative approach showcases how small acts can lead to significant environmental impact and underscores our commitment to waste management, while also fostering a sense of camaraderie and achievement within our workforce.

More than **12.8 tonnes** of bottles have been collected and recycled ever since the roll-out of this project in December 2022.

Featuring SMTI's Great Achievement

Green Industry Level 3 (Green System)
for more than 3 consecutive years by the Thailand Ministry of Industry

Green Industry
กระทรวงอุตสาหกรรม

The award recognises the company's efforts in systematic environmental management with continuous monitoring and reviewing for improvement on production process, including corporate social responsibility throughout the supply chain.

SOCIAL PILLAR: EMPOWERING PEOPLE AND NURTURING COMMUNITIES

We believe our success is deeply intertwined with the well-being and empowerment of our employees. At EG, we are committed to cultivating an inclusive and supportive workplace, prioritising the safety and growth of our employees. Beyond our organisation, we strive to have a positive impact on the communities in which we operate.

HUMAN RIGHTS AND LABOUR PRACTICES

EG conducts business ethically and sustainably and prioritises human rights throughout its operations and value chain. The Group adheres to all applicable employment and human rights laws where it operates. We also follow the social and labour requirements under the RBA, as well as conduct audits and assessments to ensure compliance.

To drive continuous improvement for the Group's human rights management, we develop and regularly update the following policies and procedures:

Procedure For Employment Requisition and Recruitment Process	Grievance and Suggestion Procedure	Harassment Prevention Procedure
Pregnant Woman Policy	Payroll Management Procedure	Overtime Procedure
Domestic Inquiry Procedure	Peaceful Assembly, Freedom of Raising and Sharing of Ideas and Workplace Violence Procedure	

EG also summarises its human rights and labour rights policy in its BCOC and the Employee Handbook. The Group proactively assesses its human rights impacts on an ongoing basis. This year, we revised our Employee Handbook to suit the latest Employment Acts, including requirement for leave schemes, overtime, grievance and harassment. Communication with all employees was made via memos and noticeboards, as well as a training session.

We support open communication and address rights to freedom of expression. Our grievance system allows our employees to convey information about indications of violations that occur within the company and capture the complaints and work-related issues. There were no major human rights violations during this reporting period.

Exceeding Employee's Basic Rights

Apart from ensuring our employees are given basic rights as per the applicable laws and regulations, we are devoted to providing employee benefits with a range of plans and programmes to motivate our employees we depend on for growth and success. The following are the non-exhaustive list of efforts towards our employees:

Attractive benefits for our employees

- Shift allowance
- Meal allowance
- Petrol allowance
- Attendance allowance
- Transport allowance
- Outstation and travelling allowance
- Annual and Special leaves
- Exclusive incentives and discounts from dining, fitness to retail at our preferred outlets

HUMAN RIGHTS AND LABOUR PRACTICES (Cont'd)

Exceeding Employee's Basic Rights (Cont'd)

Insurance and Medical Benefits for Our Employees

- Outpatient and insurance coverage
- Hospitalisation leave
- Maternity/paternity leave
- Dental and optical benefits
- Claims for health screening
- Yearly surveillance tests (only for those exposed to chemicals and noise)

Remuneration, Rewards and Recognitions for Our Employees

- Annual increment
- Performance bonus
- Appreciation dinner or gathering
- Performance Incentive Management for outstanding achievers awarded in terms of cash and other company privileges
- Career advancement training

Health and Wellness for Our Employees

Organising competition
- Badminton
- Futsal
- Bowling
- Photo taking

Company events
- Movie session
- Company trips
- Teambuilding

This year, we organised a health surveillance check for all SMTT employees. We also conducted employee satisfaction survey to gather employee feedback in creating a greater employee experience at EG. Based on the survey, we developed a strategic plan to fulfill our employees' wishes as well as to create and promote EG as a great place to work.

Green Level Recognition
WCA Audit

Featuring SMTT's Great Achievement

Workplace Conditions Assessment ("WCA") Audit

In December 2022, we conducted a WCA audit with the objective to improve workplace conditions efficiently and in accordance with widely accepted industry standards and best practices via a web-based solution. We have obtained First level (Green level) recognition with the overall facility score of **91**.

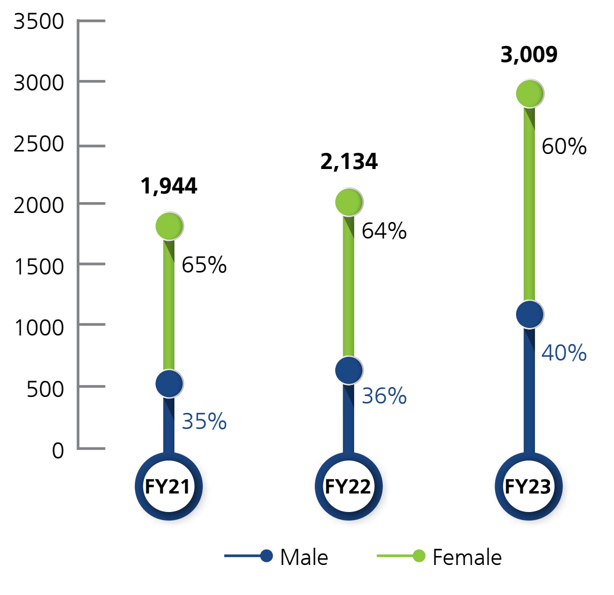
Embracing Non-Discrimination And Diversity

All employees are given equal opportunity and treatment, regardless of their age, gender, ethnicity, national origin, religion and other factors. This encompasses all hiring and employment practices such as wages, promotion, rewards and access to training. Our practices are in compliance with all local laws and are guided by internationally recognised standards. Our diverse workplace respects and values each employee's skills and uniqueness. EG received no reports on cases of discrimination related to equality and diversity in FY2023.

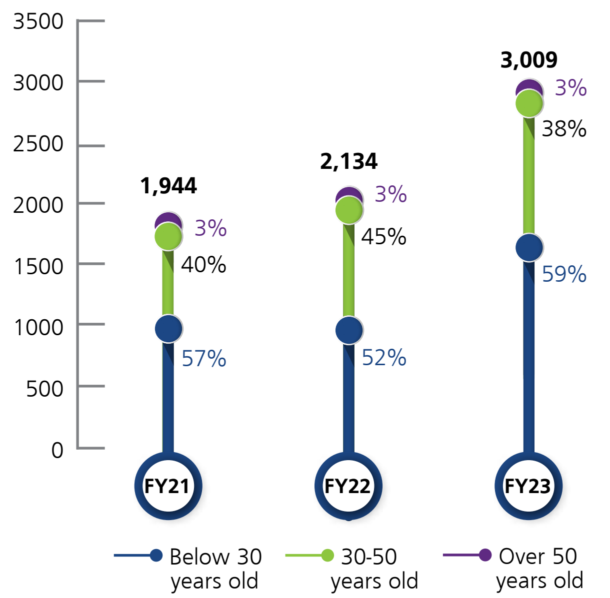
HUMAN RIGHTS AND LABOUR PRACTICES (Cont'd)

Embracing Non-Discrimination And Diversity (Cont'd)

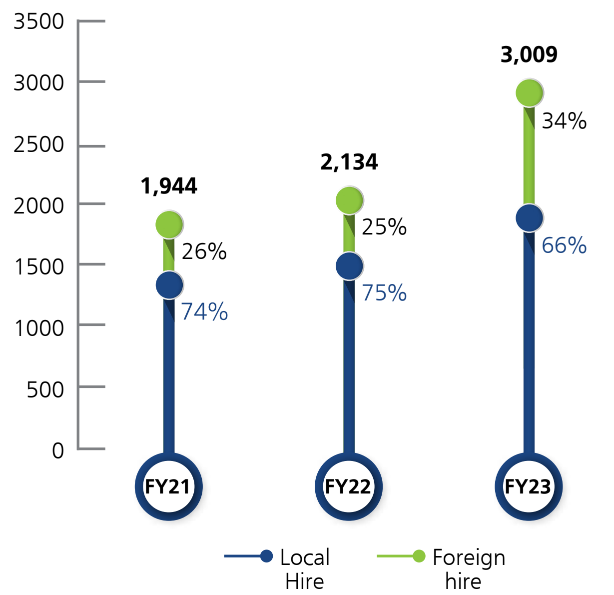
WORKFORCE BREAKDOWN BY GENDER



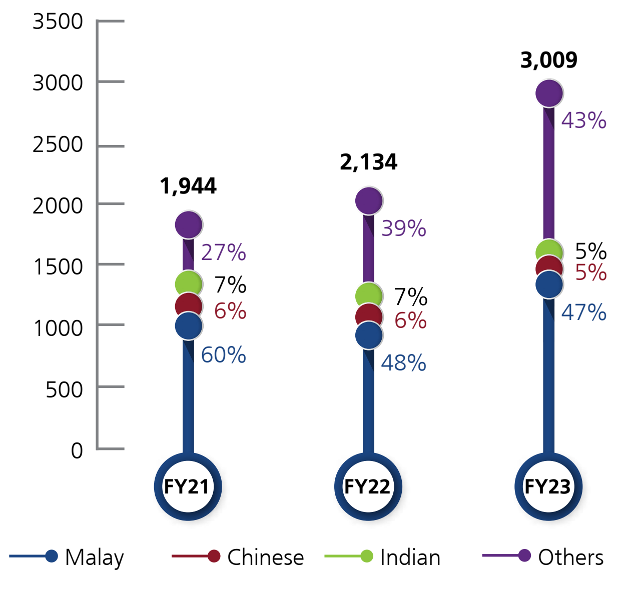
WORKFORCE BREAKDOWN BY AGE



LOCAL : FOREIGN HIRE

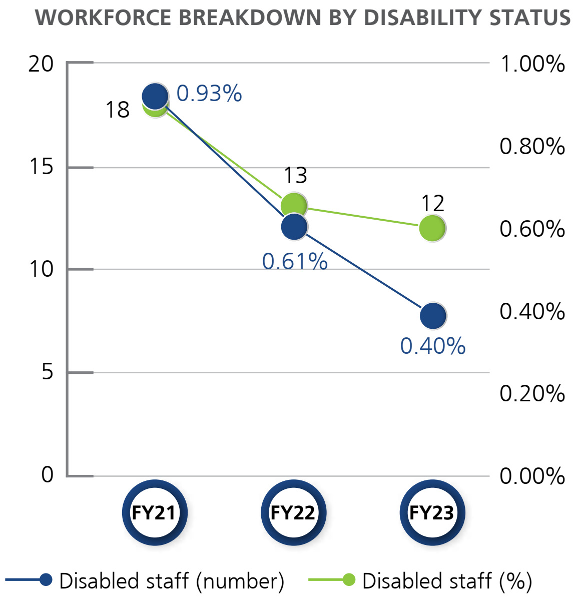


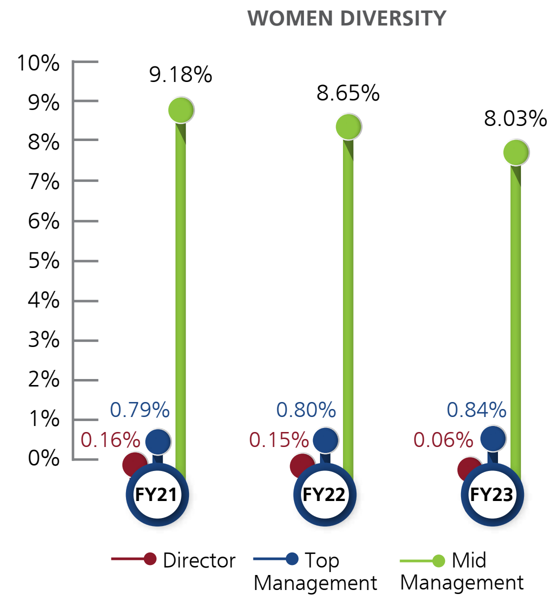
WORKFORCE BREAKDOWN BY ETHNIC



HUMAN RIGHTS AND LABOUR PRACTICES (Cont'd)

Embracing Non-Discrimination And Diversity (Cont'd)





TALENT ATTRACTION AND RETENTION

The Group is steadfast to acquiring, developing and retaining the best talents while offering an inspiring working environment. Our talent development practices are governed by our recruitment policy and procedure, training needs analysis to develop annual training plan, human capital management system and performance assessment system. During the financial year under review, we set new indicators to collect and track the effectiveness of managing talents via employment rate, turnover rate and employee engagement rate.

We encourage our employees to create value for their individual growth and the workplace by adjusting their skills and capabilities to the evolving work environment. This year, we conducted an employee survey to understand their development needs. We also curated personal development training programmes, including soft skills, technical and professional training. Inspirational leadership talks were given by the Group CEO and executives to share the Company's goals and directions with employees to motivate changes within the organisation.

Total hours of training by employee category	FY2022 8,496	FY2023 11,406
- Non-executive	7,239	10,065
- Executive	722	829
- Mid-management	396	373
- Management	139	139

TALENT ATTRACTION AND RETENTION (Cont'd)

Elite Generation is an employee recognition programme for outstanding employees. The selected employees function as leaders to bring about cultural changes in their own line of work. Communications and meetings take place on a quarterly basis to communicate about corporate culture, update skills, knowledge and news as well as foster good relationships. In October 2022, an appreciation dinner was hosted at one of EG's preferred outlet - Galaxy X Café and Bistro - for the Elite Generation team members to express the Company's gratitude for their effort and hard work. On 24 June 2023, we organised an extraordinary team bonding session with durian feast, which durians being of the favourite fruits most loved by people, especially Malaysians!

As part of supporting and developing talents within our local community, we are bound to our 'hire locals first' policy. We prioritise employing local communities from the surrounding vicinity to reduce dependency on foreign labour. This year, we made an announcement to actively collaborate with local universities and colleges to increase the pool of industry-savvy fresh graduates.

OCCUPATIONAL HEALTH AND SAFETY

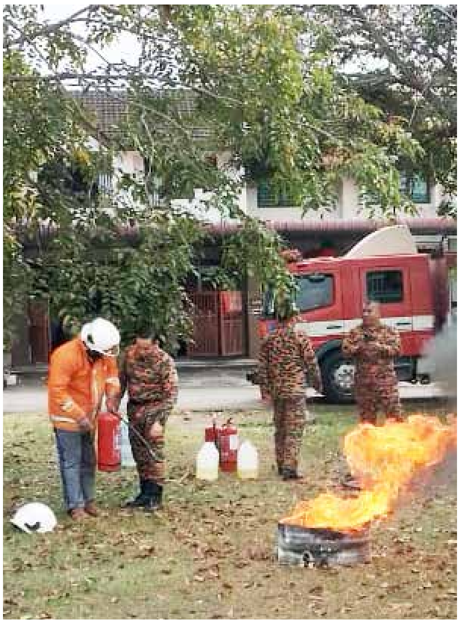
Keeping a safe and healthy workplace for all employees is a priority at EG. Our Occupational, Safety and Health ("OSH") policy applies to all employees, contractors and other stakeholders within our premises. In FY2023, there were no non-compliance cases on OSH violations nor there were fines and penalties from the authorities. There were also no fatalities that occurred within the Group.

We continue to reduce OSH impact through continuous improvement and compliance with ISO 45001:2018, other requirements stipulated by the local government, RBA certification and Intertek WCA Code of Conduct ("WCA COC").

Hazard Identification, Risk Assessment and Risk Control			
Chemical Health Risk Assessment	Ergonomics Risk Assessment	Noise Risk Assessment	Hearing Conservation Programme
Emergency Response Plan	Lux level Monitoring	Chemical Emissions Monitoring	Local Exhaust Ventilation

OCCUPATIONAL HEALTH AND SAFETY (Cont'd)

We regularly review and update all the OSH related policy and procedures. Our yearly activities to maintain a safe and healthy environment for our employees include training and briefing sessions, fire and evacuation drills for emergency preparedness and visits by government agencies for inspection and training. This year, we conducted quarterly awareness for our employees such as ergonomic and chemical hazards, road safety awareness campaign, environmental awareness campaign and mental health in the workplace. As part of the WCA COC requirement, our occupants from all hostels were trained to be first aiders.



	FY2022	FY2023
Lost Time Injury (man-days)	6	10
Number of employees trained on health and safety standards	2,114	2,768

Office of Atoms for Peace (OAP) Award

By the Thailand Ministry of Higher Education, Science, Research and Innovation

SMTI received the "**Very Good**" award category under the Type 3 radiation generator (industrial) on 26 April 2023. This award reflects SMTI's achievement in maintaining the quality and radiological safety standards award.

GIVING BACK TO LOCAL COMMUNITIES

Since EG's incorporation in 1991, corporate citizenship has been integral to its corporate culture. We are dedicated to making a lasting contribution to society, above and beyond our business activities. Our Corporate Social Responsibility ("CSR") Committee oversees the implementation of our CSR policy, ensuring that our actions are align with our core values and societal well-being. We also conduct risk assessments to mitigate risks that may potentially impact the community.

During the financial year under review, the Group contributed approximately RM50,000 to non-profit organisations and individuals in need. Our community investment programme in FY2023 benefited an estimated number of 22,200 individuals, with the help from 118 of our fellow colleagues who willingly volunteered and participated to make our programmes a success.

GIVING BACK TO LOCAL COMMUNITIES (Cont'd)

Helping Students and Other Children

In Malaysia, we have provided food aid and face mask to Pusat Jagaan Anak Miskin and Yatim Al Taqwa Baling in Kedah, benefitting 20 children at the centre. A total of 424 schools and District Education Officers in Kuala Muda were given face masks which are a necessity for continuous protection against the COVID-19. In Thailand, we visited Prong Kapho school on 14 November 2022 to engage and interact with the children.

Showing Love to People in Need

Penang Cares Association is a daycare centre for the elderly and support group for caregivers of persons suffering from major depression. On 20 February this year, we showed our support to this group of people by donating food, medical equipment and other necessities.

GIVING BACK TO LOCAL COMMUNITIES (Cont'd)

Sungai Petani Bus Stop Revitalisation Project

EG also invested in the maintenance of old and rusty public facilities around Sungai Petani. During the year, we have refurbished 10 bus stops including repainting of stalls and bus stops. On 4 October 2023, we hosted an opening ceremony to commemorate the project success, which was supported by the honorable presence of the Kuala Ketil assemblyman, YB Mejar (B) Mansor bin Zakaria.

Improvising The Road Infrastructure for The Community

In Malaysia, we conducted road-paving project to ease transportation of the community at Taman Cahaya Bakar Arang, Sungai Petani to prevent land erosion during rainy season.

Improving The Police Station Infrastructure

SMTI assisted the police officers to install rainwater tracks for Police Station Sri Maha as part of advancing the community around the vicinity.

GIVING BACK TO LOCAL COMMUNITIES (Cont'd)

Festive Celebration with Our Employees and Surrounding Local Communities

As a proud Malaysian company, we wholeheartedly embrace and celebrate the rich tapestry of racial diversity within our organisation. We believe in fostering an inclusive workplace where all backgrounds, cultures, and traditions are not only respected but also celebrated. Our commitment to diversity is reflected in our vibrant culture, where we joyfully partake in various occasions and celebrations with our employees, creating a sense of unity and togetherness that transcends boundaries and strengthens our collective spirit.

Deepavali

Christmas

Chinese New Year

Hari Raya

Transformation Day 2022

On 16 July 2022, EG Group has organized a recreational day as a teamwork and bonding program for its employees and other stakeholders. More than 1,000 employees have participated in this activity, together with suppliers and the local communities at The Carnival Waterpark in Sungai Petani.

We are dedicated to making a positive impact in our local communities. In the next financial year, we aim to host more programmes, such as blood donation drives and infrastructure improvements, to continue supporting the areas where we operate. Together, we can create lasting change and build stronger, more vibrant communities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of EG is committed to maintaining high standards of corporate governance within the Group for the long term sustainable business growth, protection and enhancement of shareholder value. The Board acknowledged that good corporate governance is a fundamental part of its responsibility in managing the business and operations of the Group and discharging its accountability to the shareholders.

The Board is pleased to present the FY2023 Corporate Governance Overview Statement ("CG Overview Statement") which is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and take guidance from the following principles set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"):

(A) Board Leadership and Effectiveness;
(B) Effective Audit and Risk Management; and
(C) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement is to be read together with the Company's Corporate Governance Report 2023 ("CG Report") which is available on the Company's website at www.eg.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Strategic Aims, Values and Standards

The Board of Directors ("Board") of EG Industries Berhad ("EG" or "Company") is responsible for the overall business framework within the Company and its subsidiaries ("EG Group" or "Group").

In order to assist in discharging of its stewardship role, the Board has established Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to oversee matters within their purview approved by the Board and to report to the Board on key issues deliberated at their respective meetings. Each of the ARMC, NR and RC comprises majority Independent Non-Executive Directors ("INEDs"). The ARMC, NC and RC carry out their roles and responsibilities in accordance with their respective Terms of References ("TOR") objectively. The ultimate responsibility for decision-making resides within the Board.

The Board has delegated the responsibility of implementing the Group's strategic plans, policies and decisions adopted by the Board to the Management, which is led by the Group Chief Executive Officer/Executive Director, Dato' Alex Kang Pang Kiang, ("Group CEO"). The Group CEO is the conduit between the Board and the Management in ensuring smooth and effective running of the Group.

The Board also meets with management representatives on a quarterly basis where management reports on the business performance and results of the Company and the Group which are benchmarked against the previous period and/or year, as applicable, in order for the Board to monitor and assess performance, and consider corrective actions to achieve the Group's targets.

Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations. In addition, management has the authority to deal with particular issues and report to the Board with recommendations and solutions.

Separation of the positions of Chairman and Group CEO

The role of Chairman and Group CEO are strictly separated and distinct. Their respective roles and responsibilities are defined to promote accountability, facilitate efficiency and to further ensure a balance of power and authority.

No individual Director has powers that span the two roles. The Chairman and the Group CEO are not related to each other.

Mr. Keh Chuan Seng, the previous Non-INE Chairman and his successor, Mr. Ong Lye Soon, the INE Chairman, is responsible in leading for the overall functioning of the Board, while Dato' Alex Kang Pang Kiang is the Group CEO focuses on the day-to-day operations of the Group's business and implementation of the strategic plans, targets and policies.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART I – BOARD RESPONSIBILITIES (Cont'd)

1. Strategic Aims, Values and Standards (Cont'd)

Qualified and Competent Company Secretary

The Board is supported by qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, MCCG or guidance and legislations. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions.

The roles and responsibilities of the Company Secretaries include:

(a) Attend and ensure all meetings are properly convened and the proceedings of all meetings including pertinent issues, substance of enquiries and responses, suggestions and proposals are duly minuted;

(b) Update and advise on Board's procedures and ensure that applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation;

(c) Ensure proper upkeep of statutory registers and records of the Company; and

(d) Advise the Board on compliance of statutory and regulatory requirements.

All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties.

Access to Information and Advice

The Group CEO, working with the Chairman, have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern over issues being tabled for deliberation to further facilitate the decision-making process.

All Directors are provided with agenda and board papers in advance of the relevant meetings to ensure that the Directors can apprehend the issues to be deliberated on, and where necessary, to obtain further explanation. The board papers would include updates on financial performance, operational and corporate developments of the Group and other issues that might require the Board's deliberation or decisions, policies, strategic issues which might affect the Group's businesses and factors imposing potential risks affecting the performance of the Group.

Other matters highlighted for the Board's decision includes approval of corporate plans, acquisitions or disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, and including key policies and procedures.

Minutes of meetings are prepared by the Company Secretaries. Upon completion of the meeting, draft minutes of meetings are circulated to all members in a timely manner for review and finalisation.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART I – BOARD RESPONSIBILITIES (Cont'd)

2. Demarcation of Responsibilities

Board Charter

The Board is guided by the Board Charter ("Charter"), which provides a reference for Directors in relation to the Board's role, powers, duties and functions. The Charter also provides guidance for Directors and Management on the responsibilities of the Board, Board Committees and requirements of Directors.

The Charter is subject to periodical review by the Board as and when required to ensure consistency with the Board's strategic intent as well as in line with the latest statutory and regulatory requirements.

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

3. Promoting Good Business Conduct and Corporate Culture

Business Code of Conduct

The Board is committed towards establishing a corporate culture to nurture a high standard of ethical conduct throughout the Group.

The Group's Business Code of Conduct ("BCOC") and Anti-Corruption and Anti-Bribery Policy ("ACAB Policy") set out basic principles and guidelines to all Directors, management and employees of EG Group on the standards of ethical behaviour and values expected of Directors, management and employees and serves as a guide and reference in the course of the performance of their responsibilities. The BCOC and ACAB Policy encompass compliance with laws including abuse of power, competition and fair dealing, corruption, insider trading, corporate governance and conflict of interest.

The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board will periodically review the BCOC and ACAB Policy which are available on Company's website at www.eg.com.my.

Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.

All whistle-blowing reports are addressed to the ARMC Chairman. This policy is administered by the ARMC with the assistance of the Management.

The Whistle-Blowing Policy is available on the Company's website at www.eg.com.my.

4. Sustainability Risks and Opportunities

Governance of Sustainability

The Board recognises that sustainable development is an important and integral part of the Group's pursuit of its long-term business success.

The Board is responsible for the governance of sustainability. The Board, at the apex of the structure, is ultimately responsible for the endorsement of the sustainability strategies, and related policies and initiatives within the Group.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART I – BOARD RESPONSIBILITIES (Cont'd)

4. Sustainability Risks and Opportunities (Cont'd)

Governance of Sustainability (Cont'd)

The Group CEO which is supported by Risk Management Committee ("RMC") oversees the Group's sustainability initiatives. The RMC, which comprises mainly of senior management, is entrusted to drive the strategic management of material sustainability matters ("MSM") as well as the implementation, monitoring and delivery of the Group's sustainability initiatives and performance.

Communication of Sustainability Strategies, Priorities and Targets

The Board has identified eleven (11) MSM across three (3) main sustainability pillars, namely Economic, Environmental and Social. Managements has engaged with stakeholders to gauge the importance of these MSM to the stakeholders. Audit and surveys were carried out from time to time to gather feedback and evaluate performance of the MSM against targets set.

Staying Abreast with Sustainability Issues

The Board is aware of the sustainability issues that are relevant to the Group and its businesses. They are mindful of the capacity and competency required in addressing sustainability issues and is taking necessary steps to enhance the understanding and knowledge of the Directors.

The Group has appointed a Registered Electrical Energy Consultant to guide the Group in complying with the provisions of Efficient Management of Electrical Every Regulation 2008. The Group also appointed Department of Environment ("DOE") approved contractors to handle scheduled waste.

As of the date of this Report, some of the Directors have attended sustainability and climate risk training to stay abreast with the sustainability as well as climate-related risks and opportunities.

PART II – BOARD COMPOSITION

5. Board's Objectivity

Annual Evaluation of the Directors and The Board

NC is empowered by the Board through clearly defined TOR to ensure appropriate procedures are in place for the nomination, selection and evaluation of Directors ("Annual Assessment"). The NC assesses the effectiveness of the Board as a whole and each of the Board Committees and the individual Directors on an annual basis. All assessments and evaluations carried out by the NC in discharging its duties are documented in the minutes of meetings.

The objective of assessing the effectiveness of the Board as a whole and the Board Committee was to improve their effectiveness, and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration of the NC with recommendations informed to the Board for deliberation and decision making.

Following Annual Assessment FY2022, the NC and the Board are cognisant of the need to refresh board composition particularly to have female representation and address the tenure limit for INED. On 31 May 2023, the Board, following recommendation from NC, appointed Ms. Tan Jie En and Mr. Ong Lye Soon as INED and INE Chairman respectively. In the case of Mr. Ong, he replaced Mr. Keh Chuan Seng who resigned as Non-INE Chairman on 31 May 2023. At the same meetings, Mr. Ang Seng Wong was re-designated as Non-INED.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART II – BOARD COMPOSITION (Cont'd)

5. Board's Objectivity (Cont'd)

Annual Evaluation of the Directors and The Board (Cont'd)

Based on the outcome of Annual Assessment for the financial year under review, the NC and the Board are satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The annual performance assessment formed the basis for recommendation of re-election of Director(s) retiring in that material year.

The Board has adopted its Fit and Proper Policy to guide the NC and Directors in their review and assessment of candidates who are to be appointed or reappointed onto the Board of the Group. The Fit and Proper Policy is available on Company's website at www.eg.com.my.

Board Composition

The Board composition as at FY2023 is as follows:

Directors	Designation
Mr. Ong Lye Soon	INED, Chairman *(Appointed as new Chairman on 31 May 2023)*
Dato' Alex Kang Pang Kiang	Group CEO/ED
Mr. Ang Seng Wong	Non-INED *(Redesignated as Non-INED on 31 May 2023)*
Mr. Lim Sze Yan	INED
Mr. Lee Kean Teong	INED
Ms. Tan Jie En	INED *(Appointed as new Board member on 31 May 2023)*

The INEDs make up more than half of the Board membership and this has exceeded the ratio recommended under the MCCG. As such, the INEDs have effectively provide the necessary checks and balance to the decisions making process of the Board as evidenced by the contributions and participation of Directors in Board Committees and their independent oversight in the Board.

The INEDs are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They provide unbiased, balanced and independent views, guidance, advice and judgment during meetings.

During FY2023, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, annual evaluation and appointment of Director. Detail of attendance of each Director at Board meetings is tabulated as below:

Directors	Attendance
Mr. Keh Chuan Seng*	2/5
Mr. Ong Lye Soon^	-
Dato' Alex Kang Pang Kiang	5/5
Mr. Ang Seng Wong	5/5
Mr. Lim Sze Yan	5/5
Mr. Lee Kean Teong	5/5
Ms. Tan Jie En^	-

* Attendance at meetings up to the date of resignation on 31 May 2023
^ Attendance at meetings held from date of appointment on 31 May 2023

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART II – BOARD COMPOSITION (Cont'd)

5. Board's Objectivity (Cont'd)

Board Composition (Cont'd)

All Directors do not hold more than 5 directorships in other public listed companies as required under paragraph 15.06 of the MMLR to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

The Board is satisfied with the time commitment given by the Directors as demonstrated by their attendance at the meetings of the Board and Board Committees.

Tenure of Independent Director

The Board is mindful of the recommendation of the MCCG where the tenure of an INED should not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an INED beyond nine (9) years, it should justify and seek annual shareholders' approval.

Mr. Ang Seng Wong and Mr. Lim Sze Yan have served as Senior INED and INED of the Company for more than thirteen (13) years and ten (10) years respectively. The Board, through the NC, carried out Annual Assessment of the Directors which included an assessment of the independence of all INEDs.

The Board is satisfied with the level of independence of the INEDs as they have demonstrated, throughout the term of their office, their independence not only by the mere fulfilment of the criterion in the MMLR but subjectively too by exercising independent judgment as well as providing unbiased views and opinions when matters are put forward for decisions. They are able to draw on their expertise and professional experience as well as the necessary knowledge of the business and operations of the Group to participate actively and contribute positively during deliberations or discussions leading to decision-making at meetings.

At the 31st AGM held on 29 November 2022, the shareholders had, on recommendation from the Board, voted in favour of the resolutions for Mr. Ang Seng Wong and Mr. Lim Sze Yan to continue to act as Senior INED and INED of the Company respectively.

The Company opted to maintain the present voting practice as there may be potential legal implication if the Company opted to go for 2-tier voting as this will be inconsistent with 1-share 1-vote stand under the Companies Act 2016. The Company would like to allow an advocacy period for the awareness and implications of the 2-tier voting to be better understood.

Diversity of Board and Senior Management

The Board strives for an effective and balanced Board and acknowledges the importance of diversity, including gender, ethnicity, cultural background, tenure, age, and professional experience, which establish the context for decisions being made objectively.

It believes that an inclusive culture will enable the Group to leverage differences in perspective, knowledge, skill and experience to achieve a sustainable and balanced development. All appointments have been and will be based on objective criteria and merit with due regards for diversity.

The Board ensures that the corporate key management is of sufficient calibre to implement corporate strategies and objectives, taking into account the needs to promote sustainability and safeguard interest of stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART II – BOARD COMPOSITION (Cont'd)

5. Board's Objectivity (Cont'd)

Different Sources for New Candidate(s) for Board Appointment

The Board relies on a few sources to identify candidate for directorship, including recommendation from Directors. On behalf of NC, management will undertake background check on candidates.

There were two appointments of Directors during the financial year under review, namely for Mr. Ong Lye Soon and Ms. Tan Jie En on 31 May 2023.

However, the Board acknowledges the importance of not solely rely on recommendations from existing board members, management or major shareholders in identifying qualified candidates for appointment of Directors. The Board will consider third party sources to identify candidate(s) for directorship, if any.

Board Information for Decision on Appointment and Reappointment of Director

Profile of all Directors are detailed under Directors' Profile in this Annual Report. Information contained therein included age, gender, tenure of service, qualification, directorship in other companies, working experience, any conflict of interest and any offences convicted over the past five (5) years.

In order to ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director, a brief profile of the Director concerned together with statement from the Board (on whether it supports the appointment or reappointment) as well as disclosure of any conflict of interest is included in the explanatory notes accompanying notice of Annual General Meeting ("AGM").

Nomination Committee

Members of the NC are as follows:

Mr. Lim Sze Yan	- Chairman, INED *(Appointed as Chairman of NC on 31 May 2023)*
Mr. Ang Seng Wong	- Non-INED *(Redesignated as member of NC on 31 May 2023)*
Mr. Lee Kean Teong	- INED
Ms. Tan Jie En	- INED *(Appointed as new member of NC on 31 May 2023)*

During FY2023, the NC met two (2) times and the attendance of each member is as follows:-

Directors	Attendance
Mr. Lim Sze Yan	2/2
Mr. Ang Seng Wong	2/2
Mr. Lee Kean Teong	2/2
Ms. Tan Jie En *	-

* Attendance at meetings held from the date of appointment on 31 May 2023

During the financial year under review, key activities undertaken by the NC are summarised as follows:

(a) Assessed the contribution and effectiveness of the Board, Board Committees and Directors by using a questionnaire which is guided by the Corporate Governance Guide issued by Bursa Securities. After reviewing the responses from the Directors, the NC reported the results to the Board for review and deliberation. The findings of the assessment confirmed that the Board, the Board Committees and Directors have discharged their duties and responsibilities effectively;

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART II – BOARD COMPOSITION (Cont'd)

5. Board's Objectivity (Cont'd)

Nomination Committee (Cont'd)

(b) Reviewed and assessed the mix of skills, expertise, composition, size, experience and fit and properness of the Directors;
(c) Reviewed the term of office and performance of the ARMC;
(d) Reviewed the level of independence of INEDs;
(e) Discussed the character, experience, integrity and competence of the Directors, and to ensure they have the time to discharge their respective roles;
(f) Noted the training attended by Directors and recommended to the Board for adoption and disclosure in the CG Overview Statement for publication in the Annual Report;
(g) Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards in the coming year; and
(h) Reviewed and recommended re-election of Directors, in accordance with the Constitution of the Company, at the forthcoming AGM, taking into consideration their fit and properness, skill sets, professional qualifications, core competencies and other qualities.

Gender Diversity

Ms. Tan Jie En, the sole female Director testified to the Company's commitment on gender diversity for female representation on the Board.

The Board presently does not have any policy on gender diversity. The NC and the Board will consider gender diversity as part of its future selection and will look into increasing female board representation going forward.

The Board believes that there is no detriment in not adopting a formal gender, ethnicity and age group diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to diversity as a truly diversified Board and corporate key management can enhance the Group's effectiveness, perspective, creativity and capacity to thrive in good times and to weather through the tough times.

In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

6. Overall Effectiveness of the Board and its Individual Directors

Formal and Objective Evaluation

The NC assessed the effectiveness of the Board as a whole and the Board Committees as well as assess contribution of the Directors through the Annual Assessment. All assessments and evaluations carried out by the NC in discharging its functions have been documented.

Additionally, the NC also reviews the required mix of skills, experience and other qualities, including core competencies of the Board members in discharging their duties. The skills and experience of each Director is analysed, inter-alia, in the areas of business operations, technical and governmental affairs and legislation.

All Directors are provided with the same set of assessment forms for their completion. The Chairman of the NC will report the results and deliberate with the Board.

The criteria used in the assessment of the Board and the Board Committees focused on board mix and composition, quality of information and decision-making, boardroom activities, Board's relationship with management and board committees. The assessment of individual Director focused on fit and proper, contribution and performance, calibre and personality, skills set and independence.

The assessment in respect of FY2023 was carried out with the results deemed satisfactory by the Board.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART II – BOARD COMPOSITION (Cont'd)

6. Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Directors' Continuing Education

All Directors have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. They are provided with opportunities for training and update from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investor relations to equip themselves with the knowledge to effectively discharge their duties as Directors.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the NC had recommended for training to improve financial literacy and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of the relevant regulations.

From last AGM to the date of this Annual Report, the directors have attended the following training programmes to enhance their skills and knowledge.

Name of Directors	Training
Mr. Ong Lye Soon	• MAP for Directors of Public Listed Companies
Dato' Alex Kang Pang Kiang	• Risk Management and Section 17A MACC Act 2009
Mr. Ang Seng Wong	• TCFD 101 – Introduction to climate-related financial disclosures • TCFD 102 – Building experience and expertise on climate-related financial disclosures • MAP
Mr. Lim Sze Yan	• The rise of Generative AI • Policy Levers to Drive Sustainable Progress • Building Value with ESG: The Important Role of Accountants • ESG Awareness • Risk Management and Section 17A MACC Act 2009
Mr. Lee Kean Teong	• Webinar on Asia Pacific Board Leadership Centre • The ESG Imperative • Assessment of the Board, Board Committees and Individual Directors • Board Sustainability Strategy Meeting
Ms. Tan Jie En	• MAP for Directors of Public Listed Companies

All Directors received updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet challenging commercial risks and challenges. The Directors were also briefed by the Company Secretaries on various amendments to the MMLR from time to time.

The management facilitate the organisation of training programmes for Directors and maintain a record of the trainings attended by the Directors.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART III – REMUNERATION

7. Level and Composition of Remuneration

Remuneration Policy

The Board has put in place a Remuneration Policy which sets out the determinants and structure of remuneration of Executive Directors and Non-Executive Directors of the Company, as well as the procedure to determine their remuneration.

This Policy is established for the purpose of ensuring that the Company has remuneration guidelines that are:

(a) Appropriate to attract, retain and motivate the Directors;
(b) Fair and reasonable having regard to the demands, complexities and performance of the Company as well as the level of competencies, scope of work and responsibilities of the individual Directors; and
(c) Aligned with the business strategy and long-term objectives of the Company and the Group.

The remuneration package of the Executive Director is determined based on the scope of work and responsibilities and is linked to individual as well as corporate performance. As for Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities, and the onerous challenges in discharging their fiduciary duties and is comparable to market rate.

The Remuneration Policy is made available on the Company's website at www.eg.com.my.

Remuneration Committee

Members of the RC are as follows:

Mr. Lee Kean Teong	- Chairman, INED *(Appointed as Chairman of RC on 31 May 2023)*
Mr. Ang Seng Wong	- Non-INED
Mr. Lim Sze Yan	- INED *(Redesignated as member of RC on 31 May 2023)*
Ms. Tan Jie En	- INED *(Appointed as new member of RC on 31 May 2023)*

During the financial year, the RC met one (1) time and the attendance of each member is as follows:

Directors	Attendance
Mr. Lee Kean Teong	1/1
Mr. Ang Seng Wong	1/1
Mr. Lim Sze Yan	1/1
Ms. Tan Jie En*	-

** Attendance at meeting held from the date of appointment on 31 May 2023*

The RC ensures that remuneration of the Board commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating the directors to lead and run the Group successfully.

The TOR of the RC is available on the Company's website at www.eg.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

PART III – REMUNERATION (Cont'd)

8. Remuneration of Directors

During the financial year under review, the RC reviewed and recommended to the Board the remuneration of Group CEO which was then unanimously approved with the Group CEO duly abstaining from deliberation and decision-making. The Board, as a whole, approved the remuneration of Non-Executive Directors.

The details of FY2023 remuneration for Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies are as follows:-

Category	Fees RM	Salaries and Other Emoluments RM	Total RM
Group and Company			
Executive Director			
Dato' Alex Kang Pang Kiang	5,000	853,269	858,269
Non-Executive Directors			
Mr. Keh Chuan Seng	55,000	-	55,000
Mr. Ong Lye Soon	5,000	-	5,000
Mr. Ang Seng Wong	48,000	3,000	51,000
Mr. Lim Sze Yan	36,000	3,000	39,000
Mr. Lee Kean Teong	36,000	3,000	39,000
Ms. Tan Jie En	3,000	600	3,600
Total	**188,000**	**862,869**	**1,050,869**

Remuneration of Top 5 Senior Management

The Board is aware of the need for transparency in the disclosure of its corporate key management's remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could rise to recruitment and talent retention issues going forward.

The Board ensures that the remuneration of these personnel commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating these corporate key managements to lead and run the Group successfully.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

9. Effective and Independent Audit Committee

The Chairman of the ARMC is not the Chairman of the Board

The Chairman of the ARMC is Mr. Lim Sze Yan, the INED of the Company, while Chairman of the Board is Mr. Ong Lye Soon.

Former Key Audit Partner

On 25 October 2022, the Board approved revision to the TOR of the ARMC to extend the cooling-off period from the existing 2 years to 3 years for a former key audit partner, if any, to be appointed as a member of the ARMC.

The Board will observe a cooling-off period of at least 3 years in the event any potential candidate to be appointed as a member of the ARMC is a former key audit partner, in accordance with the TOR of the ARMC.

Assessment on the Suitability, Objectivity and Independence of External Auditors

The Group maintains a transparent and professional relationship with the external auditors in seeking professional advice towards ensuring compliance with applicable accounting standards and policies. The independent external auditors play a critical role by enhancing the reliability of the Company's and the Group's financial statements and giving assurance of that reliability to users of these financial information.

The ARMC undertakes annual assessment of the performance and suitability of UHY based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit.

The ARMC has also assessed the independence of the external auditors before deciding to recommend their re-appointment to the Board. This includes reviewing professional fees so as to ensure a proper balance between objectivity and value for money.

The external auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with professional and regulatory requirements.

The ARMC meets with the external auditors at least twice (2) a year to discuss their audit plan, audit findings and financial statements of the Company. At least once (1) a year and whenever necessary, the ARMC meets with the external auditors without the presence of executive Board members or management personnel, to allow the ARMC and the external auditors to exchange independent views on matters which require the ARMC's attention.

The ARMC is satisfied with the independence, performance and suitability of UHY based on the assessment and has recommended the retention of UHY as auditors to the Board.

The ARMC has considered the non-audit service provided by the external auditors during financial year under review and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The details of the fees paid/payable in respect of the financial year under review to the external auditors or an affiliated firm of the external auditors are set out in the Additional Compliance Information in this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (Cont'd)

9. Effective and Independent Audit Committee (Cont'd)

Composition of the ARMC

The members of the ARMC are as follows:

Mr. Lim Sze Yan	- INED, Chairman *(Appointed as Chairman of ARMC on 31 May 2023)*
Mr. Ang Seng Wong	- Non-INED *(Redesignated as member of ARMC on 31 May 2023)*
Mr. Lee Kean Teong	- INED
Ms. Tan Jie En	- INED *(Appointed as new member of ARMC on 31 May 2023)*

Mr. Lee Kean Teong and Mr. Ang Seng Wong are members of the MIA, thus fulfilling the requirement under para 15.09(1)(c)(i) of the MMLR which required at least one (1) of the ARMC to be a member of the MIA.

The ARMC members are individuals with professional experience in financial, taxation, general management and business environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the ARMC the ability to effectively discharge their roles and responsibilities.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10. Risk Management and Internal Control Framework

Establishment of Risk Management and Internal Control Framework

The Board has endorsed an on-going risk management and internal control framework which included the following key elements:

- Reviewing and appraising the adequacy, effectiveness and application of accounting, financial, operational and other controls, recommending improvement in control and promoting effective control in the Group;
- Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses; and
- Appraising the reliability and usefulness of data and information generated for management.

The risk management and internal control framework is applied to determine, evaluate and manage significant risks of the Group. This is further assured by the implementation of an internal control and risk management system that has been integrated into the Group's operations and working culture. Therefore, any significant risks arising from factors within the Group and from changes in the business environment can be addressed on a timely basis.

Features of the Risk Management and Internal Control Framework

The Board is responsible for the adequacy and effectiveness of our Group's risk management and internal control systems. The Board ensures that the systems manage the Group's key areas of risk within an acceptable risk profile to ensure that the Group's policies and business objectives will not be affected. Due to the inherent limitations in any risk management and internal control system, the Board continually reviews the system to ensure that the risk management and internal control systems provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Regular reviews are carried out by the Group's internal audit function to assess risks affecting the business and ensure that adequate and effective risk management and internal controls systems are in place. The findings of the internal audit function are reported to the ARMC regularly and onwards to the Board.

Further details on the features of the Company's risk management and internal control are set out in the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

11. Effective Governance, Risk Management and Internal Control Framework

Internal Audit Function

The Group's internal audit function is independent of the operations of the Group and reports directly to the ARMC. The function is outsourced to an independent professional consulting firm, Kloo Point Risk Management Services Sdn. Bhd. ("KPRMS"). As internal auditors, KPRMS assists the ARMC by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system and processes. The internal auditors report directly to the ARMC.

The ARMC reviews and approves the Internal Audit Plan annually and ensures that the internal auditors are accorded with appropriate standing and authority to facilitate the discharge of its duties. Audits of the practices, procedures, expenditure and internal controls of identified business and support units and subsidiaries are undertaken on a regular basis. The activities of the internal auditors during FY2023 are set out in the Audit and Risk Management Committee Report in this Annual Report.

Disclosure pertaining to the Internal Audit Function

KPRMS adopts internal audit standards and best practices based on the International Professional Practices Framework, endorsed by the Institute of Internal Auditors Malaysia ("IIAM").

The KPRMS team is headed by an Executive Director – Advisory who is a fellow of Association of Chartered Certified Accountants and a member of the IIAM, and is assisted by 2 senior staff. None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit engagements.

The internal audit adopted a risk-based approach and prepared its plan based on the risk profiles of the major business units in the Group in accordance with the Committee of Sponsoring Organisations of the Treadway Commission.

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

12. Effective, Transparent and Regular Communication with its Stakeholders

The Board is committed to ensure that there is effective engagement with its shareholders to facilitate a mutual understanding of objectives. The Group has several formal channels in place to effectively communicate information to all shareholders and stakeholders. The Board disseminate information in relation to its financial performance, operations and corporate developments through the annual report, quarterly reports, various announcements, corporate website and investor relations.

The Group CEO is the designated spokesperson for all matters related to the Group.

The Company's general meetings remain the principal forum for dialogue and communication with shareholders and investors. Shareholders are encouraged to attend these general meetings and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.

The Company's website at www.eg.com.my has incorporated a tab marked as "Investor Relations" which contains vital information, including annual reports, quarterly reports and official announcements made to Bursa Securities, concerning the Group which is updated on a regular basis.

PRINCIPLE C – INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

PART I – ENGAGEMENT WITH STAKEHOLDERS (Cont'd)

12. Effective, Transparent and Regular Communication with its Stakeholders (Cont'd)

However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to all shareholders and stakeholders.

PART II – CONDUCT OF GENERAL MEETINGS

13. Shareholders are able to Participate, Engage the Board and Senior Management

Notice of AGM

The notice of 31st AGM held in 2022 was sent to the shareholders at least twenty-eight (28) days prior to the meeting date and published in a major local newspaper. Items of special business included in the notice of 31st AGM were accompanied by explanation of the proposed resolutions to enable the shareholders to make informed decisions in exercising their voting rights.

The upcoming 32nd AGM of EG will be held on 29 November 2023. The notice will be issued at least 28 days prior to the date of the AGM to allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.

EG's 2023 Annual Report together with the Notice of the 32nd AGM will be published on the Company's website at www.eg.com.my.

Attendance at AGM

All Directors, the Company Secretaries, External Auditors and senior management attended and participated the fully virtual 31st AGM held in 2022 through video conferencing.

Shareholders are invited to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company's operations in general, and meaningful responses were given to the questions raised.

Leveraging on Technology for Voting in Absentia and Remote Shareholders' Participation

The concern over voting in absentia and/or remote shareholders' participation at general meetings is not applicable as the Company has leveraged on technology to facilitate shareholders' participation at the 31st AGM which was convened virtually using Remote, Participation and Voting ("RPV") facilities through online meeting platform. This allowed shareholders to participate and vote during the 31st AGM without having to physically present at the meeting venue.

Post the COVID-19 pandemic, the Board continued to opt for virtual meeting arrangements and shareholders were advised to take advantage of the RPV facilities. Detailed procedures were provided to shareholders in the Administrative Guide and is available on the Company's website and 2023 Annual Report.

Shareholders who had registered to participate in the 31st AGM had participated remotely via live streaming. At the same time, they were able to cast their votes online from start of the event until the close of the voting session.

The Company also encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote at general meetings.

PRINCIPLE C – INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

PART II – CONDUCT OF GENERAL MEETINGS (Cont'd)

13. Shareholders are able to Participate, Engage the Board and Senior Management (Cont'd)

Leveraging on Technology for Voting in Absentia and Remote Shareholders' Participation (Cont'd)

The remote polling process for the 31st AGM was conducted by ***AGRITEUM*** Share Registrar Sdn. Bhd., and results of the poll were verified by the Scrutineers, Symphony Corporate Services Sdn. Bhd..

The polling agent had assured the Company of their procedures and practices on data privacy and security to prevent cyber threats.

Meaningful Engagement Between the Board, Senior Management and Shareholders

The Chairman of the meeting had, at the 31st AGM, informed that every member present virtually at the AGM either in person, or by proxy/corporate representative has the right to participate, ask question and vote on the resolutions as stated in the notice of AGM.

The shareholders were able to capitalise on the virtual tools made available by the polling agent to participate in and pose questions at the 31st AGM.

The AGM provide a platform for shareholders to seek clarifications on the Group's businesses, performance and prospects. The Chairman of the meeting had responded to questions posed at the 31st AGM.

The Key Senior Management, Joint Company Secretaries and external auditors were present during the 31st AGM to engage with shareholders and address any areas of interest or concern brought up by the shareholders.

Virtual General Meeting

The 31st AGM was conducted through live streaming and online remote participation by using RPV facilities through online meeting platform.

The virtual tool made available through the RPV Facility allows shareholders to participate and pose questions through type-text format. The Board encourages shareholders to actively participate in virtual general meeting by raising questions. Shareholders could submit questions prior to the general meeting which were then responded by the Chairman of the meeting.

The Minutes of the 31st AGM as well as questions posted by the shareholders and response thereto are made available on the Company's website at www.eg.com.my.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company has substantially complied with the Principles and Practices set out in the MCCG. Any Practices which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 20 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the MMLR and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of the Group's internal control and risk management during FY2023.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy, effectiveness and integrity of the system. The system of internal control covers risk management, financial, operational, management information system, regulatory and compliance control matters.

In view of the limitations inherent in any system of risk management and internal control, the Board recognises that this system is designed to manage, rather than eliminate the risk of not adhering to the Group's policies, goals and objectives within the risk tolerance established by the Board and Risk Management Committee ("RMC"). Therefore, the system provides reasonable, but not absolute, assurance against any material misstatement, loss or fraud.

RISK MANAGEMENT

The Board acknowledges that the Group's business activities involve some degree of risk that may affect the achievement of its business objectives and an effective risk management framework is an integral part of the Group's daily operations. RMC together with Head of Departments and key management staff are delegated with the responsibility to manage identified risks within defined parameters and standards. In addition, key risk profiles have been put in place in order to identify, evaluate and manage key risks faced by the Group.

During the financial year under review, the Group engaged external consultants to perform a risk management exercise which include the following:

- Defining a yearly understanding of risk classification tolerance;
- Identifying key risk affecting business objectives and strategic plans;
- Identifying changes to risks or emerging risks and promptly bringing these to the attention of the Board where appropriate;
- Identifying and evaluating existing controls;
- Completing the Group Key Risk Profile, action plans are identified to manage and mitigate the risks by the risk owners.

The results of the above risk management exercise were presented to ARMC on 31 May 2023. Risks identified were prioritised in terms of the possibility of occurrence and impact on the Group's business objectives and goals. This allows Management to allocate appropriate resources in the mitigation of such risks identified.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional consulting firm to assist the Board and ARMC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control. The internal audit plan entails the audit scope, coverage and frequency based on risk-based approach and is approved by the ARMC.

During the financial year under review, the outsourced internal audit function has carried out the following audit reviews in accordance to the approved annual internal audit plan:

- Manufacturing unit in Malaysia: Raw Material control
- Manufacturing unit in Thailand: Inventory control

The result of the audit review was discussed with the Senior Management and subsequently, significant internal audit findings, recommendations for improvements, management's response and proposed action plans were reported directly to the ARMC. In addition, follow-up reviews of the implementation of action plans were carried out to ensure matters highlighted in the internal audit reports have been adequately addressed.

Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

KEY INTERNAL CONTROL PROCESSES

The key elements of the Group's internal control processes are summarised as follows:

1. Planning, Monitoring and Reporting

   (a) The Board is updated on the Group's performance at the scheduled meetings on a quarterly basis. The Group's business plan and financial results for the year are reviewed and deliberated by the Board on a quarterly basis.

   (b) There is a regular and comprehensive flow of information to the Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy, business and regulatory plans.

2. Policies and Procedures

   Policies and procedures of business processes are documented and set out in a series of Standard Operating Manual and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs. Common Group policies and procedures can be easily accessed by all employees via the Company's intranet.

3. Quality Control

   Strong emphasis is placed on ensuring the manufacturing processes of all factories adhere to quality standards as required by the respective authorities. Annual certification for the Quality Management System ISO 9001:2015, ISO 13485:2016 and Environmental Management System ISO 14001:2015 were carried out by SIRIM QAS International. Surveillance audits were conducted on annual basis by assessors of the ISO certification body to ensure that standard operating procedures are being adhered to.

4. Employees' Competency

   Training and development programmes are conducted to ensure that employees acquire the necessary competencies required to carry out their respective tasks in achieving the Group's objectives.

5. Conduct of Employees

   (a) A BCOC is published on the Company website, which defines the ethical standards and conduct at work to ensure that working conditions are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible.

   (b) A Whistle-Blowing Policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

   (c) ACAB Policy is in place to perform a sound fraud, bribery and corruption risk management and prevention approach. The policy covers anti-fraud, bribery and corruption measures in areas of governance, prevention, detection, investigation and monitoring. The policy is also incorporated into the employee handbook and published on the Company's website.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2023 Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is factually inaccurate. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report*.

CONCLUSION

The Board is of the view that the system of internal control and risk management is in place for the year under review and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, and the interests of customers, employees and other stakeholders. The Board has received reasonable assurance from the RMC that the Group's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted by the Group.

This statement was made in accordance with a Board's resolution dated 20 October 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

Members of the Audit and Risk Management Committee ("ARMC" or "Committee") are as follows:

Mr. Lim Sze Yan	-	Chairman, INED
Mr. Ang Seng Wong	-	Non-INED
Mr. Lee Kean Teong	-	INED
Ms. Tan Jie En	-	INED

The Committee held five (5) meetings during the financial year under review and the attendance of each member is as below:

Directors	Attendance
Mr. Lim Sze Yan	5/5
Mr. Ang Seng Wong	5/5
Mr. Lee Kean Teong	5/5
Ms. Tan Jie En*	-

** Attendance at meetings held from the date of appointment on 31 May 2023*

In line with the ARMC TOR, the following works were carried out by the Committee during FY2023: -

1. Financial Reporting

(a) Reviewed and discussed the quarterly unaudited financial statements of the Group with the management before recommending to the Board for their consideration and approval.

(b) Reviewed and discussed the annual audited financial statements of the Group with the management and external auditors before recommending to the Board for approval.

2. External Audit

(a) Reviewed the Audit Planning Memorandum, which includes reporting responsibility and scope of work, audit timeline, areas of audit emphasis, audit materiality, updates on financial reporting and proposed audit fees with the external auditors prior to their commencement of audit for FY2023.

(b) Reviewed and discussed key audit issues raised by the external auditors from its annual audit for the FY2023 in its management letter including management's response to the findings and actions taken to resolve such issues.

(c) Appraised the performance and evaluated the independence and objectivity of the external auditors in providing their services and made recommendation to the Board on their re-appointment and the quantum of audit fees.

(d) Conducted 2 meetings with the external auditors without the presence of the management and Executive Director to facilitate discussions of additional matters in relation to audit issues noted in the course of their audit.

3. Internal Audit

(a) Reviewed and approved the risk based internal audit plan for FY2023 to ensure adequate audit coverage over the Group's key risk areas.

(b) Reviewed and discussed the internal audit reports which highlighted audit issues, major findings, recommendations and management's response to ensure that risk identified were adequately addressed, and reported any significant matters to the Board.

(c) Conducted 1 meeting with the internal auditors without the presence of the management and Executive Director to facilitate discussions on concerns or audit issues noted in the course of their audit.

(d) Assessed the adequacy and suitability of the resource requirements and professionalism of internal auditors and the performance of internal audit function.

4. **Related Party Transactions**

(a) Reviewed the recurrent related party transactions of a revenue or trading nature on a quarterly basis to ensure that the transactions were on normal commercial terms which were not detrimental to the interest of minority shareholders and in accordance with the approved mandate.

(b) Reviewed the circular to shareholders in relation to the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue and trading nature to ensure that the transactions are carried out on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interested of the minority shareholders.

5. **Others**

(a) Reviewed the Audit and Risk Management Committee Report, and Statement on Risk Management and Internal Control for inclusion in the year 2023 Annual Report prior to the submission to the Board for their consideration and approval.

(b) Reviewed and discussed the Risk Management Report through the quarterly presentations by Risk Management Officer and made relevant recommendation to the Board for identified risks and mitigations actions.

(c) Surveyed and inspected factories in Malaysia and Thailand to ensure existing and potential risks were managed and mitigated.

(d) Met and discussed with the relevant Head of Divisions to monitor the operations of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 compliance procedures.

(e) Reviewed and adopted Trust Policy and Procedures in addition to the ACAB Policy adopted by the Group.

(f) Updated TOR of ARMC by extending cooling-off period to 3 years from existing 2 years for a former key audit partner to be appointed as member of ARMC.

INTERNAL AUDIT FUNCTION

The Company has appointed an independent professional consulting firm to provide outsourced internal audit function of the Group in order to assist the Committee in discharging its duties and responsibilities.

The internal auditors are responsible for the independent assessment of the adequacy and effectiveness of the internal control systems in anticipation of the risks exposure of key business processes and to provide assurance on the systems and recommend improvements to the systems, if necessary, so as to enable the Group to achieve its corporate objectives.

During the financial year under review, the internal auditors have conducted the audit reviews relating to Raw Material Control of manufacturing unit in Malaysia, Inventory Control of manufacturing unit in Thailand and the Group's risk management exercise according to the internal audit plan that has been approved by the Committee. Upon completion of the audit work, the internal auditors presented their findings, recommendation as well as management's responses and action plans to the Committee for its review and deliberation. In addition, they also carried out follow up reviews to monitor the implementation of the management's action plans for reporting to the Committee.

The cost incurred by the internal audit function of the Group in respect of FY2023 was RM54,000.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to the external auditors by the Company and the Group for the financial year ended 30 June 2023 were as follows:

Fees	Group RM'000	Company RM'000
Audit	239	40
Non-audit [1]	18	18

[1] Included in the non-audit fees was services paid for the review of Statement on Risk Management and Internal Control and foreign subsidiary's audit papers.

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at 30 June 2023 or entered into since the end of the previous financial year.

3. CONTRACT RELATING TO LOANS

During the financial year, there were no contracts relating to loans entered into by the Company and its subsidiaries involving the interests of major shareholders and/or directors.

4. RECURRENT RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 30.2 (a) to the financial statements.

5. UTILISATION OF PROCEEDS

During and subsequent to the financial year ended 30 June 2023, the Company has completed its Private Placement Exercise by raising RM46.97 million gross proceeds from the listing of 40,928,700 new ordinary shares on the Main Market of Bursa Securities. The private placement was completed in three (3) tranches and the details are as follows:

Tranche 1 - issuance and listed of 4,000,000 new ordinary shares at an issue price of RM1.2613 per ordinary share on 20 March 2023;

Tranche 2 - issuance and listed of 1,000,000 new ordinary shares at an issue price of RM1.3266 per ordinary share on 3 April 2023; and

Tranche 3 - issuance and listed of 35,928,700 new ordinary shares at an issue price of RM1.1300 per ordinary share on 14 July 2023.

The status of utilisation of proceeds is as follows:

Details	Proposed utilisation (as per announcement) RM'000	Actual utilisation RM'000	Unutilised balance RM'000	Expected time frame for utilisation of proceeds (from listing date)
Business expansion				
- Construction of a two-storey factory	12,000	12,968	-	Within 12 months
- Building and setting up of 4 additional warehouses	4,000	1,500	2,500	Within 12 months
General working capital	5,908	29,674	-	Within 6 months
Expenses for the Private Placement	500	329	-	Immediate
Total	22,408	44,471	2,500	

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

Principal activities

The Company is principally engaged in investment holding and provision of management service, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the financial year	38,962	3,416

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the 2% annual Redeemable Convertible Preference Shares ("RCPS") dividend amounting to RM53,585 for the period covering from 1 July 2022 to 12 October 2022 was declared and paid on 12 October 2022. This dividend was accounted for in the equity as an appropriation of retained earnings in the financial year ended 30 June 2023.

Save as disclosed above, the Directors do not recommend any other dividend to be paid in respect of current financial year.

Directors of the Company

The Directors who have held office during the financial year and up to the date of this report are:

Dato' Kang Pang Kiang*
Ang Seng Wong
Lim Sze Yan
Lee Kean Teong
Ong Lye Soon (Appointed on 31 May 2023)
Tan Jie En (Appointed on 31 May 2023)
Keh Chuan Seng (Resigned on 31 May 2023)

Directors of the Company (Cont'd)

The Directors who have held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report are:

Khong Hong Wai
Low Joo Hiang
Tan Eng Hock
Lee Sin Li
Lee Boon Li (Appointed on 30 July 2022)
Tay Min Cheah (Appointed on 14 September 2022)
Mogan A/L Karupiah (Resigned on 31 July 2022)
Tham Kok Sian (Resigned on 15 September 2022)

** Director of the Company and its subsidiaries*

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations for the Directors in office at the financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares			
	At 1.7.2022	Bought	RCPS conversion	At 30.6.2023
Shares in the Company				
Direct interests				
Dato' Kang Pang Kiang	28,337,700	7,571,500	2,603,300	38,512,500
Ong Lye Soon	1,767,100^	-	-	1,767,100
Lee Kean Teong	32,900	-	-	32,900
Indirect interests				
Dato' Kang Pang Kiang*	27,923,900	-	21,300	27,945,200

	Number of Ordinary Shares of Thai Baht ("THB") 10 each			
	At 1.7.2022	Bought	Sold	At 30.6.2023
Related corporation SMT Industries Co., Ltd				
Direct interest				
Dato' Kang Pang Kiang	1#	-	-	1#

	Number of Ordinary Shares of Thai Baht ("THB") 100 each			
	At 1.7.2022	Bought	Sold	At 30.6.2023
Related corporation TM SMT (Thailand) Co., Ltd.				
Direct interest				
Dato' Kang Pang Kiang	1	-	-	1

Directors' interests in shares (Cont'd)

	Number of Redeemable Convertible Preference Shares			
	At 1.7.2022	Bought	Converted	At 30.6.2023
Shares in the Company				
Direct interests				
Dato' Kang Pang Kiang	2,603,300	-	(2,603,300)	-
Indirect interests				
Dato' Kang Pang Kiang*	21,300	-	(21,300)	-

^ At date of appointment
* Shares held through QYH Capital Sdn. Bhd.
\# Share held in trust for EG Industries Berhad

Save as disclosed above, none of the other Directors holding office at 30 June 2023 held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) 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 other than as disclosed in Note 30 to the financial statements.

The details of the directors' remuneration for the financial year ended 30 June 2023 are set out below:

	Group RM'000	Company RM'000
Directors' remuneration		
Fees	188	188
Remuneration	961	754
Defined contribution plans	136	111
	1,285	1,053

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

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital by:

i) issuance of 10,398,085 new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 10,398,085 RCPS on the basis of 1 ordinary share for 1 RCPS held;

ii) issuance of 4,000,000 new ordinary shares at an issue price of RM1.2613 per ordinary share for RM5,045,200 pursuant to the first tranche of its private placement exercise; and

iii) issuance of 1,000,000 new ordinary shares at an issue price of RM1.3266 per ordinary share for RM1,326,600 pursuant to the second tranche of its private placement exercise.

Save as disclosed above, there were no other changes in the share capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up the unissued shares of the Company during the financial year.

Redeemable convertible preference shares ("RCPS")

The terms of the conversion of RCPS are disclosed in Note 15 to the financial statements.

During the financial year, 9,898,085 outstanding RCPS was mandatorily converted into 9,898,085 new ordinary shares of the Company upon its maturity on 12 October 2022. Accordingly, the RCPS have been removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with effect from 13 October 2022.

Indemnity and insurance cost

Expenses incurred on indemnity given or insurance effected for the Director or officer of the Company during the financial year was amounted to RM19,080. No indemnity was given to or insurance effected for auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (Cont'd)

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

i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Significant events

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

Subsequent events

The details of the subsequent events are disclosed in Note 36 to the financial statements.

Auditors

The auditors, Messrs. UHY, have expressed their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dato' Kang Pang Kiang	**Lim Sze Yan**
Director	Director

Penang
20 October 2023

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 70 to 160 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 at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 October 2023.

Dato' Kang Pang Kiang	**Lim Sze Yan**
Director	Director

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act, 2016

I, **Dato' Kang Pang Kiang (MIA Number: CA 27127)**, being the Director primarily responsible for the financial management of EG Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 70 to 160 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Dato' Kang Pang Kiang** at George Town in the State of Penang on 20 October 2023	**Dato' Kang Pang Kiang**

Before me,

Commissioner for Oaths

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EG Industries Bhd., which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of its financial performance and its 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.

Key audit matters	*How our audit addressed the key audit matters*
Recoverability of trade receivables	
Refer to Note 11 – Trade and other receivables to the financial statements The trade receivables balance represented 28% of the Group's current assets as at 30 June 2023. During the financial year, the Group assessed the impairment of trade receivables and the assessment of impairment involves significant estimation uncertainty subjective assumptions and the application of significant judgement.	We designed and performed the following key procedures, among others: • Inquired and assessed the Group's process in identifying debts that are potentially doubtful of recovery. • Tested the reliability of the ageing of trade receivables by testing the age profile of the debts to the respective invoices. • Considered the reasonableness of the basis of expected credit loss rate of trade receivables. • Inspected post year end cash receipt relating to collection of past due debts.

Key Audit Matters (Cont'd)

Key audit matters	*How our audit addressed the key audit matters*
Carrying amount of inventories Refer to Note 12 – Inventories to the financial statements The Group held significant inventory balances as at 30 June 2023 of RM560 million. There is a risk over the valuation of inventories due to possible slow moving and obsolete inventories. Slow moving inventories may be due to items that are generally not fast moving such as replacement parts for the repair of the products sold. Obsolete inventories may be due to phasing out of older models or inventories that are no longer saleable. The valuation of inventories is a key audit matter because of the judgement involved in assessing the level of inventory allowance required.	We designed and performed the following key procedures, among others: • Obtained an understanding of the Group's process for measuring the amount of write down required and tested the appropriateness of the costing of inventories. • Reviewing the stock movement report and stock ageing report to identify slow moving aged items. • Attending year end physical inventory count to observe physical existence and condition of raw material and finished goods and assessing the implementation of controls during the count. We tested net realisable values to the selling prices.

We have determined that there are no key audit matters in the audit of the financial statements of the Company to communicate in our auditors' report.

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 annual report and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group 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 and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 6 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.

UHY
Firm Number: AF 1411
Chartered Accountants

Tio Shin Young
Approval Number: 03355/02/2024 J
Chartered Accountant

20 October 2023

Penang

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	259,053	222,180	-	-
Right-of-use assets	4	46,754	38,283	-	-
Investment properties	5	14,664	3,509	-	-
Investments in subsidiaries	6	-	-	187,944	188,446
Investment in associates	7	2,443	2,558	-	-
Other investments	8	14,723	9,315	14,723	9,315
Intangible assets	9	10,868	12,214	-	-
Deferred tax assets	10	1,570	1,538	-	-
Trade and other receivables	11	-	-	49,040	-
		350,075	289,597	251,707	197,761
Current assets					
Trade and other receivables	11	248,454	243,166	34,789	56,899
Inventories	12	560,091	451,343	-	-
Current tax assets		57	2,725	2	1
Fixed deposits with licensed banks	13	1,076	938	-	-
Cash and bank balances		52,580	9,768	541	562
		862,258	707,940	35,332	57,462
Total assets		1,212,333	997,537	287,039	255,223
Equity					
Share capital	14	204,310	188,060	204,310	188,060
Treasury shares	14	(8,043)	(8,043)	(8,043)	(8,043)
RCPS - Equity component	15	-	7,078	-	7,078
Reserves	16	242,714	198,365	57,270	56,480
Total equity attributable to owners of the Company		438,981	385,460	253,537	243,575
Non-controlling interests		(217)	(217)	-	-
Total equity		438,764	385,243	253,537	243,575

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Liabilities					
Non-current liabilities					
Lease liabilities	17	8,291	5,823	-	-
Loans and borrowings	18	60,886	39,154	-	-
Provision for retirement benefits	19	796	662	-	-
		69,973	45,639	-	-
Current liabilities					
Lease liabilities	17	6,025	3,067	-	-
Loans and borrowings	18	375,248	237,579	-	-
Trade and other payables	20	320,999	325,742	33,502	11,648
Provision for warranties	21	632	267	-	-
Current tax liabilities		692	-	-	-
		703,596	566,655	33,502	11,648
Total liabilities		773,569	612,294	33,502	11,648
Total equity and liabilities		1,212,333	997,537	287,039	255,223

The notes on pages 83 to 160 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	22	1,348,104	1,114,442	804	6,780
Cost of sales		(1,244,665)	(1,069,339)	-	-
Gross profit		103,439	45,103	804	6,780
Administrative expenses		(28,306)	(21,823)	(1,642)	(1,905)
Distribution expenses		(4,009)	(3,500)	-	-
Other expenses		(21,131)	(7,746)	(4,192)	-
Other income		10,705	3,906	8,446	2,606
Operating profit		60,698	15,940	3,416	7,481
Finance costs	23	(19,192)	(5,429)	-	(13)
Share of (loss)/profit of equity-accounted associate, net of tax	7	(116)	246	-	-
Profit before tax	24	41,390	10,757	3,416	7,468
Tax (expense)/income	26	(2,428)	67	-	(27)
Profit for the financial year		38,962	10,824	3,416	7,441
Other comprehensive income/ (expense), net of tax					
Item that will not be reclassified subsequently to profit or loss					
- Net change in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")		229	(119)	229	(119)
- Gain on re-measurement of provision for retirement benefits		-	68	-	-
- Income tax benefit related to gain from re-measurement of provision for retirement benefits		-	(14)	-	-
		229	(65)	229	(119)
Items that are or may subsequently be reclassified to profit or loss					
- Foreign currency translation differences for foreign operations		8,013	(5,366)	-	-
		8,013	(5,366)	-	-
Other comprehensive income/ (expense) for the financial year, net of tax		8,242	(5,431)	229	(119)
Total comprehensive income for the financial year		47,204	5,393	3,645	7,322

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit for the financial year attributable to:					
Owners of the Company		38,962	10,824	3,416	7,441
Non-controlling interests		-	-	-	-
		38,962	10,824	3,416	7,441
Total comprehensive income attributable to:					
Owners of the Company		47,204	5,393	3,645	7,322
Non-controlling interests		-	-	-	-
		47,204	5,393	3,645	7,322
Basic earnings per ordinary share (sen)	27	9.16	2.75	-	-
Diluted earnings per ordinary share (sen)	27	9.16	2.75	-	-

The notes on pages 83 to 160 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group	Note	Share capital	RCPS-Equity component	Treasury shares	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company									
			Non-distributable					Distributable			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2021		171,942	7,922	(8,043)	(4,218)	16,079	28,558	152,608	364,848	(217)	364,631
Foreign currency translation differences for foreign operations		-	-	-	-	(5,366)	-	-	(5,366)	-	(5,366)
Net change in fair value of equity instruments designated at FVOCI		-	-	-	(119)	-	-	-	(119)	-	(119)
Gain on re-measurement of provision for retirement benefits		-	-	-	-	-	-	68	68	-	68
Income tax benefit related to gain from re-measurement of provision for retirement benefits		-	-	-	-	-	-	(14)	(14)	-	(14)
Total other comprehensive expense for the financial year		-	-	-	(119)	(5,366)	-	54	(5,431)	-	(5,431)
Profit for the financial year		-	-	-	-	-	-	10,824	10,824	-	10,824
Total comprehensive (expense)/income for the financial year		-	-	-	(119)	(5,366)	-	10,878	5,393	-	5,393

Group	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company									
			Non-distributable					Distributable			
Conversion of RCPS to ordinary shares	14	916	(844)	-	-	-	-	(55)	17	-	17
Private placement	14	15,202	-	-	-	-	-	-	15,202	-	15,202
Total transactions with owners of the Company		16,118	(844)	-	-	-	-	(55)	15,219	-	15,219
At 30 June 2022		188,060	7,078	(8,043)	(4,337)	10,713	28,558	163,431	385,460	(217)	385,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Attributable to owners of the Company									
		Non-distributable					Distributable				
Group	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Fair value reserve RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2022		188,060	7,078	(8,043)	(4,337)	10,713	28,558	163,431	385,460	(217)	385,243
Foreign currency translation differences for foreign operations		-	-	-	-	8,013	-	-	8,013	-	8,013
Net change in fair value of equity instruments designated at FVOCI		-	-	-	229	-	-	-	229	-	229
Total other comprehensive income for the financial year		-	-	-	229	8,013	-	-	8,242	-	8,242
Profit for the financial year		-	-	-	-	-	-	38,962	38,962	-	38,962
Total comprehensive income for the financial year		-	-	-	229	8,013	-	38,962	47,204	-	47,204
Conversion of RCPS to ordinary shares	14	9,879	(7,078)	-	-	-	-	(2,801)	-	-	-
Dividend paid		-	-	-	-	-	-	(54)	(54)	-	(54)
Private placement	14	6,371	-	-	-	-	-	-	6,371	-	6,371
Total transactions with owners of the Company		16,250	(7,078)	-	-	-	-	(2,855)	6,317	-	6,317
At 30 June 2023		204,310	-	(8,043)	(4,108)	18,726	28,558	199,538	438,981	(217)	438,764

The notes on pages 83 to 160 are an integral part of these financial statements.

Company	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Attributable to owners of the Company						→
			← Non-distributable			→	Distributable	
At 1 July 2021		171,942	7,922	(8,043)	(4,218)	28,558	24,873	221,034
Total other comprehensive expense for the financial year								
- Net change in fair value of equity instruments designated at FVOCI		-	-	-	(119)	-	-	(119)
Profit for the financial year		-	-	-	-	-	7,441	7,441
Total comprehensive (expense)/income for the financial year		-	-	-	(119)	-	7,441	7,322
Conversion of RCPS to ordinary shares	14	916	(844)	-	-	-	(55)	17
Private placement	14	15,202	-	-	-	-	-	15,202
Total transactions with owners of the Company		16,118	(844)	-	-	-	(55)	15,219
At 30 June 2022		188,060	7,078	(8,043)	(4,337)	28,558	32,259	243,575

		Attributable to owners of the Company						
		Non-distributable					Distributable	
Company	Note	Share capital RM'000	RCPS-Equity component RM'000	Treasury shares RM'000	Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 July 2022		188,060	7,078	(8,043)	(4,337)	28,558	32,259	243,575
Total other comprehensive income for the financial year								
- Net change in fair value of equity instruments designated at FVOCI		-	-	-	229	-	-	229
Profit for the financial year		-	-	-	-	-	3,416	3,416
Total comprehensive income for the financial year		-	-	-	229	-	3,416	3,645
Conversion of RCPS to ordinary shares	14	9,879	(7,078)	-	-	-	(2,801)	-
Dividend paid		-	-	-	-	-	(54)	(54)
Private placement	14	6,371	-	-	-	-	-	6,371
Total transactions with owners of the Company		16,250	(7,078)	-	-	-	(2,855)	6,317
At 30 June 2023		204,310	-	(8,043)	(4,108)	28,558	32,820	253,537

The notes on pages 83 to 160 are an integral part of these financial statements.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		41,390	10,757	3,416	7,468
Adjustments for:					
Depreciation of property, plant and equipment	3	38,666	38,316	-	-
Depreciation of right-of-use assets	4	2,798	2,328	-	-
Depreciation of investment properties	5	65	65	-	-
Amortisation of intangible assets	9	671	671	-	-
Bad debt written off		149	17	-	13
Bad debt recovered		-	(14)	-	-
Interest expense	23	19,192	5,429	-	13
Dividend income		(26)	(2)	(26)	(6,002)
(Gain)/Loss on disposal of property, plant and equipment		(80)	64	-	-
Gain on disposal of right-of-use assets		(118)	(20)	-	-
Loss/(Gain) on disposal of other investment		432	(1,126)	432	(1,126)
Interest income		(426)	(131)	-	-
Property, plant and equipment written off		-	1	-	-
Provision for retirement benefits	19	140	138	-	-
Provision for slow moving stocks	12	219	466	-	-
Provision for warranties	21	365	-	-	-
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss ("FVTPL"), net		(8,446)	(1,474)	(8,446)	(1,474)
Net impairment losses on:					
- investment in subsidiaries		-	-	502	-
- intangible assets		675	-	-	-
- trade and other receivables		311	200	3,260	-
Share of results of an associate		116	(246)	-	-
Loss/(Gain) on foreign exchange, net – unrealised		5,841	(12)	(1)	-
Operating profit/(loss) before changes in working capital		101,934	55,427	(863)	(1,108)
Inventories		(99,661)	(149,907)	-	-
Trade and other receivables		2,298	59,303	4,532	(947)
Trade and other payables		(30,192)	(14,958)	(12,670)	(11,937)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash used in operations		(25,621)	(50,135)	(9,001)	(13,992)
Tax paid		(51)	(660)	(1)	(26)
Tax refunded		955	44	-	-
Dividend received		26	2	26	2
Net cash used in operating activities		(24,691)	(50,749)	(8,976)	(14,016)
Cash flows from investing activities					
Subscription of shares in an associate		(1)	-	-	-
Acquisition of:					
- property, plant and equipment	A	(33,663)	(27,342)	-	-
- right-of-use assets	B	(2,076)	-	-	-
- investment properties		(11,220)	-	-	-
- other investments		-	(9,485)	-	(9,485)
Interest received		426	131	-	-
Proceeds from disposal of plant and equipment		319	1,092	-	-
Proceeds from disposal of other investment		2,835	5,318	2,835	5,318
Proceeds from disposal of right-of-use assets		270	20	-	-
Net cash (used in)/generated from investing activities		(43,110)	(30,266)	2,835	(4,167)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from financing activities					
Issue of shares pursuant to private placement		6,371	15,202	6,371	15,202
Drawdown of bank borrowings, net		130,000	65,904	-	-
Drawdown of lease liabilities		4,894	1,495	-	-
Repayment of lease liabilities		(4,726)	(3,285)	-	-
(Repayment)/Drawdown of term loans, net		(7,189)	2,990	-	-
Dividend paid	28	(252)	(216)	(252)	(216)
Interest paid		(19,192)	(5,416)	-	-
(Placement)/Withdrawal of pledged deposits		(138)	3,654	-	3,662
Net cash generated from financing activities		109,768	80,328	6,119	18,648
Net increase/(decrease) in cash and cash equivalents		41,967	(687)	(22)	465
Effect of exchange rate fluctuations on cash and bank balances		845	(88)	1	-
Cash and cash equivalents at 1 July 2022/2021		9,768	10,543	562	97
Cash and cash equivalents at 30 June		52,580	9,768	541	562

Notes

A. Acquisition of property, plant and equipment

Payment for the acquisition of property, plant and equipment is as follows:

Group	Note	2023 RM'000	2022 RM'000
Purchase by way of cash		33,663	27,342
Purchase by way of term loan		24,642	-
Other payables		18,109	7,764
Additions of property, plant and equipment	3	76,414	35,106

Notes (Cont'd)

B. Acquisition of right-of-use assets

Payments for the acquisition of right-of-use assets is as follows:

Group	Note	2023 RM'000	2022 RM'000
Cash payments		2,076	-
Lease liabilities		5,258	-
Additions of right-of-use assets	4	7,334	-

C. Cash outflows for leases as lessee

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases	1,347	845	-	-
Payment relating to leases of low-value assets	26	18	-	-
Interest paid in relation to lease liabilities	615	484	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	4,726	3,285	-	-
Total cash outflows for leases	6,714	4,632	-	-

The notes on pages 83 to 160 are an integral part of these financial statements.

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

Registered office

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

Principal place of business

Plot 102, Jalan 4
Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates.

The Company is principally engaged in investment holding and provision of management service, whilst the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 20 October 2023.

1. Basis of preparation

(a) Statement of compliance

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Annual improvements to MFRS Standards 2018-2020
- Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 116, Property, plant and equipment - Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company.

1. **Basis of preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

Standards issued but not yet effective

The following are accounting standards, interpretations and amendments that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendment to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendment to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable in the respective financial years when the abovementioned standards, interpretations and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts and Amendments to MFRS 17, Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

1. **Basis of preparation (Cont'd)**

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 and Note 4 - Useful lives of property, plant and equipment and right-of-use assets
- Note 6 - Impairment of investments in subsidiaries
- Note 9 - Intangible asset (measurement of the recoverable amounts of cash generating units)
- Note 9.1 - Impairment testing for goodwill
- Note 10 - Deferred tax assets
- Note 11 - Trade and other receivables
- Note 12 - Valuation of inventories
- Note 26 - Income taxes

2. **Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

2. **Significant accounting policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in subsidiaries that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vi) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currencies at the exchange rates at the date that the fair value was determined.

2. **Significant accounting policies (Cont'd)**

(b) Foreign currency (Cont'd)

(i) Foreign currency transaction (Cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

2. **Significant accounting policies (Cont'd)**

(c) **Financial instruments (Cont'd)**

(ii) **Financial instrument categories and subsequent measurement**

Financial assets

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

(a) Amortised cost

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets **(Cont'd)**

(c) Fair value through profit or loss

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

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

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(h)(i)).

Financial liabilities

Amortised cost

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

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

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to:

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

Settlement date accounting refers to:

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

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

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives and principal annual depreciation rates for the current and comparative periods are as follows:

Leasehold land	27 - 60 years
Buildings	1% - 5%
Plant and machinery	10% - 33%
Furniture and fittings	10% - 33%
Office equipment	10% - 33%
Tools and equipment	10% - 20%
Motor vehicles	20%
Factory/Office renovation	10%

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. **Significant accounting policies (Cont'd)**

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

2. **Significant accounting policies (Cont'd)**

(e) Leases (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

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

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of- use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

2. Significant accounting policies (Cont'd)

(f) Investment properties

(i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purpose. These include land (other than prepaid lease payments) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2 (d).

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Right-of-use asset held under a lease contract that meets the definition of investment property is unlikely measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, evidenced by commencement of owner-occupation, for a transfer from investment properties to owner-occupied property or end owner-occupation, for a transfer from owner-occupied property to investment property.

Transfers between investment properties and property, plant and equipment does not change the carrying amount of the property transferred.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other intangible assets

Intangible assets, other than goodwill, comprises of software costs and intellectual property that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. Significant accounting policies (Cont'd)

(f) Investment properties (Cont'd)

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of intangible assets are as follows:

Software	3 to 10 years
Intellectual property	NIL (2022: 5 years)

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(v) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when asset is derecognised.

(h) Impairment

(i) Financial assets

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

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

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

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

2. Significant accounting policies (Cont'd)

(h) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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

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

(ii) Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. **Significant accounting policies (Cont'd)**

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(iv) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(j) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

2. Significant accounting policies (Cont'd)

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

- **Warranties**

  A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. **Significant accounting policies (Cont'd)**

(o) Income tax (Cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and unutilised increase in export sales allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plan

The liability recognised in the consolidated statement of financial position relates to the Company's subsidiary in Thailand in respect of defined benefit pension plan. The liability represents the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefit will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other component of equity in the year in which they arise.

2. Significant accounting policies (Cont'd)

(q) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as "other income".

(v) Services

Revenue from services rendered is recognised in profit or loss when the services are performed.

(vi) Management fee

Management fee is recognised on accrual basis when the services are rendered.

(r) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant accounting policies (Cont'd)

(r) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

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

(t) Operating segments

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

(u) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. **Property, plant and equipment**

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory/ Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 July 2021	1,932	38,860	429,266	2,863	7,725	14,909	2,157	21,117	6,717	525,546
Additions	-	-	25,116	235	478	392	122	6,919	1,844	35,106
Disposals	-	-	(11,123)	(3)	(46)	(2)	(37)	(10)	-	(11,221)
Reclassification	-	-	2,196	19	-	3,046	-	3,227	(8,488)	-
Transfer from right-of-use assets, net	-	-	3,275	-	-	-	-	-	-	3,275
Written off	-	-	-	-	(11)	-	-	-	-	(11)
Foreign exchange differences	(64)	(413)	(6,480)	(11)	(42)	(118)	(30)	(46)	(8)	(7,212)
At 30 June/1 July 2022	1,868	38,447	442,250	3,103	8,104	18,227	2,212	31,207	65	545,483
Additions	-	-	18,887	433	809	316	1,080	2,497	52,392	76,414
Disposals	-	-	(952)	(27)	(135)	(1)	(31)	-	-	(1,146)
Reclassification	-	-	286	-	-	-	-	-	(286)	-
Transfer to right-of-use assets, net	-	-	(3,001)	-	-	-	-	-	-	(3,001)
Written off	-	-	-	-	-	-	(3)	-	-	(3)
Foreign exchange differences	70	1,405	6,998	13	45	136	32	53	-	8,752
At 30 June 2023	1,938	39,852	464,468	3,522	8,823	18,678	3,290	33,757	52,171	626,499

3. **Property, plant and equipment (Cont'd)**

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory/ Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses										
At 1 July 2021										
Accumulated										
- depreciation	-	14,187	250,467	1,434	5,406	11,530	1,996	8,563	-	293,583
- impairment losses	-	-	2,260	4	17	173	-	-	-	2,454
	-	14,187	252,727	1,438	5,423	11,703	1,996	8,563	-	296,037
Depreciation charge for the financial year	-	1,148	33,335	231	717	1,167	59	1,659	-	38,316
Disposals	-	-	(9,969)	(2)	(45)	(2)	(37)	(10)	-	(10,065)
Transfer from right-of-use assets, net	-	-	2,622	-	-	-	-	-	-	2,622
Written off	-	-	-	-	(10)	-	-	-	-	(10)
Foreign exchange differences	-	(257)	(3,171)	(7)	(26)	(87)	(29)	(20)	-	(3,597)
Accumulated										
- depreciation	-	15,078	273,284	1,656	6,042	12,608	1,989	10,192	-	320,849
- impairment losses	-	-	2,260	4	17	173	-	-	-	2,454
At 30 June/1 July 2022	-	15,078	275,544	1,660	6,059	12,781	1,989	10,192	-	323,303

3. **Property, plant and equipment (Cont'd)**

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Tools and equipment RM'000	Motor vehicles RM'000	Factory/ Office renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses (Cont'd)										
Depreciation charge for the financial year	-	1,122	33,155	272	694	1,191	193	2,039	-	38,666
Disposals	-	-	(729)	(21)	(125)	(1)	(31)	-	-	(907)
Transfer from right-of-use assets, net	-	-	1,086	-	-	-	-	-	-	1,086
Written off	-	-	-	-	-	-	(3)	-	-	(3)
Foreign exchange differences	-	330	4,737	10	39	123	32	30	-	5,301
Accumulated										
- depreciation	-	16,530	311,533	1,917	6,650	13,921	2,180	12,261	-	364,992
- impairment losses	-	-	2,260	4	17	173	-	-	-	2,454
At 30 June 2023	-	16,530	313,793	1,921	6,667	14,094	2,180	12,261	-	367,446
Carrying amount										
At 1 July 2021	1,932	24,673	176,539	1,425	2,302	3,206	161	12,554	6,717	229,509
At 30 June/1 July 2022	1,868	23,369	166,706	1,443	2,045	5,446	223	21,015	65	222,180
At 30 June 2023	1,938	23,322	150,675	1,601	2,156	4,584	1,110	21,496	52,171	259,053

3. Property, plant and equipment (Cont'd)

Company	Office equipment RM'000
Cost	
At 1 July 2021/30 June 2022/30 June 2023	1
Accumulated depreciation	
At 1 July 2021/30 June 2022/30 June 2023	1
Carrying amount	
At 1 July 2021/30 June 2022/30 June 2023	-

3.1 Securities

Property, plant and equipment of certain subsidiaries with the following carrying amounts are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 18.1 to the financial statements:

Group	2023 RM'000	2022 RM'000
Carrying amount		
Freehold land	1,938	1,868
Buildings	15,999	13,020
Plant and machinery	27,548	25,366
	45,485	40,254

4. Right-of-use assets

Group	Leasehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 July 2021	29,224	18,420	1,061	48,705
Disposals	-	-	(56)	(56)
Transfer to property, plant and equipment, net	-	(3,275)	-	(3,275)
At 30 June/1 July 2022	29,224	15,145	1,005	45,374
Additions	2,076	5,258	-	7,334
Disposals	-	-	(621)	(621)
Transfer from property, plant and equipment, net	-	3,001	-	3,001
At 30 June 2023	31,300	23,404	384	55,088
Accumulated Depreciation				
At 1 July 2021	1,689	5,137	615	7,441
Charge for the financial year	531	1,604	193	2,328
Disposals	-	-	(56)	(56)
Transfer to property, plant and equipment, net	-	(2,622)	-	(2,622)
At 30 June/1 July 2022	2,220	4,119	752	7,091
Charge for the financial year	531	2,180	87	2,798
Disposals	-	-	(469)	(469)
Transfer to property, plant and equipment, net	-	(1,086)	-	(1,086)
At 30 June 2023	2,751	5,213	370	8,334
Carrying amount				
At 1 July 2021	27,535	13,283	446	41,264
At 30 June/1 July 2022	27,004	11,026	253	38,283
At 30 June 2023	28,549	18,191	14	46,754

4. Right-of-use assets (Cont'd)

4.1 Assets pledged as securities for the related lease liabilities

Plant and machinery and motor vehicles are pledged as security for the related lease payables.

4.2 Assets pledged as securities to financial institutions

Leasehold land and building are pledged as securities for bank borrowings as disclosed in Note 18.1 to the financial statements.

4.3 Leasehold land

At 30 June 2023, the remaining period of the lease term of the leasehold land ranges from 26 to 57 years (2022: 27 to 58 years).

4.4 Transfer (to)/from

Plant and machinery transferred from property, plant and equipment with carrying amount of RM5,839,616 (2022: RM1,619,816) were financed/refinanced by lease liabilities amounting to RM5,076,616 (2022: RM1,495,215).

5. Investment properties

Group	Leasehold land RM'000	Buildings RM'000	Properties under construction RM'000	Total RM'000
Cost				
At 1 July 2021/1 July 2022	687	3,265	-	3,952
Additions	-	-	11,220	11,220
At 30 June 2023	687	3,265	11,220	15,172
Accumulated depreciation				
At 1 July 2021	144	234	-	378
Depreciation charge for the financial year	24	41	-	65
At 30 June/1 July 2022	168	275	-	443
Depreciation charge for the financial year	24	41	-	65
At 30 June 2023	192	316	-	508

5. Investment properties (Cont'd)

Group	Leasehold land RM'000	Buildings RM'000	Properties under construction RM'000	Total RM'000
Carrying amount				
At 1 July 2021	543	3,031	-	3,574
At 30 June/1 July 2022	519	2,990	-	3,509
At 30 June 2023	495	2,949	11,220	14,664
Fair Value				
At 30 June 2022	2,073	3,355	N/A	5,428
At 30 June 2023	4,000	3,800	N/A	7,800

The following are recognised in profit or loss in respect of investment properties:

Group	2023 RM'000	2022 RM'000
Rental income	264	252
Direct operating expenses:		
- income generating	62	69

5.1 Fair value information

The fair value of the investments properties of the Group is based on an independent valuation carried out by an independent firm of valuers on an open market basis conducted on 30 June 2023. The fair value was using the comparison and cost approach with relevant adjustments made to key attributes such as land size, location, tenure and other relevant factors.

Properties under construction are currently under construction and the fair value of the properties are unable to be determined as there are uncertainties in estimating its fair value. The properties have only started its construction during the year.

5. **Investment properties (Cont'd)**

5.2 Securities

Certain investment properties are charged as securities to financial institutions for borrowings granted to the Group as disclosed in Note 18.1 to the financial statements.

5.3 Investment properties under leases

Investment properties are leased to third parties or were vacant. The lease contains a cancellable period. No contingent rents are charged.

6. **Investments in subsidiaries**

Company	2023 RM'000	2022 RM'000
Unquoted shares, at cost	200,780	200,780
Less: Accumulated impairment losses	(12,836)	(12,334)
	187,944	188,446

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest 2023 %	Effective ownership interest and voting interest 2022 %	Principal activities
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of electronic manufacturing services for computer peripherals and consumer electronic/electrical products and production of high filtration face masks
Mastimber Industries Sdn. Bhd.*	Malaysia	97.3	97.3	Dormant
EG Electronic Sdn. Bhd.	Malaysia	100	100*	Original Equipment Manufacturer/Original Design Manufacturer in complete box built products
SMT Industries Co., Ltd.*#	Thailand	100	100	Provision of electronic manufacturing services for computer peripherals, consumer electronic/electrical and automotive industrial products

6. Investments in subsidiaries (Cont'd)

The details of the subsidiaries are as follows: (Cont'd)

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest 2023 %	2022 %	Principal activities
EG R&D Sdn. Bhd.	Malaysia	100	100	Research and development activities for electronic, electrical, telecommunication and technology products and operate a shared services outsourcing center rendering BP outsourcing in financial and administration processes and IT services
EG Operations Sdn. Bhd.	Malaysia	100	100	Investment holding activities and manufacturing and assembling of plastic moulded parts, electronic components and other related box-build products
Glisten Knight Sdn. Bhd.^	Malaysia	100	100*	Investment holding activities and to undertake procurement, sales, marketing and distribution activities for electronic and electrical products and related components and operating and rental of warehouses for the storage of goods and materials handling

* Not audited by UHY
# Shares are held in trust by certain Director for EG Industries Berhad
^ Wholly-owned subsidiary of SMT Technologies Sdn. Bhd.

6.1 Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Mastimber Industries Sdn. Bhd. 2023 RM'000	2022 RM'000
NCI percentage of ownership interest and voting interest	2.70%	2.70%
Carrying amount of NCI	(217)	(217)
Profit allocated to NCI	-	-

6. Investments in subsidiaries (Cont'd)

6.1 Non-controlling interest in a subsidiary (Cont'd)

Summarised financial information before intra-group elimination	2023 RM'000	2022 RM'000
At 30 June		
Current assets	10	14
Non-current liabilities	(8,051)	(8,051)
Current liabilities	(2)	(1)
Net liabilities	(8,043)	(8,038)
Year ended 30 June		
(Loss)/Profit for the financial year	(4)	2
Total comprehensive (expense)/income	(4)	2
Cash flows used in operating activities	(4)	(3)
Net decrease in cash and cash equivalents	(4)	(3)

6.2 Impairment loss

In year 2023, the Company recognised impairment loss of RM502,674 on certain investments in subsidiaries as these subsidiaries are unlikely to turn profitable in the foreseeable future. The impairment loss was included in other expense.

7. Investment in associates

Group	2023 RM'000	2022 RM'000
At cost		
Unquoted shares in Malaysia	1,961	1,960
Share of post-acquisition reserves	482	598
	2,443	2,558

7. Investment in associates (Cont'd)

Details of the associates are as follows:

Name of associate	Country of incorporation	Effective ownership interest 2023 %	Effective ownership interest 2022 %	Principal activities
TM SMT Sdn. Bhd.*#@^	Malaysia	49	49	Manufacturing of electronic and electrical products, wholesale of computer hardware, software and peripherals
TM SMT (Thailand) Co., Ltd.*#@&	Thailand	49	49	Dormant
Genitronic (Malaysia) Sdn. Bhd.#@%	Malaysia	30	-	Production of commercial network communication and security related products, home digital products, computer peripherals and provision of technology consulting services

* Not audited by UHY
\# Financial year end 31 December
@ Unaudited financial statements
^ Held through SMT Technologies Sdn. Bhd.
& Held through TM SMT Sdn. Bhd, TM SMT Sdn. Bhd. hold 99% of TM SMT (Thailand) Co. Ltd.
% Held through EG Operations Sdn. Bhd.

During the financial year, EG Operations Sdn. Bhd. acquired 600 units of ordinary shares of Genitronic (Malaysia) Sdn. Bhd. at RM1 per share, representing 30% of its total issued share capital, by way of cash.

The investment in the associates over which the Group has significant influence (but no control over its operations) is accounted for using the equity method. The investment is initially recognised at cost and adjustment thereafter to include the Group's share of post-acquisition distributable and non-distributable reserves of the associate.

7. Investment in associates (Cont'd)

The following table summarises the information of the Group's associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Groups' interest in the associates.

	2023 RM'000	2022 RM'000
TM SMT Sdn. Bhd.		
Summarised financial information as at 30 June		
Total assets	22,287	18,816
Total liabilities	(17,246)	(13,595)
Net assets	5,041	5,221
Year ended 30 June		
Net (loss)/profit and total comprehensive (expense)/income for the financial year	(236)	501
Included in total comprehensive income:		
Revenue	46,307	44,723

Reconciliation of net assets to carrying amount as at 30 June

	2023 RM'000	2022 RM'000
Group's share of net assets representing the carrying amount in the statement of financial position	2,443	2,558

Group's share of results for the year ended 30 June

	2023 RM'000	2022 RM'000
Group's share of net (loss)/profit and total comprehensive (expense)/income	(116)	246

Other information

	2023 RM'000	2022 RM'000
Dividend received	-	-

The Group has not recognised RM4,018 loss related to Genitronic (Malaysia) Sdn. Bhd. in financial year 2023 since the Group has no obligation in respect of the loss.

8. Other investments

Group and Company	2023 RM'000	2022 RM'000
Non-current		
Fair value through other comprehensive income		
Quoted shares in Malaysia	35	29
Quoted shares outside Malaysia	2,742	2,519
	2,777	2,548
Fair value through profit or loss		
Quoted shares in Malaysia	11,946	6,767
Total other investments	14,723	9,315

9. Intangible assets

Group	Goodwill RM'000	Software cost RM'000	Intellectual property RM'000	Total RM'000
Cost				
At 1 July 2021	10,148	3,501	8,875	22,524
Foreign exchange differences	-	(11)	-	(11)
At 30 June/1 July 2022	10,148	3,490	8,875	22,513
Foreign exchange differences	-	11	-	11
At 30 June 2023	10,148	3,501	8,875	22,524

9. Intangible assets (Cont'd)

Group	Goodwill RM'000	Software cost RM'000	Intellectual property RM'000	Total RM'000
Accumulated amortisation and impairment loss				
At 1 July 2021				
Accumulated amortisation	-	2,111	3,564	5,675
Accumulated impairment loss	-	-	3,960	3,960
	-	2,111	7,524	9,635
Amortisation for the financial year	-	333	338	671
Foreign exchange differences	-	(7)	-	(7)
At 30 June/1 July 2022				
Accumulated amortisation	-	2,437	3,902	6,339
Accumulated impairment loss	-	-	3,960	3,960
	-	2,437	7,862	10,299
Amortisation for the financial year	-	333	338	671
Impairment loss	-	-	675	675
Foreign exchange differences	-	11	-	11
At 30 June 2023				
Accumulated amortisation	-	2,781	4,240	7,021
Accumulated impairment loss	-	-	4,635	4,635
	-	2,781	8,875	11,656
Carrying amount				
At 1 July 2021	10,148	1,390	1,351	12,889
At 30 June/1 July 2022	10,148	1,053	1,013	12,214
At 30 June 2023	10,148	720	-	10,868

9. Intangible assets (Cont'd)

Company	Software cost RM'000
Cost	
At 1 July 2021/30 June 2022/30 June 2023	89
Accumulated amortisation	
At 1 July 2021/30 June 2022/30 June 2023	89
Carrying amount	
At 1 July 2021/30 June 2022/30 June 2023	-

9.1 Impairment testing for goodwill

For the purpose of annual impairment testing, goodwill arising from business combination has been allocated to the following cash generating units ("CGU") at which the goodwill is monitored for internal management purpose:

i) Electronic Manufacturing Services (RM10,142,066); and
ii) Investment holding (RM5,606).

The Group has determined the recoverable amount of the goodwill relating to the above CGUs based on value in use calculations. Value in use is determined by discounting the cash flow projections from the five-year period and extrapolated cash flows beyond the five-year period business plan developed based on management's assessment of future trends and market developments primarily in the data storage, consumer electronic/electrical and information and communication technologies industries. The values assigned to the key assumptions such as maintaining sales in the budget for each of the financial year, represent managements estimate derived from both external and internal sources (historical data).

In determining the recoverable amount of the CGUs, the projected cash flows were discounted using a pre-tax discount rate of 4.18% (2022: 7.30%).

The future cash flows were projected based on the actual net operating cash flows achieved by the CGUs in the current financial year, assuming zero growth rate in the next five (5) years.

Based on management's assessment, no impairment is required as the recoverable amount exceeds the carrying amount of the goodwill.

There are no reasonably possible changes in significant assumptions used in the fair value calculations which would cause the recoverable amount of the CGUs to fall below its carrying amount.

9.2 Intellectual property

Intellectual property paid is for the transfer of licensed technology and know-how in connection with the manufacture, application and sale of licensed products.

During the financial year, an impairment loss of RM675,000 is recognised in the Group's profit or loss due to low demand of the products from the customers.

9. Intangible assets (Cont'd)

9.2 Intellectual property (Cont'd)

The recoverable amount of intellectual property has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period and a discount rate of 4.9% (2022: 7.30%) per annum, assuming zero growth rate. Cash flow projections during the budget period for intellectual property are based on management's estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimations are based on intellectual property's past performance, management's expectations of the market development, the success in new products launched, the success in reducing the working capital requirements and the success of the cost cutting strategy implemented by the Group.

9.3 Software cost

Software cost paid is for the acquisition of computer software that are not integral to other equipment.

10. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment - capital allowance	-	-	(16,667)	(15,375)	(16,667)	(15,375)
Unutilised reinvestment allowance	-	1,233	-	-	-	1,233
Unutilised increased in export allowance	13,397	13,029	-	-	13,397	13,029
Provisions	2,756	1,966	-	-	2,756	1,966
Other temporary differences	2,084	685	-	-	2,084	685
Tax assets/(liabilities)	18,237	16,913	(16,667)	(15,375)	1,570	1,538
Set off of tax	(16,667)	(15,375)	16,667	15,375	-	-
Net tax assets	1,570	1,538	-	-	1,570	1,538

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

10. Deferred tax assets (Cont'd)

Recognised deferred tax assets (Cont'd)

Management estimated the amount of deferred tax assets to be recognised using profit projections from the three-year business plan developed based on management's assessment of future trends and market developments primarily in the data storage, consumer electronic/electrical and information and communication technologies industries.

Movements in temporary differences during the financial year are as follows:

Group	At 30.6.2021	Recognised in profit or loss (Note 26)	Recognised in other comprehensive income	Exchange difference	At 30.6.2022/ 1.7.2022	Recognised in profit or loss (Note 26)	Exchange difference	At 30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment - capital allowance	(11,918)	(3,457)	-	-	(15,375)	(1,292)	-	(16,667)
Unutilised reinvestment allowance	1,233	-	-	-	1,233	(1,233)	-	-
Increase in export allowance	10,482	2,547	-	-	13,029	368	-	13,397
Provisions	1,955	25	(14)	-	1,966	790	-	2,756
Other temporary differences	(75)	769	-	(9)	685	1,393	6	2,084
	1,677	(116)	(14)	(9)	1,538	26	6	1,570

With effect from year of assessment 2018, the Group's unutilised reinvestment allowance will only be available for carry forward up to a period of 7 consecutive years of assessment. Any amounts not utilised upon expiry of the 7 years will be disregarded. The Group's unutilised reinvestment allowance is expiring on year of assessment 2025.

10. Deferred tax assets (Cont'd)

Unrecognised deferred tax asset

Deferred tax asset has not been recognised in respect of the following item (stated at gross):

Group	2023 RM'000	2022 RM'000
Unutilised increased export allowance	5,134	26,782

The unutilised increased export allowance does not expire under current tax legislation.

Deferred tax asset has not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The comparative figure has been restated to reflect the revised unutilised increased export allowance available to the Group.

11. Trade and other receivables

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	11.1	-	-	49,040	-
Current					
Trade					
Trade receivables					
- third parties		227,017	222,650	-	-
- an associate		16,841	14,370	-	-
		243,858	237,020	-	-
Non-trade					
Amount due from subsidiaries	11.1	-	-	34,774	56,884
Amount due from an associate	11.1	2	-	-	-
Other receivables		967	2,768	-	-
Deposits		300	369	2	2
Prepayments		3,327	3,009	13	13
		4,596	6,146	34,789	56,899
		248,454	243,166	34,789	56,899
		248,454	243,166	83,829	56,899

11. Trade and other receivables (Cont'd)

11.1 Amount due from subsidiaries/an associate

The amount due from subsidiaries and an associate are unsecured, interest-free and repayable on demand.

12. Inventories

Group	2023 RM'000	2022 RM'000
Raw materials	449,914	339,818
Work-in-progress	76,481	68,690
Manufactured inventories	33,696	42,835
	560,091	451,343
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,104,440	951,593
Provision for slow moving stocks	219	466

Provision for slow moving stocks

Group	2023 RM'000	2022 RM'000
At 1 July 2022/2021	466	-
Provision made during the year	219	466
At 30 June	685	466

13. Fixed deposits with licensed banks

The fixed deposits with licensed banks are with maturities of less than 3 months and are held in lien for borrowings granted to certain subsidiaries (Note 18.1).

14. Share capital and treasury shares

Group and Company		2023		2022	
	Note	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Issued and fully paid:					
At 1 July		188,060	416,475	171,942	379,315
Issue pursuant to:					
- Conversion of redeemable convertible preference shares ("RCPS")	14.1	9,879	10,398	916	965
- Private placement	14.2	6,371	5,000	15,202	36,195
At 30 June		204,310	431,873	188,060	416,475

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

14.1 issuance of 10,398,085 (2022: 964,650) new ordinary shares at the issue price of RM0.95 each pursuant to conversion of 10,398,085 (2022: 964,650) RCPS on the basis of 1 ordinary share for 1 RCPS held;

14.2 issuance of 4,000,000 and 1,000,000 (2022: 36,195,400) new ordinary shares at an issue price of RM1.2613 and RM1.3266 per ordinary share for RM5,045,200 and RM1,326,600 respectively (2022: RM15,202,068) pursuant to the first and second tranche of its private placement exercise.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.3 Treasury shares

Group and Company	2023		2022	
	Amount RM'000	Number of shares ('000)	Amount RM'000	Number of shares ('000)
Treasury shares				
At 1 July/30 June	8,043	17,586	8,043	17,586

No treasury shares were re-issued during the financial year. At 30 June 2023, the Company held 17,585,900 (2022: 17,585,900) of its shares as treasury shares. The number of outstanding ordinary shares in issue after deducting treasury shares held is 414,287,374 (2022: 398,889,289).

15. Redeemable convertible preference shares ("RCPS")

On 15 June 2017, the proposed renounceable rights issue of up to 67,296,172 new RCPS at an indicative issue price of RM0.95 each was approved by the shareholders at the Extraordinary General Meeting of the Company. The proceeds of the rights issue were partially used for repayment of the Group's borrowing and expansion of the Group's electronic manufacturing services ("EMS") business.

The entitlement basis of the RCPS is on 1 RCPS for every 4 existing ordinary shares held on 20 September 2017.

On 6 October 2017, the Company had received valid and full subscription for a total of 52,890,970 RCPS at an issue price of RM0.95 each together with 52,890,970 bonus shares and additional 11,342,586 warrants 2015/2020 issued arising from the adjustment pursuant to the Rights Issue and Bonus Issue. The total proceeds of the Rights Issue amounted to RM50,246,421.

The RCPS was listed on the Main Market of Bursa Securities on 19 October 2017.

The RCPS issued by the Company are redeemable at any time at the discretion of the Company from and including the third anniversary of the issue date up to the day immediately preceding the maturity date and the accrued but unpaid periodic preference dividend payments shall be due and payable upon redemption of the RCPS.

The main features of the RCPS are as follows:

(i) The RCPS shall be convertible to new ordinary shares at a fixed conversion price of RM0.95, at the option of the holder, at any time commencing from date of listing up to and including the maturity date of 5 years from the issue date;

(ii) The Company has an option to redeem the RCPS from the third anniversary of the issue date of the RCPS up to the day immediately preceding the maturity date and any RCPS not redeemed or converted shall be automatically converted into new ordinary shares;

(iii) The holders of the RCPS shall have the right to receive a cumulative preference dividend at the rate of 2% per annum. Where there is no distributable profit, the entitlement to the preferential dividend shall be accumulated;

(iv) The RCPS shall rank pari passu among themselves, and will rank ahead in regards to payment of dividends in all classes of shares of the Company; and

(v) The RCPS shall rank in priority to the ordinary shares in any distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

During the financial year under review, 10,398,085 (2022: 964,650) RCPS were converted into 10,398,085 (2022: 964,650) ordinary shares at the issue price of RM0.95 each of the Company, out of which 9,898,085 (2022:NIL) RCPS were mandatorily converted into 9,898,085 new ordinary shares upon its maturity on 12 October 2022. Subsequently, the RCPS have been removed from the Official List of Bursa Securities with effect from 13 October 2022.

15. Redeemable convertible preference shares ("RCPS") (Cont'd)

The RCPS recognised in the statements of financial position is summarised as follows:

Group and Company	Liability component of RCPS	Equity component of RCPS	Total
	RM'000	RM'000	RM'000
At 1 July 2021	202	7,922	8,124
Conversion of RCPS into ordinary shares	(17)	(844)	(861)
Interest expense (Note 23)	13	-	13
Dividend paid (Note 28)	(198)	-	(198)
At 30 June 2022/1 July 2022	-	7,078	7,078
Conversion of RCPS into ordinary shares	-	(7,078)	(7,078)
At 30 June 2023	-	-	-

16. Reserves

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Non-distributable:					
Fair value reserve	16.1	(4,108)	(4,337)	(4,108)	(4,337)
Translation reserve	16.2	18,726	10,713	-	-
Capital reserve	16.3	28,558	28,558	28,558	28,558
		43,176	34,934	24,450	24,221
Distributable:					
Retained earnings		199,538	163,431	32,820	32,259
		242,714	198,365	57,270	56,480

The movements in the reserves are disclosed in the statements of changes in equity.

16.1 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

16.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

16. Reserves (Cont'd)

16.3 Capital reserve

Capital reserve arose from the capital reduction exercise.

17. Lease liabilities

Group	2023 RM'000	2022 RM'000
At 1 July 2022/2021	8,890	10,680
Additions	10,152	1,495
Payments	(4,726)	(3,285)
At 30 June	14,316	8,890
Presented as:		
Non-current	8,291	5,823
Current	6,025	3,067
	14,316	8,890

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	2023 RM'000	2022 RM'000
Less than 1 year	6,691	3,457
Between 1 and 5 years	9,041	6,218
	15,732	9,675
Less: Future finance charges	(1,416)	(785)
	14,316	8,890

Additions during the financial year include plant and machinery financed/refinanced as disclosed in Note 4.4 to the financial statements.

The Group leases plant and machinery and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Certain lease liabilities are collateralised by corporate guarantee from the Company.

18. Loans and borrowings

Group	2023 RM'000	2022 RM'000
Non-current		
Secured		
Term loans	60,886	39,154
Current		
Secured		
Bankers' acceptances	332,293	199,281
Trust receipts	20,049	18,502
Term loans	7,572	6,985
Trade financing	6,000	4,000
Revolving credits	9,334	8,811
	375,248	237,579
	436,134	276,733

18.1 Securities

The loans and borrowings of the Group are secured as follows:

(i) legal charges over the freehold land, leasehold land, buildings and plant and machinery of certain subsidiaries (Note 3.1 and 4.2) and certain investment properties of the Group (Note 5.2);

(ii) fixed deposits held in lien of the Group (Note 13); and

(iii) collateralised by corporate guarantee from the Company.

19. Provision for retirement benefits

A subsidiary in Thailand operates an unfunded defined benefit plan.

Under the labour laws in Thailand, all employees with more than 120 days of service are entitled to Legal Severance Payment benefits ranging from 30 days to 400 days (2022: 30 days to 400 days) of final salary upon termination of service, including forced termination or retrenchment, or in the event of retirement. The present value of defined benefit obligations are as follows:

Group	2023 RM'000	2022 RM'000
Present value of obligations - non current	796	662

The movements in the defined benefit obligations over the financial year are as follows:

Group	2023 RM'000	2022 RM'000
At 1 July 2022/2021	662	612
Amount recognised in profit or loss		
- Current service cost	124	125
- Interest cost	16	13
- Foreign exchange differences	(6)	(20)
	796	730
Amount recognised in other comprehensive income		
- Gain from re-measurement of provision for retirement benefits	-	(68)
At 30 June	796	662

The principal actuarial assumptions used are as follows:

	2023	2022
Discount rate	2.56%	2.56%
Inflation rate	2.75%	2.75%
Future salary increase		
- prior to age 30	5.0%	5.0%
- between age 30 to 40	5.0%	5.0%
- age 40 onwards	5.0%	5.0%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO17 tables contain the results of the most recent mortality investigation on policy holders of life insurance companies in Thailand. It is reasonable to assume that these rates are reflective of the mortality experience of the working population in Thailand. The Group accounts for this severance liability on an actuarial basis using the projected unit credit method.

19. Provision for retirement benefits (Cont'd)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Group	2023		2022	
	Increase	Decrease	Increase	Decrease
	RM'000	RM'000	RM'000	RM'000
Discount rate (1% movement)	(17)	19	(17)	20
Long-term salary increment rate (1% movement)	29	(24)	27	(22)
Turnover rate (20% change from base assumption)	(29)	40	(26)	36

20. Trade and other payables

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
- third parties		281,169	299,835	-	-
- a related party		-	45	-	-
		281,169	299,880	-	-
Non-trade					
Amount due to subsidiaries	20.1	-	-	33,233	11,192
Other payables	20.2	19,953	5,861	31	218
Deferred revenue		9	23	-	-
Deposit		123	81	-	-
Accruals		19,745	19,897	238	238
		39,830	25,862	33,502	11,648
		320,999	325,742	33,502	11,648

20. Trade and other payables (Cont'd)

20.1 Amount due to subsidiaries

The amount due to subsidiaries are unsecured, interest-free and payable on demand.

20.2 Other payables

Included in other payables of the Company are RMNIL (2022: RM197,564) representing dividend on RCPS payable as disclosed in Note 28 to the financial statements.

21. Provision for warranties

Group	2023 RM'000	2022 RM'000
At 1 July 2022/2021	267	267
Provision made during the year	365	-
At 30 June	632	267

The provision for warranties represents estimated liabilities for defects arising from products sold under warranty. The provision is based on management's estimate made from historical warranty data associated with the products and judgement on the probability of a defect arising from products sold.

22. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	1,347,896	1,114,234	-	-
Other revenue				
Service fee	182	206	-	-
Dividend income	26	2	26	6,002
Management fee	-	-	778	778
	1,348,104	1,114,442	804	6,780

22.1 Disaggregation of revenue

Disaggregation of revenue based on primary geographical markets has been disclosed in Note 32 to the financial statements.

22. Revenue (Cont'd)

22.2 Nature of goods and services

Revenue is recognised when control of the goods or services is transferred to the customers. The performance obligation is satisfied at a point in time and the customers are required to pay within the agreed credit terms, ranging between 30 to 90 days (2022: 30 to 90 days). Assurance warranties of 2 years are given to certain customers.

22.3 Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

22.4 Significant judgements and assumptions arising from revenue recognition

The Group applies judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers whereby the Group permits the customer to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue will not occur. The Group estimated the returns based on the historical data.

23. Finance costs

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Bankers' acceptances/ Trade financing	14,598	3,357	-	-
Trust receipts	912	550	-	-
Lease liabilities	615	484	-	-
Term loans	2,775	1,009	-	-
Revolving credits	292	16	-	-
RCPS - Liability component	-	13	-	13
	19,192	5,429	-	13

24. Profit before tax

Profit is arrived at after charging/(crediting):

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- Statutory audit				
- UHY	124	120	40	40
- other auditors	115	114	-	-
- Other services				
- UHY	18	16	18	16
- other auditors	54	30	54	30
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3)	38,666	38,316	-	-
Depreciation of right-of-use assets (Note 4)	2,798	2,328	-	-
Depreciation of investment properties (Note 5)	65	65	-	-
Amortisation of intangible assets (Note 9)	671	671	-	-
Bad debt written off	149	17	-	13
Bad debt recovered	-	(14)	-	-
Directors' remuneration:				
- Directors of the Company				
- fees	188	185	188	185
- other emoluments	754	754	754	754
- contributions to Employees' Provident Fund	111	111	111	111
- Other Directors				
- other emoluments	207	183	-	-
- contributions to Employees' Provident Fund	25	22	-	-

24. Profit before tax (Cont'd)

Profit is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Impairment loss on intangible assets	675	-	-	-
Impairment loss on investment in subsidiaries	-	-	502	-
(Gain)/Loss on disposal of property, plant and equipment	(80)	64	-	-
Gain on disposal of right-of-use assets	(118)	(20)	-	-
Loss/(Gain) on disposal of other investment	432	(1,126)	432	(1,126)
Loss/(Gain) on foreign exchange, net				
- realised	13,497	6,585	-	(5)
- unrealised	5,841	(12)	(1)	-
Provision for retirement benefits (Note 19)	140	138	-	-
Provision for slow moving stocks (Note 12)	219	466	-	-
Provision for warranty (Note 21)	365	-	-	-
Fair value gain on financial instruments mandatorily measured at FVTPL, net	(8,446)	(1,474)	(8,446)	(1,474)
Interest income	(426)	(131)	-	-
Property, plant and equipment written off	-	1	-	-
Expenses/(income) arising from leases				
Expenses relating to short-term leases	1,347	845	-	-
Expenses relating to leases of low-value assets	26	18	-	-
Rental income	(6)	(6)	-	-
Rental income from investment properties	(264)	(252)	-	-
Net loss on impairment of financial instruments				
Impairment loss on trade and other receivables	311	200	3,260	-

25. Employee benefits

25.1 Staff costs

Staff costs (excluding Directors' remuneration) are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and others	77,385	61,005	-	-

Included in staff costs of the Group are RM3,936,769 (2022: RM3,013,091) representing contributions to Employees' Provident Fund.

25.2 Key management personnel compensation

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors' fees	188	185	188	185
Short-term employee benefits	2,857	2,521	754	754
Contributions to Employees' Provident Fund	359	320	111	111
	3,404	3,026	1,053	1,050

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Directors and certain members of senior management of the Group and of the Company.

26. Tax expense/(income)

Recognised in profit or loss

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current tax				
Malaysian				
- current year	2,467	50	-	-
- prior year	(13)	(233)	-	27
Total current tax recognised in profit or loss	2,454	(183)	-	27
Deferred tax				
Reversal of temporary differences	(26)	116	-	-
Total deferred tax recognised in profit or loss	(26)	116	-	-
Total tax expense/(income)	2,428	(67)	-	27

Reconciliation of tax expense/(income)

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit before tax	41,390	10,757	3,416	7,468
Income tax calculated using Malaysian tax rate at 24% (2022: 24%)	9,934	2,582	820	1,792
Effect of different tax rate in foreign jurisdiction	(99)	(25)	-	-
Effect of share of profit of equity-accounted associate	(253)	(97)	-	-
Effect of tax incentives	(654)	(96)	-	-
Effect of unrecognised temporary difference	(5,196)	(2,415)	-	-
Non-deductible expenses	630	803	1,110	273
Non-taxable income	(1,930)	(625)	(1,930)	(2,065)
Others	9	39	-	-
(Over)/Under provision of current tax in prior years	(13)	(233)	-	27
Total tax expense/(income)	2,428	(67)	-	27

A foreign subsidiary of the Company was granted promotional privileges under the Investment Promotion Act, B.E.2520 for a period of eight years from the date the income is first derived and a fifty percent reduction in the normal income tax rate on the net profit derived from promoted business for a period of five years for the manufacturing of printed circuit boards.

27. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the financial year ended 30 June 2023 was based on the profit attributable to ordinary shareholders as follows:

Group	2023 RM'000	2022 RM'000
Profit attributable to ordinary shareholders	38,962	10,824
Weighted average number of ordinary shares outstanding ('000)	425,442	393,235
Basic earnings per ordinary share (sen)	9.16	2.75

Diluted earnings per ordinary share

The diluted earnings per share has been computed based on adjusted earnings attributable to ordinary shareholders divided by the adjusted weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares calculated as follows:

Group	2023 RM'000	2022 RM'000
Profit attributable to ordinary shareholders	38,962	10,824
Weighted average number of ordinary shares used in the calculation of basic earnings per share ('000)	425,442	393,235
Effect of exercise of RCPS ('000)	-	*
Weighted average number of ordinary shares ('000)	425,442	393,235
Diluted earnings per ordinary share (sen)	9.16	2.75

* The effect of the potential incremental shares from RCPS was not taken into account in the computation of diluted earnings per share as the exercise price of the RCPS is higher than the average market price of the Company's ordinary shares.

28. Dividends

Dividends on RCPS declared/paid by the Company were as follows:

	2023 RM'000	2022 RM'000
Annual dividend on 10,398,085 RCPS, paid on 13 July 2022	-	198
Annual dividend on 9,898,085 RCPS, paid on 12 October 2022	54	-
	54	198

In previous financial year, annual dividend amounting to RM197,564 has been accrued and was paid subsequent to the reporting date.

29. Reconciliation of liabilities arising from financing activities

2023	At 1 July 2022	Financing cash flows[(i)]	Foreign exchange adjustments	New lease /loan	RCPS- Liability component (Note 15)	Other changes	At 30 June 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Term loans (Note 18)	46,139	(7,189)	4,866	24,642	-	-	68,458
Lease liabilities (Note 17)	8,890	(4,726)	-	10,152	-	-	14,316
Other bank borrowings (Note 18)	230,594	130,000	7,082	-	-	-	367,676
	285,623	118,085	11,948	34,794	-	-	450,450

2022	At 1 July 2021	Financing cash flows[(i)]	Foreign exchange adjustments	New lease	RCPS- Liability component (Note 15)	Other changes	At 30 June 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Term loans (Note 18)	41,177	2,990	1,972	-	-	-	46,139
Lease liabilities (Note 17)	10,680	(3,285)	-	1,495	-	-	8,890
Other bank borrowings (Note 18)	168,267	65,904	(3,577)	-	-	-	230,594
RCPS- Liability component (Note 15)	202	-	-	-	(216)	14	-
	220,326	65,609	(1,605)	1,495	(216)	14	285,623

(i) The cash flows from loan and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

29. Reconciliation of liabilities arising from financing activities (Cont'd)

Company	At 1 July 2021	Cash flow used in financing activities (Note 15)	Other changes	At 30 June/ 1 July 2022	Cash flow used in financing activities (Note 15)	Other changes	At 30 June 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
RCPS- Liability component (Note 15)	202	(216)	14	-	-	-	-

30. Related parties

30.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with its significant investor, subsidiaries and associates as disclosed in Note 6 and Note 7 to the financial statements.

Related parties also include key management personnel defined as those persons being having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

30.2 Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions to the financial statements, are as follows:

	2023	2022
	RM'000	RM'000
(a) Transactions with a related company		
Group		
Purchase of raw materials	(1,035)	(359)

The above related company, WE Components Pte. Ltd., has ceased to be related party of the Group following the cessation as major shareholder of the Company arising from its holding company's disposal of interest in the Company on 25 August 2022.

30. Related parties (Cont'd)

30.2 Significant related party transactions (Cont'd)

	2023 RM'000	2022 RM'000
(b) Transactions with subsidiaries		
Company		
Advances given	3	42,472
Advances from	-	(52,731)
Dividend received/receivable	-	6,000
Management fee receivable/received	778	778
(c) Transactions with associates		
Group		
Advances given	49	2,885
Sales	44,769	42,648
Purchase	(94)	-
Purchase of plant and machinery	-	(7)
Service charges	398	226

The non-trade balances with related parties outstanding at the end of the reporting period are disclosed in Note 11 and Note 20 to the financial statements. All the outstanding balances are expected to be settled in cash.

31. Financial instruments

31.1 Categories of financial instruments

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

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL") - mandatorily required by MFRS 9
(c) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI-EIDUIR RM'000
2023				
Financial assets				
Group				
Other investments	14,723	-	11,946	2,777
Trade and other receivables (exclude prepayments)	245,127	245,127	-	-
Fixed deposits with licensed banks	1,076	1,076	-	-
Cash and bank balances	52,580	52,580	-	-
	313,506	298,783	11,946	2,777
Company				
Other investments	14,723	-	11,946	2,777
Trade and other receivables (exclude prepayments)	83,816	83,816	-	-
Cash and bank balances	541	541	-	-
	99,080	84,357	11,946	2,777

31. Financial instruments (Cont'd)

31.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
2023		
Financial liabilities		
Group		
Lease liabilities	14,316	14,316
Loans and borrowings	436,134	436,134
Trade and other payables (excluding deferred revenue)	320,990	320,990
	771,440	771,440
Company		
Trade and other payables	33,502	33,502

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI-EIDUIR RM'000
2022				
Financial assets				
Group				
Other investments	9,315	-	6,767	2,548
Trade and other receivables (exclude prepayments)	240,157	240,157	-	-
Fixed deposits with licensed banks	938	938	-	-
Cash and bank balances	9,768	9,768	-	-
	260,178	250,863	6,767	2,548
Company				
Other investments	9,315	-	6,767	2,548
Trade and other receivables (exclude prepayments)	56,886	56,886	-	-
Cash and bank balances	562	562	-	-
	66,763	57,448	6,767	2,548

31. Financial instruments (Cont'd)

31.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
2022		
Financial liabilities		
Group		
Lease liabilities	8,890	8,890
Loans and borrowings	276,733	276,733
Trade and other payables (excluding deferred revenue)	325,719	325,719
	611,342	611,342
Company		
Trade and other payables	11,648	11,648

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net (losses)/gains on:				
Fair value through				
- profit or loss	8,014	1,474	8,014	1,474
- other comprehensive income	229	(119)	229	(119)
Financial assets measured at amortised cost	(34)	(72)	(3,260)	(13)
Financial liabilities measured at amortised cost	(19,192)	(5,429)	-	(13)
	(10,983)	(4,146)	4,983	1,329

31. Financial instruments (Cont'd)

31.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

Trade Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

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

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

Group	2023 RM'000	2022 RM'000
Domestic	72,197	45,252
Asia Pacific (other than Malaysia)	126,258	171,416
Others	45,403	20,352
	243,858	237,020

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

Recognition and measurement of impairment loss

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

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Invoices which are past due 90 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past two years and forward-looking information. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

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

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Not past due	158,644	-	158,644
Past due 1 - 30 days	68,840	(17)	68,823
Past due 31 - 60 days	13,960	(55)	13,905
Past due 61 - 90 days	624	(8)	616
	242,068	(80)	241,988
Credit impaired			
Past due more than 90 days	1,927	(57)	1,870
Individually impaired	4,096	(4,096)	-
	248,091	(4,233)	243,858
2022			
Not past due	206,984	-	206,984
Past due 1 - 30 days	26,597	-	26,597
Past due 31 - 60 days	2,492	-	2,492
Past due 61 - 90 days	165	-	165
	236,238	-	236,238
Credit impaired			
Past due more than 90 days	837	(55)	782
Individually impaired	3,867	(3,867)	-
	240,942	(3,922)	237,020

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade Receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than to 3 (2022: 3) customers who collectively contributed 77% (2022: 85%) of the Group's trade receivables at 30 June.

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

Group	2023 RM'000	2022 RM'000
Balance at 1 July 2022/2021	3,922	3,722
Net re-measurement of loss allowance	311	200
Balance at 30 June	4,233	3,922

Fixed deposits and cash and bank balances

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

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

Other receivables

Credit risks on other receivables are mainly arising from amounts due from authorities for value added tax ("VAT") claimable and non-trade receivables.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment loss.

Other investments

Credit risks on other investments are mainly arising from short term funds and equity-linked investments.

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

These banks and financial institutions have low credit risks. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have good credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group invested in overseas and domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM450,421,179 (2022: RM285,306,763) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements for the subsidiaries to secure loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2023			
Low credit risk	87,074	(3,260)	83,814
Credit impaired	8,050	(8,050)	-
	95,124	(11,310)	83,814
2022			
Low credit risk	56,884	-	56,884
Credit impaired	8,050	(8,050)	-
	64,934	(8,050)	56,884

The movements in the allowance for impairment in respect of subsidiaries' loans and advances during the year are shown below:

Company	2023 RM'000	2022 RM'000
Balance at 1 July 2022/2021	8,050	8,050
Net re-measurement of loss allowance	3,260	-
Balance at 30 June	11,310	8,050

31.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

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

31. Financial instruments (Cont'd)

31.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2023							
Group							
Non-derivative financial liabilities							
Bankers' acceptances	332,293	4.68 - 8.48	332,293	332,293	-	-	-
Revolving credits	9,334	6.23	9,334	9,334	-	-	-
Trade financing	6,000	4.26	6,000	6,000	-	-	-
Trust receipts	20,049	4.68 - 8.48	20,049	20,049	-	-	-
Term loans	68,458	2.86 - 7.34	83,529	10,224	8,864	15,744	48,697
Lease liabilities	14,316	4.75 - 5.88	15,732	6,691	5,162	3,879	-
Trade and other payables (excluding deferred revenue)	320,990	-	320,990	320,990	-	-	-
	771,440		787,927	705,581	14,026	19,623	48,697
Company							
Non-derivative financial liabilities							
Trade and other payables	33,502	-	33,502	33,502	-	-	-
Financial guarantees	-	-	450,421	450,421	-	-	-
	33,502		483,923	483,923	-	-	-

31. Financial instruments (Cont'd)

31.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2022							
Group							
Non-derivative financial liabilities							
Bankers' acceptances	199,281	1.35 - 3.50	199,281	199,281	-	-	-
Revolving credits	8,811	2.68 - 2.96	8,811	8,811	-	-	-
Trade financing	4,000	3.10	4,000	4,000	-	-	-
Trust receipts	18,502	2.58 - 3.50	18,502	18,502	-	-	-
Term loans	46,139	1.47- 6.12	52,785	8,277	7,725	16,067	20,716
Lease liabilities	8,890	4.75 - 6.22	9,675	3,457	3,014	3,204	-
RCPS- Liability component	-	2.00	-	-	-	-	-
Trade and other payables (excluding deferred revenue)	325,719	-	325,719	325,719	-	-	-
	611,342		618,773	568,047	10,739	19,271	20,716
Company							
Non-derivative financial liabilities							
Trade and other payables	11,648	-	11,648	11,648	-	-	-
Financial guarantees	-	-	285,307	285,307	-	-	-
	11,648		296,955	296,955	-	-	-

31. Financial instruments (Cont'd)

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currency of the Group entities. The currency giving rise to this risk is primarily the United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

Transactional currency exposures arise from sales to Asian, North America and European customers. These sales are priced and invoiced in USD currency. The Group also makes purchases of raw materials from China, Hong Kong, Denmark and Singapore. The Company has no hedging policy and does not make use of forward-currency contracts.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk based on carrying amounts as at the end of the reporting period was:

Group	2023 RM'000	2022 RM'000
Denominated in USD		
Trade and other receivables	183,065	196,120
Trade and other payables	(268,411)	(301,515)
Cash and bank balances	19,202	1,832
Loans and borrowings	(420,336)	(270,539)
Net exposure	(486,480)	(374,102)

Currency risk sensitivity analysis

A 5% (2022: 5%) strengthening of the RM against the USD at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	2023 Profit or (loss)		2022 Profit or (loss)	
Group	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
USD	18,486	(18,486)	14,216	(14,216)

A 5% (2022: 5%) weakening of the RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

Interest rate risk

The Group's investments in fixed rate deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are mostly placed in fixed deposits.

Exposure to interest rate risk

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	1,076	938	-	-
Financial liabilities	(381,992)	(239,484)	-	-
	(380,916)	(238,546)	-	-
Floating rate instruments				
Financial liabilities	(68,458)	(46,139)	-	-

31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate forward exchange contracts as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

Group	2023		2022	
	Profit or (loss)		Profit or (loss)	
	100 bp Increase RM'000	100 bp Decrease RM'000	100 bp Increase RM'000	100 bp Decrease RM'000
Floating rate instruments	(520)	520	(351)	351

Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's and the Company's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI") and Straits Times Index ("STI").

A 10% (2022: 10%) strengthening in FBMKLCI and STI at the end of the reporting period would have increased equity by the amounts shown below:

Group and Company	2023		2022	
	FVTPL RM'000	FVOCI RM'000	FVTPL RM'000	FVOCI RM'000
Effect on equity	1,195	278	677	255

31. Financial instruments (Cont'd)

31.7 Fair value information (Cont'd)

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	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	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023										
Group										
Financial asset										
Quoted shares	14,723	-	-	14,723	-	-	-	-	14,723	14,723
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(68,458)	(68,458)	(68,458)	(68,458)
Lease liabilities	-	-	-	-	-	-	(14,965)	(14,965)	(14,965)	(14,316)
	-	-	-	-	-	-	(83,423)	(83,423)	(83,423)	(82,774)
Company										
Financial asset										
Quoted shares	14,723	-	-	14,723	-	-	-	-	14,723	14,723

31. **Financial instruments (Cont'd)**

31.7 Fair value information (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	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022										
Group										
Financial asset										
Quoted shares	9,315	-	-	9,315	-	-	-	-	9,315	9,315
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(46,139)	(46,139)	(46,139)	(46,139)
Lease liabilities	-	-	-	-	-	-	(9,195)	(9,195)	(9,195)	(8,890)
	-	-	-	-	-	-	(55,334)	(55,334)	(55,334)	(55,029)
Company										
Financial asset										
Quoted shares	9,315	-	-	9,315	-	-	-	-	9,315	9,315

31. Financial instruments (Cont'd)

31.7 Fair value information (Cont'd)

Policy on transfer between levels

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

Transfers between fair value levels

There has been no transfer between the fair value levels during the financial year (2022: no transfer in either direction).

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial liabilities.

Non-derivative financial liabilities

Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximate fair value as their effective interest rate changes accordingly to movements in the market interest rate.

The fair value of lease liabilities is calculated using discounted cash flow.

32. Operating segment

The Group has 1 segment, as described below, which is the Group's strategic business unit. The strategic business unit offers different products and services, and is managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operation of the Group's reportable segment:

- Provision of electronic manufacturing services ("EMS") and Original Equipment Manufacturer ("OEM")/Original Design Manufacturer ("ODM") for electronic and electrical products. OEM products are produced in accordance with the design specifications provided by customers whereas for ODM products, the Group provide an additional "design" service.

Other non-reportable segment comprises operations related to investment holding and research and development.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group CEO, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group CEO. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group CEO. Hence, no disclosure is made on segment liabilities.

32. Operating segment (Cont'd)

	EMS and OEM/ODM for electronic and electrical products RM'000	Other non-reportable segment RM'000	Total RM'000
2023			
External revenue	1,347,895	209	1,348,104
Segment profit	37,774	3,616	41,390
Included in the measure of segment profit are:			
Gain on disposal of property, plant and equipment	(80)	-	(80)
Gain on disposal of right-of-use assets	(118)	-	(118)
Loss on disposal of other investment	-	432	432
Depreciation of property, plant and equipment	38,511	155	38,666
Depreciation of right-of-use assets	2,798	-	2,798
Amortisation of intangible assets	333	338	671
Depreciation of investment properties	-	65	65
Finance costs	19,172	20	19,192
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss, net	-	(8,446)	(8,446)
Impairment loss on intangible assets	-	675	675
Impairment loss on trade and other receivables	311	-	311
Interest income	(411)	(15)	(426)
Provision for slow moving stocks	219	-	219
Provision for warranty	365	-	365
Bad debt written off	149	-	149
Unrealised loss/(gain) on foreign exchange, net	5,842	(1)	5,841
Segment assets	1,169,042	43,291	1,212,333
Included in the measure of segment assets are:			
Additions to property, plant and equipment	76,174	240	76,414
Additions to right-of-use assets	7,334	-	7,334

32. Operating segment (Cont'd)

	EMS and OEM/ODM for electronic and electrical products RM'000	Other non-reportable segment RM'000	Total RM'000
2022			
External revenue	1,114,235	207	1,114,442
Segment profit/(loss)	12,074	(1,317)	10,757
Included in the measure of segment profit/(loss) are:			
Loss on disposal of property, plant and equipment	64	-	64
Gain on disposal of right-of-use assets	-	(20)	(20)
Gain on disposal of other investment	-	(1,126)	(1,126)
Depreciation of property, plant and equipment	38,155	161	38,316
Depreciation of right-of-use assets	2,328	-	2,328
Amortisation of intangible assets	333	338	671
Depreciation of investment properties	-	65	65
Finance costs	5,377	52	5,429
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	-	(1,474)	(1,474)
Impairment loss on trade and other receivables	200	-	200
Interest income	(131)	-	(131)
Provision for slow moving stocks	466	-	466
Unrealised gain on foreign exchange, net	(11)	(1)	(12)
Property, plant and equipment written off	-	1	1
Bad debt written off	-	17	17
Bad debt recovered	(14)	-	(14)
Segment assets	971,031	26,506	997,537
Included in the measure of segment assets are:			
Additions to property, plant and equipment	35,031	75	35,106

32. Operating segment (Cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, investment in associates and deferred tax assets.

	Malaysia RM'000	Thailand RM'000	USA RM'000	Europe RM'000	Others RM'000	Total RM'000
2023						
Revenue from external customers	295,257	435,607	429,987	69,609	117,644	1,348,104
Non-current assets	257,546	73,793	-	-	-	331,339
2022						
Revenue from external customers	191,367	650,430	94,280	55,240	123,125	1,114,442
Non-current assets	189,675	86,511	-	-	-	276,186

Major customers

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

	Revenue 2023 RM'000	Revenue 2022 RM'000	Segment
Customer A	429,986	94,275	EMS and OEM/ODM for electronic and electrical products
Customer B	434,426	649,438	
Customer C	315,809	202,519	

33. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Directors are of the opinion that the Group's banking facilities will continue to be available from its lenders and that the Group and the Company will be able to generate sufficient cash flows from operations to meet their liabilities as and when they fall due.

33. Capital management (Cont'd)

There were no changes in the Company's approach to capital management during the year. The debt-to-equity ratios at 30 June 2023 and at 30 June 2022 were as follows:

Group	2023 RM'000	2022 RM'000
Lease liabilities (Note 17)	14,316	8,890
Loans and borrowings (Note 18)	436,134	276,733
	450,450	285,623
Less: Cash and cash equivalents	(52,580)	(9,768)
Net debt	397,870	275,855
Total equity	438,764	385,243
Debt-to-equity ratio	0.91	0.72

34. Capital commitment

Group	2023 RM'000	2022 RM'000
Contracted but not provided for		
- Property, plant and equipment	61,485	1,393

35. Significant events

(i) Private placement

On 23 February 2023, Bursa Malaysia has approved the listing of and quotation for up to 40,928,700 Placement Shares (representing 10% of the total issued ordinary shares of the Company) on the Main Market of Bursa Securities.

On 20 March 2023, the Company has listed first tranche of 4,000,000 new Placement Shares at an issue price of RM1.2613 per ordinary share for a gross proceed of RM5.05 million on the Main Market of Bursa Securities.

The Company has further listed second tranche of 1,000,000 new Placement Shares at an issue price of RM1.3266 per ordinary share for a gross proceed of RM1.33 million on 3 April 2023.

On 14 July 2023, the Company has completed its Private Placement exercise by raising gross proceeds of RM40.60 million from the listing of final tranche of 35,928,700 new ordinary shares on the Main Market of Bursa Securities at an issue price of RM1.1300 per ordinary share.

35. Significant events (Cont'd)

(ii) Acquisition of properties

During the financial year, SMT Technologies Sdn. Bhd., a wholly owned subsidiary of the Company entered into a Sale and Purchase Agreement:

a) to acquire of a piece of leasehold hand held under Hakmilik PM323, Lot 4103 Seksyen 66, Bandar Sungai Petani, Tempat Bakar Arang, Daerah Kuala Muda, Negeri Kedah for a purchase consideration of RM2,000,000.

   The acquisition was completed during the reporting period.

b) to acquire of a piece of land known as HS(D) 1671/97, PT 51023, Bandar Sungai Petani, Daerah Kuala Muda, Kedah together with a double storey detached house for a purchase consideration of RM1,050,000. The Company has paid 10% deposit on the purchase consideration of RM105,000 to the Vendors during the financial year.

   The acquisition was completed after the reporting period.

36. Subsequent events

(i) On 14 August 2023, EG Operations Sdn. Bhd., a wholly owned subsidiary of the Company, has completed the acquisition of 1,736,246 ordinary shares of RM1.50 each in the capital of Genitronic (Malaysia) Sdn. Bhd. for a total consideration of RM2,604,369.

(ii) On 17 October 2023, the Company proposed to undertake a bonus issue of up to 225,108,037 warrants ("Warrant(s)") on the basis of 1 Warrant for every 2 existing ordinary shares held in EGIB ("EGIB Share(s)" or "Share(s)") held by the entitled shareholders on an entitlement date to be determined and announced later.

Location	Current use	Tenure Lease period (Expiry date)	Age of Building	Area (sq. ft.)	Date of Last Valuation	Net Book Value (RM)
Lot 122 304 Industrial Park Tha Tum District Srimahapho Prachinburi, Thailand	Factory, Office Building & Warehouse	Freehold	15 years	172,223	15 June 2023	5,206,880
H.S.(M) 17426 P.T.No. 8543 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (8 October 2049)	30 years	177,055	30 June 2023	8,531,656
H.S.(M) 17427 P.T.No. 8544 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (24 March 2050)	10 years	158,089	30 June 2023	13,869,573
H.S.(M) 18565 P.T.No. Plot 35 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Warehouses	Leasehold 60 years (12 September 2054)	1 year	123,408	30 June 2023	11,714,558
H.S.(M) 23422 P.T. No 8545 Bandar Sungai Petani Daerah Kuala Muda Kedah, Malaysia	Factory, Office Building & Warehouse	Leasehold 60 years (25 March 2050)	5 years	262,101	30 June 2023	12,635,070
1-18-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	10 years	1,130	30 June 2023	693,883
1-12A-16 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	9 years	463	30 June 2023	292,500
1-12A-17 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	9 years	463	30 June 2023	292,500

LIST OF GROUP PROPERTIES (CONT'D)
as at 30 June 2023

Location	Current use	Tenure Lease period (Expiry date)	Age of Building	Area (sq. ft.)	Date of Last Valuation	Net Book Value (RM)
1-10-1 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	7 years	1,711	30 June 2023	1,074,675
1-10-2 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	7 years	915	30 June 2023	595,603
1-10-7 Suntech@Penang Cybercity, Lintang Mayang Pasir 3 11950 Bayan Baru Penang, Malaysia	Office	Leasehold 99 years (2 April 2095)	7 years	2,164	30 June 2023	1,350,896
Plot 329(d) Batu Kawan Industrial Park Penang, Malaysia	Factory, Office Building & Warehouse (In Construction)	Leasehold 60 years (24 August 2080)	-	228,518	30 June 2023	61,722,670
H.S.(M) 323 Lot. 4103 Seksyen 66 Bandar Sungai Petani Tempat Bakar Arang Daerah Kuala Muda Kedah, Malaysia	Warehouse	Leasehold 60 years (24 March 2050)	1 year	56,737	15 March 2023	2,076,100

Total no. of issued share capital	:	467,801,974 Ordinary Shares (including 17,585,900 Treasury Shares)
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per Ordinary Share

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	80	2.52	2,866	0.00
100 – 1,000	679	21.41	473,576	0.10
1,001 – 10,000	1,415	44.61	7,118,394	1.52
10,001 – 100,000	715	22.54	24,893,143	5.32
100,001 – 23,390,097 (*)	282	8.89	403,872,295	86.34
23,390,098 and above (**)	1	0.03	31,441,700	6.72
TOTAL	**3,172**	**100.00**	**467,801,974**	**100.00**

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

DIRECTORS' SHAREHOLDINGS

	No. of Ordinary Shares Held			
Names	Direct Interest	%[#]	Indirect Interest	%[#]
Dato' Alex Kang Pang Kiang	39,012,500	8.67	27,945,200 [a]	6.21
Ong Lye Soon	1,250,000	0.28	-	-
Ang Seng Wong	-	-	-	-
Lim Sze Yan	-	-	-	-
Lee Kean Teong	32,900	0.01	-	-
Tan Jie En	-	-	-	-

[a] *27,945,200 shares held through QYH Capital Sdn. Bhd.*
[#] *After netting off 17,585,900 treasury shares*

SUBSTANTIAL SHAREHOLDERS

	No. of Ordinary Shares Held			
Names	Direct Interest	%[#]	Indirect Interest	%[#]
Dato' Alex Kang Pang Kiang	39,012,500	8.67	27,945,200 [a]	6.21
QYH Capital Sdn. Bhd.	27,945,200	6.21	-	-

[a] *27,945,200 shares held through QYH Capital Sdn. Bhd.*
[#] *After netting off 17,585,900 treasury shares*

The 30 Largest Securities Account Holders as at 09 October 2023 (Excluding Treasury Shares) (Without Aggregating Securities From Different Securities Accounts Belonging To The Same Person)

NO.	NAMES	HOLDINGS	%
1	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (DATO') (6000059)	31,441,700	6.9837
2	SEM GLOBAL SDN BHD	21,304,800	4.7321
3	XENIAN SDN. BHD.	21,283,000	4.7273
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	17,997,500	3.9975
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KAF) (446190)	13,939,100	3.0961
6	YEOH YEW CHOO	12,600,000	2.7987
7	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN. BHD. (MY4382)	11,240,000	2.4966
8	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	10,147,000	2.2538
9	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QYH CAPITAL SDN BHD (MX3960)	10,000,000	2.2212
10	SLC TOP SDN. BHD.	9,891,000	2.1969
11	LEE PAK HOONG	9,445,272	2.0979
12	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	8,077,800	1.7942
13	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD ONE IFC RESIDENCE SDN BHD	7,810,000	1.7347
14	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	7,780,800	1.7282
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KANG PANG KIANG (MY3922)	7,429,050	1.6501
16	UOU RESOURCES SDN. BHD.	7,059,500	1.5680
17	QYH CAPITAL SDN BHD	6,705,200	1.4893
18	LEE TEIK HEE	6,697,500	1.4876
19	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	5,994,400	1.3314
20	CGS-CIMB NOMINEES (ASING) SDN BHD CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (PROP A/C)	5,780,000	1.2838
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (AHAM AM 2)	5,704,000	1.2669
22	LOW CHOON YEN	5,463,100	1.2134
23	ROGER BEH HAW CHUN	5,368,600	1.1924
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	5,281,300	1.1731

The 30 Largest Securities Account Holders as at 09 October 2023 (Excluding Treasury Shares) (Without Aggregating Securities From Different Securities Accounts Belonging To The Same Person) (Cont'd)

NO.	NAMES	HOLDINGS	%
25	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	5,278,600	1.1725
26	TAN PHAIK IMM	5,122,400	1.1378
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	4,985,800	1.1074
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	3,836,100	0.8521
29	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AIIMAN ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	3,731,100	0.8287
30	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	3,715,800	0.8253
	TOTAL:	**281,110,422**	**62.4390**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting ("AGM") of shareholders of EG Industries Berhad ("EG" or "the Company") will be conducted virtually through online live streaming and online voting using Remote Participation and Electronic Voting ("RPV") facilities via Securities Services e-Portal ("SSeP") at https://sshsb.net.my/ from the broadcast venue at Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah, Malaysia on Wednesday, 29 November 2023 at 11:00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolution with or without modifications :

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 and the Reports of Directors and Auditors thereon.

2. To approve the Directors' Fees and benefits payable to the Directors of the Company up to an aggregate amount of RM350,000 commencing this AGM through to the next AGM of the Company in 2024 and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine. — Ordinary Resolution 1

3. To re-elect Mr. Ang Seng Wong who retires in accordance with Clause 99 of the Company's Constitution. — Ordinary Resolution 2

4. To re-elect Mr. Ong Lye Soon who retires in accordance with Clause 105 of the Company's Constitution. — Ordinary Resolution 3

5. To re-elect Ms. Tan Jie En who retires in accordance with Clause 105 of the Company's Constitution. — Ordinary Resolution 4

6. To re-appoint UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 5

7. **Retention of Independent Non-Executive Director** — Ordinary Resolution 6

   "THAT Mr. Lim Sze Yan be hereby retained as Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance ("MCCG") and read together with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")."

8. **Power to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — Ordinary Resolution 7

   "THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the MMLR of Bursa Securities and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons, as the Directors may, in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

   THAT the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

   AND THAT pursuant to Section 85 of the Act read together with Clause 13 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of new shares pursuant to this mandate.

   FURTHER THAT the new shares to be issued shall, upon issuance and allotment, rank equally 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."

9. **Proposed Renewal of Authority to Buy Back Its Own Shares by the Company** Ordinary Resolution 8

"THAT subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the MMLR of Bursa Securities and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares in the Company's total number of issued shares through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:

(i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being ("EG Shares");

(ii) the amount of fund to be allocated by the Company for the purpose of purchasing the EG Shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable);

(iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:

(a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the MMLR of the Bursa Securities or any other relevant authorities.

(iv) upon completion of the purchase(s) of the EG Shares by the Company, the Directors of the Company be hereby authorised to deal with the EG Shares in the following manner:

(a) to cancel the EG Shares so purchased; or

(b) to retain the EG Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; or

(c) to retain part of the EG Shares so purchased as treasury shares and cancel the remainder; or

(d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of EG shares."

10. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions** Ordinary Resolution 9

"THAT subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries ("EG Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 31 October 2023 which transactions are necessary for the day-to-day operations in the ordinary course of business of EG Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

AND THAT, such approval, shall continue to be in force until:

(a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

11. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution.

By Order of the Board

ONG TZE-EN (MAICSA 7026537) | (SSM PC NO. 202008003397)
LAU YOKE LENG (MAICSA 7034778) | (SSM PC NO. 202008003368)
Joint Company Secretaries

Penang, 31 October 2023

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.

2. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).

3. A member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

6. If the appointer is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on **21 November 2023** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

8. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPV facilities.

Explanatory Notes:

1. The Ordinary Resolution 1 is to seek shareholders' approval on the fees and benefits payable to the Directors that are recommended by the Remuneration Committee and the Board of Directors ("Board") of the Company, which recognises that the fees and benefits payable are in the best interest of the Company. The approval will also authorise payment to be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company. The benefits payable comprises of meeting allowances. The amount also includes a contingency sum to cater for unforeseen circumstances such as the appointment of any additional Director and/or for the formation of additional Board Committees and/or unscheduled meetings of the Board and Board Committee. This approval shall continue to be in force until the conclusion of the next AGM of the Company. Please refer the Corporate Governance Overview Statement for details of the fees and benefits payable for the Directors.

2. Ordinary Resolutions 2, 3 and 4 are to re-elect Directors who retire in accordance with Clause 99 and Clause 105 (as applicable) of the Company's Constitution. The profiles of the retiring Directors are set out under Directors' Profile in the Annual Report 2023. The Board approved the recommendations from the Nomination Committee ("NC") and is supportive of the re-election based on the justifications below. The retiring Directors do not have any conflict of interest with the Company and had abstained from deliberation and decision making on their own eligibility to stand for re-election at the meetings of the NC and Board, as applicable.

    2.1 Mr. Ang Seng Wong is the Non-Independent Non-Executive Director ("NINED") of the Company since 31 May 2023. He was previously the Senior INED. He has demonstrated his objectivity during meetings of the Board and Board Committees by sharing independent and impartial views and opinions on issues tabled for discussion. He has exercised due care and carried out his professional duties proficiently and effectively throughout his tenure of service. His familiarity with operations and activities of the Company and its subsidiaries ("Group") has not clouded his judgment but allowed him to view matters from a commercial perspective. The Board, therefore, recommended for him to remain as a Board member.

    2.2 Mr. Ong Lye Soon is the Independent Non-Executive Chairman of the Board while Ms. Tan Jie En is the INED of the Company. Both have fulfilled the requirements on independence as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and the prescribed criteria under the Malaysian Code on Corporate Governance 2021. Both were appointed on 31 May 2023 and subject to retirement pursuant to Clause 105 of the Constitution of the Company. The NC and the Board agreed that both should be given the opportunity to serve and contribute their skills sets, expertise and knowledge to the Board, Board Committees and the Group.

3. Ordinary Resolutions 6 pursuant to retention of Mr. Lim Sze Yan ("Mr. Lim") as the INED of the Company.
Mr. Lim was appointed as the INED on 28 February 2012. He has served the Company as the INED for more than nine (9) years as at the date of the notice of the 32nd AGM. The NC has assessed the independence of Mr. Lim and noted that he met the independence guidelines as set out in the MMLR. He has demonstrated independence in character and judgement. He has performed his duties diligently and has remained objective and independent in expressing his views during deliberation and decision-making of the Board and the Board Committees. His judgment is not clouded by familiarity.

   The Board, therefore, considers Mr. Lim to be independent and recommends him to remain as INED of the Company. Mr. Lim had abstained from deliberation and decision on his own eligibility to stand for re-election at both NC and Board meetings.

4. The Proposed Ordinary Resolution 7, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares/total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM.

   The waiver of pre-emptive rights pursuant to Section 85 of the Act will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

   As at the date of this Notice, 40,928,700 ordinary shares in the Company were issued pursuant to the General Mandate granted to the Directors at the last AGM held on 29 November 2022 and which will lapse at the conclusion of this AGM.

   The renewal of the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. At this juncture, there is no decision to issue new shares from this General Mandate but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.

5. The Proposed Ordinary Resolution 8, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

6. The Proposed Ordinary Resolution 9, if passed, will approve the Proposed New Shareholders' Mandate on Recurrent Related Party Transactions and allow the Group to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the MMLR. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

Statement of Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities)

No individual is standing for election as a Director at the forthcoming AGM of the Company.

EG Industries Berhad
Registration No. 199101012585 (222897-W)
(Incorporated in Malaysia)

PROXY FORM

No of ordinary shares held	
CDS Account No.	

I/We ____
(FULL NAME IN BLOCK LETTERS, NRIC/PASSPORT/COMPANY NO.)

of ____
(FULL ADDRESS IN BLOCK LETTERS AND CONTACT NUMBER)

being a *member/members of EG Industries Berhad ("Company"), hereby appoint(s):-

Full Name (in Block Letters)	Email address and Mobile No.	NRIC/ Passport No.	No. of Shares	% of Shareholding

* and/or

Full Name (in Block Letters)	Email address and Mobile No.	NRIC/ Passport No.	No. of Shares	% of Shareholding

or failing him/her, the Chairman of the Thirty-Second Annual General Meeting ("32nd AGM"), as *my/our proxy to vote for *me/us and on *my/our behalf at the 32nd AGM of the Company to be conducted virtually through online live streaming and online voting using Remote Participation and Electronic Voting ("RPV") facilities via Securities Services e-Portal ("SSeP") at https://sshsb.net.my/ from the broadcast venue at Plot 102, Jalan 4, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah, Malaysia on Wednesday, 29 November 2023 at 11:00 a.m. or at any adjournment thereof.

*My/our proxy is to vote on the ordinary resolutions as indicated by an "X" in the appropriate spaces below. If this Proxy Form is returned without any indications as to how the proxy shall vote, *my/our proxy shall vote or abstain as he/she thinks fit.

	ORDINARY RESOLUTIONS								
	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

* Strike out whichever is not desired.

Signed this ____________ day of ____________ 2023

____
Signature of Shareholder(s)/Common Seal

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend and vote is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. If the appointer is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on **21 November 2023** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.
8. Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via the RPV facilities.

Personal Data Privacy

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

Please fold across the line and close

Stamp

EG Industries Berhad
Registration No. 199101012585 (222897-W)
170-09-01, Livingston Tower,
Jalan Argyll,
10050 George Town,
Pulau Pinang, Malaysia

Please fold across the line and close

EG Industries Berhad
Registration No. 199101012585 (222897-W)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE

SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

- Submit Form of Proxy electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

(referred to as "**e-Services**")

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by EG Industries Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?
Please contact the officers at our general line (Tel: +604 263 1966) to request for e-Services Assistance during our office hours on Monday to Friday from 9.00 a.m. to 12.30 p.m. and from 1.30 p.m. to 5.30 p.m. except on public holiday. Alternatively, you may email us at eservices@sshsb.com.my:

BEFORE THE MEETING

↓

(A) Sign up for a user account at Securities Services e-Portal

Only if you are not an existing registered user

↓

(B) Register for Remote Participation

Where you wish to participate remotely at the meeting

ON THE DAY OF THE MEETING

(C) Join the Live Stream Meeting (eLive)	**AND**	**(D) Vote Online Remotely during the Meeting (eVoting)**

EG Industries Berhad
Registration No. 199101012585 (222897-W)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE

BEFORE THE MEETING

(A) Register as a User of Securities Services e-Portal	
Step 1 Visit https://sshsb.net.my/ Step 2 Sign up for a user account Step 3 Wait for our notification email that will be sent within one (1) working day Step 4 Verify your user account within seven (7) days of the notification email and log in	• **This is a ONE-TIME registration**. If you already have a user account, you need not register again. • Your email address is your User ID. • Please proceed to (B) below once you are a registered user.
ALL SHAREHOLDERS MUST SIGN UP AS USER BY 24 NOVEMBER 2023	
(B) Register for Remote Participation	
Meeting Date and Time	**Registration for Remote Participation Closing Date and Time**
Wednesday, 29 November 2023 at 11:00 a.m.	Monday, 27 November 2023 at 11:00 a.m.

- Log in to **https://sshsb.net.my/** with your registered email and password.
- Look for **EG Industries Berhad** under Company Name and **32nd AGM on 29 November 2023 at 11:00 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click "**>**" to register for remote participation at the meeting.

Step 1 Check if you are attending as –
- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang for verification before the registration closing date and time above.

Step 2 Submit your registration.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- 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.
- As the meeting will be conducted virtually and only Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint Chairman of the meeting as proxy or your own proxy(ies) to represent you.

EG Industries Berhad
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ADMINISTRATIVE GUIDE

ON THE DAY OF THE MEETING

Log in to https://sshsb.net.my/ with your registered email and password

(C) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Wednesday, 29 November 2023 at 11:00 a.m.	Wednesday, 29 November 2023 at 10:30 a.m.

- Look for **EG Industries Berhad** under Company Name and **32nd AGM on 29 November 2023 at 11:00 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click "**>**" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/ Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(D) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Wednesday, 29 November 2023 at 11:00 a.m.	Wednesday, 29 November 2023 at 11:00 a.m.

- 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, look for **EG Industries Berhad** under Company Name and **32nd AGM on 29 November 2023 at 11:00 a.m. – Remote Voting** under Corporate Exercise / Event and click "**>**" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.
Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the Form of Proxy.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

EG INDUSTRIES BERHAD
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