YB VENTURES BERHAD

2023 Annual Report

ALPHA TILES
STYLISH LIVING

TALOS
Living Tiles

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SRI TAJUDIN BIN MD ISA
Independent Non-Executive Chairman

DATUK AU YEE BOON
Executive Director

LEE BOON SIONG
Executive Director

DATO' SRI GAN CHOW TEE
Independent Non-Executive Director

KOK SOKE KUEN
Independent Non-Executive Director

AUDIT COMMITTEE

Kok Soke Kuen, *Chairperson*
Dato' Sri Tajudin Bin Md Isa, *Member*
Dato' Sri Gan Chow Tee, *Member*

NOMINATION COMMITTEE

Dato' Sri Gan Chow Tee, *Chairman*
Dato' Sri Tajudin Bin Md Isa, *Member*
Kok Soke Kuen, *Member*

REMUNERATION COMMITTEE

Dato' Sri Gan Chow Tee, *Chairman*
Kok Soke Kuen, *Member*

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482 & SSM PC No. 202208000250)

Tan Lay Khoon
(MAICSA 7077867 & SSM PC No. 202208000544)

AUDITORS

UHY (AF 1411)
Chartered Accountants
Suite 11.05, Level 11, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel : +603 2279 3088
Fax : +603 2279 3099
Email : uhy-kl@uhy-my.com

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B-21-1, Level 21, Tower B, Northpoint Mid Valley,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
Tel : +603 9770 2200
Fax : +603 9770 2239
Email : boardroom@boardroom.com.my

PRINCIPAL PLACE OF BUSINESS

Lot 7020, Batu 23,
Jalan Air Hitam,
81000 Kulai, Johor Darul Takzim.
Tel : +607 652 2652
E-mail : info@ybventures.com
Website : www.ybventures.com

SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd
[Registration No. 202101043817 (1444117-M)]
B-21-1, Level 21, Tower B, Northpoint Mid Valley,
No. 1, Medan Syed Putra Utara,
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Tel : +603 9770 2200
Fax : +603 9770 2239
Email : admin@aldpro.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : YB
Stock Code : 5048
Sector: Industrial Products & Services

PROFILE OF DIRECTORS

DATO' SRI TAJUDIN BIN MD ISA
Independent Non-Executive Chairman
Male, Malaysian, aged 63

Dato' Sri Tajudin Bin Md Isa was appointed as the Independent Non-Executive Chairman on 15 July 2022. He is also a member of the Audit Committee and Nomination Committee.

He graduated with a Bachelor's Degree in Business Administration from the University of Oklahoma, United States of America and a Master in Police Studies from the University Kebangsaan Malaysia. He started his career as a Junior Executive in Bank Bumiputra Malaysia Berhad in 1981. He then joined the Royal Malaysia Police in 1987. He has holistic and extensive experience in the Royal Malaysia Police for 33 years until his retirement in 2019.

Presently, he sits on the Board of Mayu Global Group Berhad (Formerly known as Atta Global Group Berhad) as an Independent Non-Executive Chairman.

He has no family relationship with any Director and/or major shareholders of the Company. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. No public sanction or penalty imposed by the relevant regulatory bodies upon him during the financial year.

DATUK AU YEE BOON
Executive Director
Male, Malaysian, aged 43

Datuk Au Yee Boon was appointed to the Board as the Executive Director of the Company on 27 August 2020.

Datuk Au holds a Degree in Computer Science from the University of Malaya. He has been the founder and Chief Executive Officer of Techbase Solution Sdn Bhd since 2009. He started his own retail business right after he graduated from the University of Malaya in 2004. After 5 years of his retail business, he established Techbase Solution Sdn Bhd, a company specialising in providing information technology ("IT") solutions where he was responsible for marketing, business development and IT consulting of the company.

Presently, he sits on the Board of Prolexus Berhad as an Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. No public sanction or penalty imposed by the relevant regulatory bodies upon him during the financial year.

Datuk Au is a major shareholder of YB Ventures Berhad.

PROFILE OF DIRECTORS
CONT'D

DATO' SRI GAN CHOW TEE
Independent Non-Executive Director
Male, Malaysian, aged 57

Dato' Sri Gan Chow Tee was appointed as the Independent Non-Executive Director of the Company on 2 March 2021. He is the Chairman of the Remuneration Committee and Nomination Committee as well as a member of the Audit Committee.

Dato' Sri Gan holds a Diploma in Accounting from Tunku Abdul Rahman University College. He has vast experience and knowledge in the business world. He is an outstanding entrepreneur with more than 15 years of experience in property development and multi-business investments.

He started his business venture in 1991 where he established a garment factory in Penang to operate a clothing wholesale business, mainly catering to departmental and large-scale stores. He then ventured into the real estate industry specifically in the industrial factory space and commercial developments. Among his successful ventures is his collaboration with China-based partners to develop factories in the Hong Kong Industrial Zone and Industrial Developments in Australia. He also explored other business opportunities such as the logistics industry in Guangzhou, China and Malaysia and the food catering industry where one of his well-known investments was in the Chinese Fine Dining and Banquet events business.

Presently, he is the Executive Director and Chief Executive Officer of Eduspec Holdings Berhad and a Non-Independent Non-Executive Director of Fitters Diversified Berhad.

He has no family relationship with any Director and/or major shareholders of the Company. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. No public sanction or penalty imposed by the relevant regulatory bodies upon him during the financial year.

LEE BOON SIONG
Executive Director
Male, Malaysian, aged 43

Mr Lee Boon Siong was appointed to the Board on 2 June 2020 as an Independent Non-Executive Director. He was subsequently redesignated as the Executive Director on 16 October 2020.

Before joining the Company, he was a director of Zippy Bags, Inc., listed on the over-the-counter market. He has over 18 years of experience in sales and marketing, business development and IT consulting for clients from various industries including healthcare, manufacturing, retail, financial and food and beverage.

Presently, he sits on the Board of Prolexus Berhad as an Executive Director.

He has no family relationship with any Director and/or major shareholders of the Company. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. No public sanction or penalty imposed by the relevant regulatory bodies upon him during the financial year.

PROFILE OF DIRECTORS
CONT'D

KOK SOKE KUEN
Independent Non-Executive Director
Female, Malaysian, aged 42

Ms. Kok Soke Kuen was appointed as the Independent Non-Executive Director on 8 April 2022. She is the Chairperson of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

Prior to this appointment, she was a personal assistant to the Group Chief Executive Officer of Comfort Gloves Berhad.

She has more than 20 years of experience in financial reporting and management, which she gained from her working experience with a few listed companies. She is also a member of the Malaysian Institute of Accountants with ACCA qualifications.

Save for YB Ventures Berhad, Ms. Kok does not hold any directorship in other public companies and listed issuers.

She has no family relationship with any Director and/or major shareholders of the Company. She does not have any conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences, if any. No public sanction or penalty imposed by the relevant regulatory bodies upon her during the financial year.

KEY SENIOR MANAGEMENT

KOH CHEE HUAT
Financial Controller
Male, Malaysian, aged 46

Mr. Koh Chee Huat joined the Company as a Financial Controller in April 2022.

Mr. Koh graduated with a Bachelor of Business Administration (Major in Finance) in a twinning program with Nottingham Trent University, UK. He has been a member of the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants since 2003 and 2017, respectively. He has over 15 years of experience in auditing, management accounting and reporting as well as budgetary controls, amongst others.

He does not hold any directorship in other public companies and listed issuers. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with YB Ventures Berhad or its subsidiaries. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. No public sanction or penalty imposed by the relevant regulatory bodies upon him during the financial year.

CALLISTUS LEE HING CHIH
Assistant General Manager
Male, Malaysian, aged 55

Mr. Callistus Lee Hing Chih joined the Company in 2015 and is currently the Company's Assistant General Manager since December 2020.

He graduated with a Master of Science in Manufacturing System Engineering from the University of Warwick in Coventry, England. He has over 15 years of experience in the tile production industry. He is mainly responsible for overseeing the production process and coordinating all production activities and operations.

He does not hold any directorship in other public companies and listed issuers. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with YB Ventures Berhad or its subsidiaries. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. No public sanction or penalty imposed by the relevant regulatory bodies upon him during the financial year.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	FYE 2018	FYE 2019	FYE 2020	FPE 2022	FYE 2023
OPERATING RESULTS (RM'000)					
Revenue	118,532	118,134	91,384	134,478	66,804
Net interest income/(costs)	633	862	440	1,024	(543)
Taxation	1,220	495	1,147	(877)	6,118
Depreciation	(5,697)	(5,751)	(5,109)	(11,605)	(9,643)
Amortisation	-	-	(30)	(548)	(365)
EBITDA*	689	(1,409)	13,698	22,314	(14,825)
(Loss)/Profit before tax	(4,375)	(6,298)	8,999	11,186	(25,376)
(Loss)/Profit after tax	(3,155)	(5,803)	10,146	10,309	(19,258)
Net (loss)/profit attributable to equity holders	(3,155)	(5,803)	10,146	10,309	(19,258)
KEY BALANCE SHEET HIGHLIGHTS (RM'000)					
Total Assets	221,971	217,508	322,846	420,105	372,794
Total Borrowings	-	-	-	16,525	20,751
Shareholders' Equity	202,071	196,207	282,988	348,297	328,780
KEY FINANCIAL INDICATORS					
Return on Equity	-1.6%	-3.0%	3.6%	3.0%	-5.9%
Return on Total Assets	-1.4%	-2.7%	3.1%	2.5%	-5.2%
Gearing Ratio	-	-	-	-	1.52%
Net Assets per Share (RM)	1.39	1.35	1.94	1.20	1.13
(Loss)/ Earnings per Share (sen)	(2.14)	(3.99)	6.99	4.24	(6.61)
Net Dividend per Share (sen)	-	-	-	-	-
Net Dividend Yield	-	-	-	-	-
Price Earnings (PE) Ratio	(26.23)	(13.30)	15.04	9.30	(4.24)
Share Price as at the Financial Year End (RM)	0.560	0.530	1.050	0.395	0.280

* *EBITDA- Earnings Before Interest, Taxes, Depreciation and Amortisation*

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

On behalf of the Board of Directors ("**Board**") of YB Ventures Berhad ("**YB Ventures**" or "**Group**"), I am pleased to present you the Management Discussion and Analysis ("**MD&A**") for the financial year ended 30 June 2023 ("**FYE2023**").

This MD&A is intended to provide you with a comprehensive overview of our Group's financial and operational performance for the FYE2023 through the lens of our management. Also included in this MD&A is the relevant non-financial information that aims to provide our shareholders with a better understanding of our Group's overall performance, risk exposure and prospects.

GROUP OVERVIEW

YB Ventures was established in 1990 under the name of Yi-Lai Industry Berhad (now a subsidiary of our Company) as a tiles manufacturer in Kulai, Johor. In May 2002, our Company was listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") under the Industrial Products and Services sector. On 26 March 2021, we officially changed our name from Yi-Lai Berhad to YB Ventures as part of our Group's initiatives to create a new corporate identity.

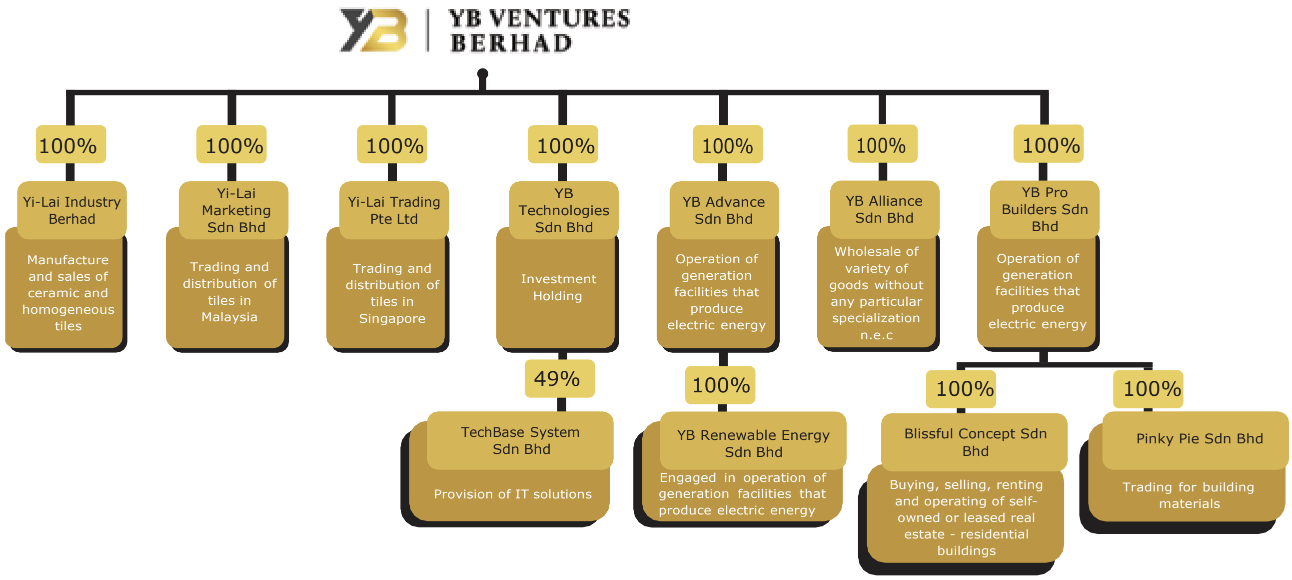
YB Ventures is an investment holding company. Through our subsidiaries, our Company is principally involved in the manufacture, sales, trading, and distribution of tiles.

In 2020, our Group diversified our business to include the provision of information technology ("**IT**") solutions, which specialises in blockchain technology solutions and system integration services. This was done through the set up of our 49%-owned associate, TechBase System Sdn Bhd ("**TechBase System**") to provide an avenue for our Group to expand our earnings base and improve our bottom-line. TechBase System is involved in the provision of IT solutions in the field of blockchain technology solutions and system integration services. Its target clientele ranges from small and medium enterprises to large corporations as well as organisations that need to upgrade or replace their existing IT systems.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

In July 2021, YB Renewable Energy Sdn Bhd ("**YBRESB**"), a wholly-owned subsidiary of our Company, was incorporated through YB Advance Sdn Bhd. The intended principal activity of YBRESB is to engage in the operation of generation facilities that produce electric energy.

The current corporate structure of our Group is as follows:



Tiles

Our Group mainly produces tiles under our proprietary brand, ALPHA TILES®, a household name in the construction, renovation and interior fit-out industries. Its new flagship product is Talos Living Tiles, launched in November 2019.

In addition, YB Ventures also produces original equipment manufacturer ("**OEM**") tiles for other brand names. Our Group's catalogue includes 3 products: homogenous, porcelain and ceramic tiles. These products can be used as wall or floor tiles in residential, commercial and industrial developments.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

BUSINESS & OPERATIONAL REVIEW

MACRO OPERATING ENVIRONMENT

As the global economy is slowly recovering from the unprecedented crisis triggered by the Covid-19 pandemic, the road to recovery is marred by a list of challenges including high inflation, heightened geopolitical risk and weak economic outlook, amongst others.

According to a report issued by Bank Negara Malaysia ("**BNM**"), the global economy is expected to grow at a slower pace in 2023. Resilient domestic demand, strong labour market conditions and recovery in services activity, particularly tourism will continue to support global growth. However, headwinds from persistently elevated inflation and higher interest rates remain. While China's reopening remains supportive of the global economy, the slower-than-expected pace of recovery in recent months will weigh on the global growth. The Malaysian economy has affected by the impact of these macroeconomic headwinds.

The global inflationary pressure has resulted in the Federal Reserve of the United States of America to raise the interest rate to a 22-year high of 5.5%. Similarly, BNM has also gradually raised the overnight policy rate ("**OPR**") from the low of 1.75% to 3.0% between 2022 and 2023.

In line with expectations, based on a report issued by BNM, the headline inflation has continued to moderate to 2.8% in 2Q 2023 from the peak of 4.5% in 3Q 2022 amid lower cost factors. While core inflation has also moderated, it has been more persistent and remains elevated relative to the long-term average, amid lingering demand and cost factors. For the second half of 2023, both headline and core inflation are projected to trend lower within expectations, partly due to the higher base in the corresponding period last year. Nonetheless, risks to the inflation outlook remain subject to the changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

YB VENTURES IN THE FYE2023

It has been challenging for us at YB Ventures in the FYE2023. There has been a subdued demand for tiles and the unprecedented increase in gas costs. The financial performance of our Group is dependent on the recovery of the national economy and the nomalisation of the main operating cost especially electricity and natural gas.

Despite the challenges, our Group continued to focus on the flagship product, Talos Living Tiles, which has been targeted at both property developers and end-users. Talos Living Tiles will capture the demand for health-conscious home buyers and property developers as it helps to improve indoor air quality by releasing negative ions.

Operationally, our Group continued to face rising competition within the industry as well as higher operating cost due to the hike in electricity and natural gas prices. This has intensified the competitive landscape as the cost of natural gas is one of the key expenses for thermal processes such as firing kiln and powering the horizontal dryer and the spray dryer.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

As part of our ongoing strategic plan to improve operational efficiency, our Group has taken proactive measures to implement a lean and agile management team. This has helped our Group optimise our resources, reduce costs and minimise waste.

In addition, by leveraging our Group's technological advancement and expertise, we have worked towards better inventory management with a higher emphasis on just-in-time production. The improved inventory management will help YB Ventures to improve our cash flow. Aside from that, it will also reduce the risk of inventory loss and ensure capital is deployed to further drive growth. This would helped to enhance our Group's operational efficiency and productivity, improving our Group's margin in the long term.

CORPORATE DEVELOPMENTS

During the FYE2023, our Group completed the bonus issue of warrants following the listing of and quotation for 145,250,984 warrants on the Main Market of Bursa Malaysia Securities Berhad in September 2022. The bonus issue of warrants has served as an avenue to reward the shareholders of YB Ventures for their continuous support and loyalty towards our Group by enabling them to have a greater participation in a derivative of our Group without incurring any cost.

Other than that, YB Ventures continues to focus on its business growth as well as creating synergies with our investments made as disclosed in the previous annual reports in order to create value to our shareholders in the long run.

FINANCIAL PERFORMANCE REVIEW

Our Group recorded a revenue of RM66.8 million during the FYE2023 as compared to RM134.5 million achieved in the 18-month financial period ended 30 June 2022 ("**FPE 30 June 2022**"), representing a decrease of RM67.7 or 50.3%. The decrease in revenue was mainly due to additional 6 months result for the 18-month FPE 30 June 2022 following the change in financial year end from 31 December to 30 June. The revenue for the FYE2023 was RM66.8 million as compared to RM89.7 million in the annualised 18-month FPE 30 June 2022, representing a decrease of RM22.9 million or 25.5%. The decrease in revenue was also due to increased competition within the industry and a softer property market amid the contractionary monetary policy adopted by BNM during the financial year under review, which affects the revenue of our tiles manufacturing and trading business. A lower revenue and higher operating cost due to the hike in electricity and natural gas prices have resulted in our Group recorded a loss after tax of RM19.3 million for the FYE2023.

In the FYE2023, local sales remained our Group's primary revenue contribution, accounting for RM57.6 million, with the remaining contributed by Singapore and other countries. This means that domestic revenue represented 86.2% of our Group's total revenue during the financial year under review.

Capital Structure and Resources

YB Ventures' total assets amounted to RM372.8 million as at 30 June 2023, representing an decrease of RM47.3 million or 11.3% compared to RM420.1 million as at 30 June 2022. This was primarily due to the decrease in cash and bank balances. Our cash and bank balances decreased by RM45.8 million or 74.5% to RM15.7 million at the close of the FYE2023.

On the other hand, our Group's total liabilities stood at RM44.0 million as at 30 June 2023, representing a decrease of RM27.8 million or 38.7% compared to RM71.8 million as at 30 June 2022. This was mainly attributed to lower trade payables and other payables during the financial year under review. The lower trade payables and other payables were due to lesser purchase of raw materials and repayment of outstanding amounts due to contractor for the factory upgrade. As at 30 June 2023, total borrowings increased to RM20.8 million compared to RM16.5 million as at 30 June 2023 due to draw down in trade facility.

Net Gearing

During the financial year under review, our Group recorded a net gearing ratio of 1.52% compared to a net cash position as at 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS
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Balance Sheet Highlights as of 30 June 2023

RM million	FYE2023	18-month FPE 2022
Total Assets	372.8	420.1
Cash and bank balances	15.7	61.5
Total Equity	328.8	348.3
Total Liabilities	44.0	71.8
Total Borrowings	20.8	16.5
Current Ratio (x)	4.4	3.76
Net Assets per share (RM)	1.13	1.20
Net Gearing ratio (%)	1.52	Net Cash

Challenges and Key Risks

As the global economy is slowly recovering from the unprecedented crisis triggered by the Covid-19 pandemic, the road to recovery is marred by a list of challenges including high inflation, heightened geopolitical tension and weak economic outlook, amongst others.

The global inflationary pressure has resulted in the increase in interest rates to a multi-year high by the respective central banks in most of the countries including Malaysia. In addition, the prolonged geopolitical tensions and conflicts in many parts of the world have also contributed to the high crude oil prices which has a direct adverse impact to the economy as a whole.

As a Group, YB Ventures remains both cognizant and vigilant of the known and anticipated risks that may have material effects on our operations, financial performance, and liquidity.

These risks may ultimately disrupt the value creation process for our stakeholders if not managed proactively. Identifying these key risks and challenges going forward and continuing to monitor any emerging risks allowed our management to respond swiftly to any downside risks. The principal risks our Group is exposed to are outlined below, along with the mitigation measures.

Key Risks	Description	Mitigations
1) **Changes in regulations and policies**	Part of our workforce comprises foreign workers, while electricity and natural gas expenses form a key cost component. In addition, our Group's performance also partially correlates to the performance of the property sector. Any changes in regulations and policies governing these areas may impact our operations. Examples include issues pertaining to minimum wage; foreign worker levy; changes in utility tariffs and cost pass-through mechanism; as well as measures by authorities to relax or tighten guidelines pertaining to property purchase and lending, etc.	YB Ventures ensures our operations comply with all applicable regulations and policies. Management actively engages with authorities and relevant business associations to provide feedback and to gain an understanding of any changes in regulations and policies. As for cost-related matters, our Group continuously monitor and track our costs to optimise production and improve efficiency while minimising waste.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

Key Risks	Description	Mitigations
2) **Competition risks**	Our Group faces stiff competition from local players and pressure from cheaper imports from overseas.	To mitigate the risk, YB Ventures cultivates close relationships with our Company's partners and distributors to offer differentiation through excellent service levels. Product innovation is another key factor in fending off competition. Through our research and development ("**R&D**"), our Group has developed its latest flagship product, the Talos Living Tiles, targeted at property developers and end-consumer.
3) **Enterprise risks**	Enterprise risk relates to risks potentially affecting our Group's operation and financial and compliance matters.	Our Group closely monitors the various indicators relating to the business's operational, financial and compliance aspects. We also have our Enterprise Risk Management Framework encapsulated in our Group's Risk Management Policy manual.

Aside from the mentioned key risks, our Group is also subject to risks inherent in the IT industry, including demand conditions, regulations and others, following the diversification into the IT Solutions division.

While the IT industry continues to see strong demand in the near term, the landscape and dynamics of the IT industry continue to evolve at a pace. This means that we must focus on technological development to anticipate the changes in demand and market trends in the industry.

The Statement on Risk Management and Internal Control section of this Annual Report comprehensively highlights YB Ventures' commitment towards an internal sound control and risk management system.

OUTLOOK AND PROSPECTS

Looking ahead, we expect the business operating environment to remain challenging, underpinned by the uncertain global economic environment and intensifying competition.

Most central banks worldwide have taken steps to raise the interest rate to curb the rising inflation. However, this would lead to rising interest costs which would have a negative impact on business sentiment. Aside from the uncertainty in the external environment, our Group also faced rising operating costs such due to the hike in electricity and natural gas prices.

Despite these factors that will continue to weigh down on the tile industry, our Group has taken countermeasures to address these challenges, including enhancing our Group's manufacturing efficiency and productivity. In addition, leveraging our Group's technology advancement and expertise, we will focus on better inventory management with a higher emphasis on just-in-time production.

Currently, our Group's production is operating at an optimised capacity on the back of the rising demand amidst the improved economic outlook. Furthermore, based on the feedback and discussions with our customers and industry players, the property development industry has regained some of its momentum following the the expectation that BNM will stabilise the OPR rate at the current level.

This will help to sustain the demand for our Group's tiles business. As such, we expect our Group's growth to remain relatively robust in the near term, although some erosion in the margin is expected in the near future.

To meet the increasing demand, we will continue to optimise our Group's production capacity through machines upgrades, including the implementation of smart manufacturing and capabilities. These enhancements will allow our Group to expand its product offerings and accommodate larger tiles. Our Group will also streamline our new production lines to support for our new product offerings, such as the Talos Living Tiles, which are better aligned with consumer buying behaviours.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

YB Ventures' manufacturing facilities, including the head office and warehouses, are located in Kulai, Johor, spanning approximately 35 acres of land in total. Our production facilities house a total of 8 production lines with an installed annual maximum capacity of 9.84 million square metres of tiles.

The newly upgraded plant would allow us to improve our production efficiency as the new production lines are more advanced and could improve product quality, production flexibility, and overall productivity while reducing energy consumption and environmental impact.

In the longer term, our Group will continue to invest in our R&D team to develop a new range of innovative products for our customers. As mentioned earlier, the Talos Living Tiles represent our Group's new flagship product. In addition, they are associated with a premium brand given its health properties.

The Talos Living Tiles has received a strong response from oversea customers such as Singapore. While the brand was only first launched in November 2019, it has gained momentum given its advanced nano-glazing technology that brings numerous health benefits from releasing negative ions. Our Group is also exploring opportunities to export the Talos Living Tiles to other countries and has received certification from China's national accredited laboratory, Guangdong Detection Center of Microbiology and global testing, certification, inspection and training provider, TÜV SÜD.

Our Group will also continue with its series of strategic transformation programmes that were initiated by our management team to revive sales and financial performance. The next phase of transformation initiatives will focus on driving growth through product innovation while developing smart manufacturing that will lead to a better economy of scale and improve cost efficiency. Some of the plans in the pipeline include the implementation of a warehousing management system and a customer relationship management system. Implementing these systems will optimise our Group's business operations and enhance relationships with its customers.

ACKNOWLEDGMENT

On behalf of our Board, I would like to extend my appreciation to the members of our Board for their contribution and wise counsel, management and staff for their commitment, contribution and loyalty to our Group.

To our management, it has been a pleasure working with you over the last twelve months. Thank you for your constant backing throughout the ups and downs. Despite the challenging period, I am confident your hard work and dedication will help us continue our strategic transformation initiatives to deliver sustainable growth and values for our stakeholders.

Last but not least, my sincerest gratitude to all the stakeholders, shareholders, business partners, bankers, and relevant authorities for their continued support. We have been able to push forward because of your trust, and I am excited about the new developments at YB Ventures. As we advance, with your support, I am cautiously optimistic that we will be able to achieve our next phase of growth in 2024.

Datuk Au Yee Boon
Executive Director

SUSTAINABILITY STATEMENT

YB Ventures ("**YB**") Group's Sustainability Statement ("**Statement**") gives an overview of the YB Ventures Group's operations, with a holistic approach to business management and taking into consideration the economic, environmental and social risks and opportunities alongside financial implications.

The Statement provides a framework and reference to our governance structure while promoting responsible business practices, managing environmental impact and meeting the social needs of the community in which we operate. It also serves as a guide to the YB Group as we strive to adopt good corporate governance and sustainability practices. The Group is committed to ensuring that these practices and considerations are taken into account when planning projects, managing relationships with our clients and meeting the expectations of the communities in which our projects are located.

SUSTAINABILITY GOVERNANCE

The Board of Directors is responsible for setting the tone and culture of sustainability matters for the Group, whose main business is the manufacturing of tiles, which is mainly associated with construction projects in the property sector of Malaysia.

Material matters for sustainability are overseen by the Board of Directors through the Board Committee such as the Audit Committee, assisted by the senior management team. There are regular reviews of the Group's operations that influence the assessments and decisions made over the short, medium, and long-term.

The Board of Directors oversees the promotion and adoption of sustainability practices through the following:

(a) Strategic planning and management;
(b) Stakeholder engagement;
(c) Regular updates on policies, procedures and provide relevant training programs;
(d) Establish and improve appropriate governance structures and processes;
(e) Planning for the availability of resources including human and financial resources; and
(f) Assessing the outcomes of the above and the extent of sustainability achieved.

STAKEHOLDER ENGAGEMENT

The Group values effective communication with stakeholders through honest and transparent cooperation and support. To ensure accountability, matters pertaining to stakeholders are approached with an emphasis on openness, ethical conduct and operational as well as economic responsibility.

To maintain the trust of stakeholders, the YB Ventures Group adheres to ethical business conduct across operations. Stakeholders are provided with a direct channel of reporting through the Company's website to report any misconduct. The Group also adheres to good governance practices, in addition to complying with the law, and from time to time, updates processes and directives when required.

The YB Ventures Group encourages engagement and feedback as an integral part of our sustainability practices and initiatives, while stakeholder engagement is approached through various communications channels.

SUSTAINABILITY STATEMENT
CONT'D

Stakeholder Group	Communications Channel/Platform
Customers	• Customer satisfaction survey • Sales/technical visits • Website/email
Employees	• Meetings • Regular consultations and performance reviews • Training programmes • Staff gathering and other engagement channels
Suppliers/Vendors	• Regular business communication • Feedback from industry suppliers • Vendor service/support channel
Shareholders	• Annual/Extraordinary General Meetings • Media releases • Investor relation channels and meetings
Regulatory, Government and Statutory Bodies	• Relevant laws, regulations or guidelines • Meetings and events
Local communities	• Social contributors and community outreach
Media	• Media releases and interviews

ECONOMIC

The Group is committed to delivering products and services on time and with quality as we have a customer-focused business model in which project and systems capabilities support targets for higher profitability and while limiting volatility. We create value by seeking opportunities that include finding ways to address sustainability challenges in the social and environmental spaces.

- **Products and Services**

  The YB Ventures Group is committed to providing products and services that meet regulatory, safety and quality standards to fulfil customers' requirements. We are strict in ensuring that all products and services meet internal procedures, relevant laws and regulations, quality standards, labour practices, health and safety, anti-corruption practices and quality.

- **Customer Satisfaction**

  To achieve our core business goals, a comprehensive understanding of customers is the key to success. The Group places great importance on customers and constantly engages them to assess our performance while responding to their needs and expectations.

- **Supply Chain Management**

  Through partnering with local businesses, we can invest in these communities while reducing shipping and transportation costs as well as associated environmental impact. We do this by sourcing as much of our materials as possible locally to empower communities in which we operate while at the same time, boosting the local economy.

- **Suppliers and Contractors**

  The YB Ventures Group does due diligence on our suppliers and subcontractors we work with, in order to ensure our sustainability goals and governance practices are maintained. Suppliers and subcontractors are required to follow the Environment, Health and Safety aspects of their operations while the YB Ventures Group will also collaborate with them to share best practices to identify and manage risks better.

SUSTAINABILITY STATEMENT
CONT'D

ENVIRONMENTAL

The Group recognises that environmental issues are global in scale and that they are long-range concerns affecting future generations. The Group remains focused on sourcing environmental solutions that will lessen our overall footprint, as well as integrating the necessary environmental considerations into our projects and internal operations.

- Compliance with Environmental Laws

  YB Ventures is committed to complying with the relevant environmental laws and regulations in all material aspects while pursuing a smaller ecological footprint without compromising product quality. In this respect, we aim to preserve the surrounding environment by mitigating our operations' impact by putting proper controls and systems in place at our Group's premises. By complying with the relevant environmental laws, we can identify environmental risks and opportunities, allowing us to enforce programs and promote awareness in pursuit of continual improvement. During the financial year under review, YB Ventures recorded zero incidences of environmental non-compliance.

- Energy Management

  Our manufacturing process also uses substantial volume of energy. This is mainly due to the nature of the tiles manufacturing business, where raw materials are compressed and fired at high temperatures to produce the finished product.

  Despite this, YB Ventures is focused on enhancing our energy efficiency by managing our Group's energy utilisation at our manufacturing plant and corporate headquarters. In order to do that, we monitor our energy consumption using an installed energy measuring meter.

  Our Group utilises energy in the form of electricity from the national grid and natural gas. For our thermal processes, we use clean energy such as natural gas to fire the kiln, horizontal dryer and spray dryer.

- Waste Management

  We produce waste materials in the form of scheduled and non-scheduled wastes. These include greenware tiles, packing materials, used oils and wastewater. The proper disposal of these waste materials is important to regulate the environmental impact of our operations.

  Here are some of the initiatives that our Group has put in place to manage our waste materials:

  1) **Standard operating procedures to ensure careful handling of our Group's scheduled waste materials**

     All scheduled waste materials are managed in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 of the Environmental Quality Act 1974.

  2) **Appoint a DOE-licensed waste contractor**

     The appointment of a DOE-licensed waste contractor to collect the scheduled waste and transport it for disposal. Meanwhile, non-scheduled waste is scrapped or collected by waste collectors for recycling and disposal purposes.

  3) **Advocate 3R (Reduce, Re-use and Recycle)**

     Minimise waste within our processes by encouraging 3R among employees. For example, used engine and hydraulic oils are re-used for the machineries as lubricants, while greenware scraps are recycled for various functions such as the preparation of the mass of the tiles.

SUSTAINABILITY STATEMENT
CONT'D

SOCIAL

Employees are the backbone and play a vital role in the success of the Group. We invest in employee growth and recognise talent by cultivating it.

- **Cultivating Workplace Culture for Employees**

  YB Ventures Group emphasises a safe and secure workplace that is free from humiliation, harassment, threats and violence. We cultivate mutual respect for all and we are committed to equal opportunities for employees.

- **Workforce Statistics**

Executive	Non-Executive
13.52%	86.48%
Male	**Female**
74.15%	25.85%
Age Group	
<30	24.94%
30 to 39	26.65%
40 to 49	23.96%
50 and above	24.45%
Diversity	
Malay	17.39%
Chinese	53.14%
Indian	2.66%
Others	26.81%

- **Employee Benefits and Compensation**

  YB Ventures Group complies with all statutory requirements and regulations concerning wages and benefits such as Employees Provident Fund, Social Security and other contributions required by law. Other benefits include medical and healthcare subsidies, travel allowances, group hospitalization and personal accident insurance coverage as well as leave.

- **Training and Development**

  The Group views training as important to our employees to ensure that they have up-to-date knowledge and skills. This will be beneficial to both the employees in their personal growth and development by taking on new roles and responsibilities as well as the Company's growth as a whole.

- **Workplace Safety and Health**

  The Group conducts periodic meetings and on-site inspections to ensure compliance and all requirements under the Occupational Safety and Health Act 1994 and other relevant codes. There was no safety or health issue reported by the Group during the financial year ended 30 June 2023.

COMMITMENT

The YB Ventures Group endeavours to adopt sustainable and responsible practices for our business as well as the environment and communities in which our operations are located.

This Statement was approved by the Board of Directors on 26 October 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of YB Ventures Berhad ("**YBVB**" or the "**Company**") recognises the importance of adopting good corporate governance practices within the Company and its subsidiaries ("**Group**" or "**YB Group**") as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and to protect the interests of all stakeholders.

The Board is committed to ensure the applicable principles and recommendations as set out in the Malaysian Code on Corporate Governance ("**MCCG**") and the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), respectively, are applied throughout the Group to enhance the value to our shareholders and other stakeholders as well as to generate long term sustainability and growth.

In the attainment of this purpose, the Board is pleased to present the Corporate Governance Overview Statement ("**CG Statement**"), which provides key highlights on how the Company complies with the three (3) principles of MCGG during the financial year ended 30 June 2023 ("**FYE 2023**") as follows: -

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

This Statement is to be read together with the Corporate Governance Report 2023 ("**CG Report**"). The CG Report provides the details on how the Company has applied each practice set out in the MCCG during the FYE 2023. The CG Report is available at the Company's website at www.ybventures.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD'S RESPONSIBILITIES

The Board is responsible for the stewardship of the Group and also to the Company's shareholders for the long-term success of the Group and its overall strategic direction, values and governance. The Board collectively leads and is responsible for the long-term success of the Group by providing leadership and direction as well as supervision of the management of the Company.

Broadly, the Board is responsible for setting strategic direction and monitoring the implementation of the strategies within YB Group, including: -

i. overall control and accountability systems;
ii. Board and Executive Management Development and succession planning;
iii. monitoring and approval of corporate strategy, annual operating budget, major capital expenditures, acquisitions/disposals/divestments;
iv. monitoring compliance with relevant legal, tax and regulatory obligations;
v. reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosures, legal compliance and other significant corporate policies.

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, material acquisition and disposal of assets, risk management policies, the appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

In addition, the Board has delegated specific powers to relevant Board Committees, namely the Audit Committee ("**AC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**"). A copy of the Board Charter and Terms of Reference of the Board Committees are available on the Company's website at www.ybventures.com.

Chairman

Dato' Sri Tajudin Bin Md Isa was the Independent Non-Executive Chairman during the FYE 2023. He led the Board effectively and acted as a facilitator at the Board meetings to ensure that all the discussions were appropriately taken place and recorded. He is also responsible for representing the Board to the shareholders and stakeholders for the performance of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. BOARD RESPONSIBILITIES cont'd

Separation of roles of the Chairman and Executive Directors

The Chairman of the Board and Executive Directors are held by different individuals. Each has a clearly accepted division of responsibilities to ensure a balance of power and authority such that no individual has unfettered decision-making powers. The key roles and responsibilities of the Chairman and Executive Directors are clearly stated in the Company's Board Charter.

The Chairman is primarily responsible for an orderly conduct and function of the Board. At the same time, the Executive Directors are responsible for the day-to-day running of the Group's businesses, implementation of the Board's policies and making operational decisions. The Executive Directors are assisted by the senior management in managing the business activities of the Group in a manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group.

The Chairman of the Board should not be a member of the Board Committees

The Board endeavours to comply with the Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the Board Committees. The Board also acknowledges the risk of self-review which may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

However, the Chairman is not involved in the management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of Board Committees. In addition, the presence of the two (2) Independent Directors from a total of three (3) committee members is sufficient to provide the necessary checks and balances on the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

Independent Non-Executive Directors

The roles and responsibilities of the Independent Non-Executive Directors are clearly defined and adequately segregated from the Executive Directors. All the Independent Non-Executive Directors are independent of the Executive Directors, management, and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a check and balance on the Board's deliberations.

The Independent Non-Executive Directors play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

Company's Policies

The Board encourages employees across the Company to adhere to and maintain the highest standard of ethical behaviour. The Board is guided by the Code of Conduct for Directors, Management and Officers of the Group, to promote the corporate culture which engenders ethical conduct that permeates throughout the Group, to be in line with the MCCG. The Code of Conducts sets out the Company's expectations regarding values, principles and standards of good conduct that reflect the Company's commitment towards integrity, transparency, accountability, and self-regulation.

The Board has also formalised and adopted a Board Charter which set out amongst others, the roles and responsibilities of the Board members, composition and balances of the Board, and operations and processes of the Board.

A copy of the Fit and Proper Policy has been adopted by the Company for the purpose of guiding the NC and the Board in the review and assessment of potential candidates before appointment, or on existing Directors of the Group who are seeking for re-appointment and/or re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

I. BOARD RESPONSIBILITIES cont'd

Company's Policies cont'd

In addition, the Company has also adopted Whistle Blowing Policies & Procedures for the purpose of reporting any genuine concern or malpractices through the Company's provided channel. Details of the Board Charter, Whistleblowing Policy and Terms of References of Board Committees are available at the Company's website at www.ybventures.com.

The Board together with the management acknowledges the importance of promoting sustainability strategies in the economic, environment, social and governance ("**EESG**") aspects as part of its broader responsibility to all the stakeholders and the communities in which it operates. The Company will continue to ramp up its efforts in promoting sustainability initiatives for the communities in which it operates and the welfare of its employees. The details of sustainability activities are set out in the Sustainability Statement on pages 15 to 18 of this Annual Report.

Qualified and Competent Company Secretaries

The Board is regularly updated and apprised by suitably qualified and competent Company Secretaries on new regulations issued by the regulatory authorities. The Company Secretaries play an important advisory role to the Board and are responsible to ensure that Board policies and procedures are both followed and reviewed regularly. They are supported by a dedicated team of company secretarial personnel.

The Company Secretaries attended and ensured that all Board meetings were properly convened, and that accurate and proper records of deliberation, proceedings and resolutions passed are recorded and maintained in the statutory register of the Company. They are responsible to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities, and powers.

Every Director has unrestricted access to the advice and the services of the Company Secretary to ensure the effective functioning of the Board. The Company Secretaries also notify the Board of corporate announcements released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly results. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.

II. BOARD COMPOSITION

The Board consists of five (5) members, comprising one (1) Independent Non-Executive Chairman, two (2) Executive Directors and two (2) Independent Non-Executive Directors, out of which one (1) is a female Director.

The Company has complied with Paragraph 15.02 of the Listing Requirements by having at least two (2) or one-third (1/3) of the Board comprising independent directors. In the event of any vacancy on the Board, resulting in non-compliance with Paragraph 15.02 of the Listing Requirements, the Company will fill the vacancy within three (3) months.

The current Directors collectively, with their different background and specialisations, bring with them a diverse wealth of experience and expertise in areas such as business, corporate finance, information technology and operations which are relevant to the Group, particularly the Independent Directors, who are individuals from accounting and finance background which enable to express divergent points of views and concerns, provide insights on trends and forecast as well as challenge management in a more objective manner to create more values and sustainability of the business.

The Board through NC conducts an annual review of its size and composition, giving due regard to skills, experience, gender and background. As part of the FYE 2023 Board evaluation, the NC also reviewed the independence of each Independent Non-Executive Directors. The Board is satisfied that they are independent to act in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

In accordance with the Constitution and in compliance with the Listing Requirements, all the Directors are required to retire from office at least once every three (3) years and shall be eligible for re-election. The Constitution also requires that at least one-third (1/3) of the Board shall retire at each Annual General Meeting ("**AGM**") and may offer themselves for re-election. In addition, the Constitution and Listing Requirements also require the newly appointed Directors to hold office until the next AGM only and shall be eligible for re-election.

Board and Board Committees Meetings

In discharging their responsibilities effectively, the Directors attended Board and Board Committee meetings to deliberate on matters under their review. During the FYE 2023, key activities undertaken by the Board include:

- Received reports and updates on the operational and financial performance of the Group and other key matters;
- Considered corporate proposals;
- Approved the Company's full year and quarterly results;
- Discussed updates on corporate governance and regulatory matters;
- Received updates from the Chair of the Board Committees on the work undertaken by each committee; and
- Considered and approved the re-appointment of the Company's external auditors, Messrs. UHY.

Time Commitment

The Board meets at least four (4) times a year with additional meetings convened, when necessary, to facilitate the discharge of its responsibilities. During the FYE 2023, a total of five (5) Board meetings were held and, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments, strategic decisions on business plans and directions of the Group.

The attendance of the directors at Board and Board Committee meetings is shown in the table below:

Name of Directors	Board	AC	NC	RC
Dato' Sri Tajudin Bin Md Isa Independent Non-Executive Chairman	5/5	5/5	1/1	-
Datuk Au Yee Boon Executive Director	5/5	-	-	-
Lee Boon Siong Executive Director	5/5	-	-	-
Tan Eik Huang Executive Director *(resigned w.e.f. 12 September 2023)*	5/5	-	-	1/1
Dato' Sri Gan Chow Tee Independent Non-Executive Director	5/5	5/5	1/1	1/1
Kok Soke Kuen Independent Non-Executive Director	5/5	5/5	1/1	1/1

Each Director is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year as stipulated in Listing Requirements with appropriate leave of absence and be notified to the Chairman and/or Company Secretary, where applicable.

Based on the above, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. Furthermore, all pertinent matters discussed at Board meetings in arriving at the decision and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

Directors' Training and Development

The Board acknowledges the importance of continuous education and training programmes for its members to discharge their responsibilities effectively and to be apprised of the changes to regulatory requirements and the impact of such regulatory requirements on the Group.

During the FYE 2023, the Board has undertaken an assessment of the training needs of each director and all Directors were encouraged to continually attend education programmes to equip themselves with the necessary knowledge and to keep abreast with the latest changes, trends and regulatory framework that aids the Directors in the discharge of their duties. Given the varying training needs of each Director, all Directors have continuously undergone training programmes to enhance their skills and knowledge.

Name of Director	Seminars/Conferences/Training Programmes Attended
Dato' Sri Tajudin Bin Md Isa	Risk Management and Changes to Listing Requirements on Sustainability Reporting
Ms Kok Soke Kuen	Mandatory Accreditation Programme (MAP)

Save as disclosed above, Datuk Au Yee Boon, Dato' Sri Gan Chow Tee, Mr Tan Eik Huang and Mr Lee Boon Siong did not attend any training during the financial year due to their busy schedule. They are aware of the duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with the new regulatory developments and requirements in compliance with the Listing Requirements on continuing education.

Nomination Committee

Board Appointments

The NC consists of three (3) members, all of whom are Independent Non-Executive Directors. It plays a role in the process of Board appointment. The process of nomination and selection of directors involved the identification of potential candidate(s), evaluation of suitability of candidates based on the agreed upon criteria, followed by deliberation by the NC and recommendation to the Board for its final approval. The NC will continuously take necessary measures to strengthen the nomination process and, may consider utilising independent sources such as directors' registry, advertisement, or recruitment agency to identify suitable and qualified candidates. The NC may also engage external independent consultancy services to conduct searches for potential candidates where appropriate.

During the financial year under review, the NC had undertaken the following activities:

- Assessed existing structure, size, composition and effectiveness of the Board as a whole and Board Committees;
- Conducted annual assessment of the Board performance as a whole and made its recommendation to the Board;
- Conducted annual assessment of the Independent Directors and made its recommendation to the Board; and
- Reviewed and recommended the re-election of the retiring Directors for the Board's approval.

Board Evaluation

The NC is responsible for evaluating the performance and effectiveness of the entire Board, the Board Committees and individual Directors on a yearly basis. The evaluation process is led by the NC Chairman and assisted by the Company Secretary to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each Board Committee Member.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

Nomination Committee cont'd

The Board's overall effectiveness is assessed on a few criteria such as Directors' roles and responsibilities, composition of the Board and Board Committees, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. On top of that, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability, and responsibility as well as the effectiveness of the Chairman of respective Board Committees.

According to the annual assessment conducted for the FYE 2023, the NC is satisfied with the existing Board composition and concluded that Board Committees had remained effective and had provided strong support to the Board throughout the FYE 2023, and each Board member had discharged their duties and responsibilities effectively.

The NC further recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NC in discharging its functions were properly documented.

Diversity of Board and Senior Management

The appointments of our Board members and Senior Management are made based on merit, in the context of diversity in skills, experience, independence, age, background, gender, ethnicity and other factors which are in the best interests of our Group. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

The decision on the new appointment of Directors and Senior Management rests with the Board after considering the recommendation of NC. In evaluating the suitability of candidates for the Board, NC will consider certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected.

The Company currently has one (1) female Director and this is also in line with the Listing Requirements. The Board's composition and the Senior Management positions during the FYE 2023 were also diverse in terms of age. The Group practices as an equal opportunity employer, and all appointments and employments are strictly based on merits and are not driven by any racial, gender, ethnicity or age bias.

Remuneration Committee

The RC has three (3) members, and it was chaired by an Independent Non-Executive Director. The RC with clearly defined Terms of Reference approved by the Board, reviews and recommends to the Board the remuneration packages of the Executive Directors. The RC and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives, is aligned with the interest of shareholders, is designed to attract, retain and motivate the Executive Directors, and is reflective of their experience and level of responsibilities.

The remuneration packages for the Executive Directors and key senior management personnel comprise basic salary, benefits in kind and bonuses. The basic salaries are reviewed annually considering several factors such as individual responsibilities, performance and experiences, and the rate of other similar-sized companies. Bonuses are determined based on performance against the financial performance of the Company. To ensure that the overall remuneration package is competitive, Executive Directors receive other benefits in kind as well.

Each of the Director received directors' fees and meeting allowances for each Board and general meetings attended. The level of Directors fees reflects their experience and level of responsibilities. The Directors will receive an additional fee if they are members of the Board Committee. The fees for Directors are determined by the Board with approval from shareholders at the AGM.

During the FYE 2023, the RC reviewed and recommended to the Board the Directors' fees and other benefits payable, for shareholders' approval at the Company's forthcoming AGM pursuant to the Constitution of the Company. None of the Directors were involved in deciding his own remuneration.

The interested Directors abstained from deliberation and voting on their remuneration at the Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS cont'd

II. BOARD COMPOSITION cont'd

Remuneration Committee cont'd

Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and Group during the FYE 2023 are as follows:

Company

Directors	Directors' Fees (RM)	Salary (RM)	Other Emoluments (RM)	Total (RM)
Dato' Sri Tajudin Bin Md Isa	115,000	-	-	115,000
Datuk Au Yee Boon	-	-	-	-
Dato' Sri Gan Chow Tee	54,000	-	-	54,000
Mr Lee Boon Siong	-	-	-	-
Ms Kok Soke Kuen	59,067	-	-	59,067
Mr Tan Eik Huang#	-	-	-	-
Total	**228,067**	**-**	**-**	**228,067**

Resigned from the Company post-FYE 2023

Group

Directors	Directors' Fees (RM)	Salary (RM)	Other Emoluments (RM)	Total (RM)
Dato' Sri Tajudin Bin Md Isa	115,000	-	-	115,000
Datuk Au Yee Boon	-	-	-	-
Dato' Sri Gan Chow Tee	54,000	-	-	54,000
Mr Lee Boon Siong	215,000	-	-	215,000
Ms Kok Soke Kuen	59,067	-	-	59,067
Mr Tan Eik Huang#	-	-	-	-
Total	**443,067**	**-**	**-**	**443,067**

Resigned from the Company post-FYE 2023

Senior Management's Remuneration

The remuneration package for Senior Management is studied and reviewed by the Executive Directors and Human Resource Department at the Company level. The Executive Directors decide and approve the final remuneration package for Senior Management. The Board is satisfied with the current structure and manner in arriving at the proposed remuneration package for all Directors and the Management.

The remuneration paid to the Senior Management personnel during the FYE 2023, are as follows: -

Range of Remuneration	Number of Senior Management
RM100,000 and below	-
RM100,001 – RM300,000	2
RM300,001 – RM500,000	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The AC, which comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairperson of the AC, Ms. Kok Soke Kuen is not the Chairman of the Board. The AC is relied upon by the Board, amongst others, to provide advice on financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest.

The AC members are financially literate, having commercial expertise skills, knowledge and understanding of the matters under the purview of the AC including the principles and developments of financial reporting. is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation.

The composition, roles and responsibilities of the AC are set out on pages 28 to 30 under the AC Report. The duties and responsibilities of the AC are also available in the AC's Terms of Reference.

Under the AC's Terms of Reference, the AC assists the Board in fulfilling its statutory and fiduciary responsibilities in relation to the Company's internal and external audit functions, risk management and compliance systems and practice, financial statements, accounting and internal control systems and matters that may significantly impact the financial condition or affairs of the business. The AC is also responsible in ensuring the accuracy, adequacy and completeness of the financial information to be disclosed and to oversee and scrutinise the process and quality of the financial reporting, including reviewing and monitoring the integrity of the financial statements and the appropriateness of the Group's accounting policies as well as in compliance with the relevant accounting standards. The financial reports would be reviewed by the AC prior to tabling the same to the Board for approval and subsequent release to Bursa Securities.

The AC also reviewed the scope of the audit set out in the audit planning memorandum, work plan, areas of audit emphasis, fee proposal, issues arising from the audit and remedial actions to rectify the issues, audit judgements, level of errors identified during the audit and recommendations made by the external auditors.

The Group recognises the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. The AC took note of Practice 9.2 of the MCCG to have a policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

During the FYE 2023, the AC performed an assessment on the suitability and independence of the external auditors before making a recommendation to the Board for their re-appointment. The AC is satisfied with the results of the aforesaid assessment and is unanimous in its decision to recommend to the Board the re-appointment of the external auditors of the Company for the financial year ending 30 June 2024. The AC has also reviewed the nature and extent of non-audit services provided by the external auditors for the FYE 2023 and recommended to the Board on the re-appointment of external auditors.

II. SOUND RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility for maintaining a sound and effective system of risk management and internal control to safeguard the Group's assets and shareholders' investments. The Board has the overall responsibility of reviewing and monitoring the Group's risk, risk management framework and internal controls system which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations. The Group has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group.

The AC processes are designed to establish a proactive framework and dialogue in which the AC, the management and the external and internal auditors review and assess the risk management framework. The Group has outsourced the internal audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced internal auditors report directly to the AC.

Details on the risk management and internal control system of the Group are set out in the AC report and Statement on Risk Management and Internal Control.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the necessity of keeping its key stakeholders, including shareholders, regularly informed in order to foster greater mutual understanding between the parties. The Group continues to ensure that adequate, accurate and timely information is disclosed and disseminated in a transparent manner, so that all stakeholders are well informed of the Group's strategic directions, business activities, financial performance, governance practices and sustainability efforts.

A corporate disclosure policies and procedures have been formalized to enable comprehensive, accurate and timely information relating to the Group to be disclosed to the shareholders and other stakeholders not only to comply with the disclosure requirements as stipulated in the Listing Requirements, but also set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the Listing Requirements of Bursa Securities.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to the shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences.

Significant matters relating to the development of the business, reporting requirements are disseminated by way of announcements via Bursa Securities and press releases. Interim and full results are announced in a mandatory period.

II. AGM

The AGM represents a principal forum for dialogue with shareholders. Shareholders have direct access to the Board during the AGM and are provided with sufficient opportunity and time to participate through questions on future prospects, the performance of the Group, and other matters of concern. The Board members and External Auditors are present to provide answers and clarifications at the AGM.

Notice of AGM sets out the resolutions together with the Company's Annual Report will be sent to the shareholders at least twenty-eight (28) days prior to AGM according to the MCCG practice so that the shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM, wherever possible.

Pursuant to Paragraph 8.29A of the Listing Requirements, the Company must ensure that any resolution set out in the Notice of any general meeting is to be voted by poll. The Company has implemented poll voting for all resolutions via electronic means. The outcome of all resolutions proposed at the AGM will be announced to Bursa Securities at the end of the day of the AGM, while a summary of the key matters discussed at the AGM shall be published on the Company's website as soon as practicable after the conclusion of the AGM.

Compliance Statement

The Board has deliberated, reviewed and approved this statement, and considered this overview statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied. The Board considered and is satisfied that the Group has fulfilled its obligation under the MCCG, Listing Requirements and all applicable laws and regulations throughout the FYE 2023.

This statement was approved by the Board of Directors of the Company on 26 October 2023.

AUDIT COMMITTEE REPORT

The Board of Directors ("**Board**") of YB Ventures Berhad ("**YB**" or the "**Company**") is pleased to present the Audit Committee ("**AC**") Report for the financial year ended 30 June 2023 ("**FYE 2023**").

The AC with delegated oversight responsibilities assists the Board in ensuring that the paramount interest of the shareholders and other stakeholders of the Company and its subsidiaries ("**Group**") are well protected.

A. COMPOSITION

The present composition of the AC consists of three (3) members of the Board, all of whom are Independent Non-Executive Directors. The members are as follows: -

Name	Position	Designation
Kok Soke Kuen	Chairperson	Independent Non-Executive Director
Dato' Sri Tajudin Bin Md Isa	Member	Independent Non-Executive Chairman
Dato' Sri Gan Chow Tee	Member	Independent Non-Executive Director

Ms. Kok Soke Kuen, the Chairperson of the AC, is a member of the Malaysian Institute of Accountants with over 20 years of experience in financial reporting and management. The current composition of the AC complies with Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("**Listing Requirement**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Company recognises the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the AC members were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate who was an audit partner of the external auditors of the Group is appointed as a member of AC.

B. TERM OF REFERENCE

The principal objective of the AC is to assist the Board in discharging its statutory duties and responsibilities relating to the accounting and financial reporting practices of the Group. The information of the Terms of Reference of the AC is available on the Company's website at https://www.ybventures.com

C. MEETINGS AND ATTENDANCE

During the financial year under review, the AC had conducted five (5) meetings and the attendance of the AC members is set out as below: -

Name of Directors	Attendance
(a) Kok Soke Kuen	5/5
(b) Dato' Sri Tajudin Bin Md Isa	5/5
(c) Dato' Sri Gan Chow Tee	5/5

The meetings were structured with agendas which were distributed to the AC with sufficient notification. The AC members are provided with notices and agenda seven (7) days before the meeting. The meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues.

In this respect, the Executive Directors, External Auditors and the Internal Auditors were present during specific AC meetings by invitation, to facilitate direct communication and to provide clarifications on audit issues and the operations of the Group. Apart from that, the Company Secretaries and representatives were also present at all the meetings.

The minutes of each AC meeting were recorded and tabled for confirmation at the subsequent AC meeting. The AC Chairman reported to the Board on the key matters deliberated during the AC meetings, for the Board's consideration and decision.

AUDIT COMMITTEE REPORT
CONT'D

D. SUMMARY OF WORK

During the financial year under review, the AC has carried out the following works in discharging its duties and responsibilities:-

(a) reviewed the unaudited quarterly financial statements of the Group to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the Board's approval;

(b) reviewed and confirmed the minutes of the AC meetings;

(c) reviewed the external auditors' reports on audit findings and the accounting issues arising from the audit before appropriate audit adjustments were made to the Group's financial statements;

(d) discussed the Audit Planning Memorandum presented by the external auditors;

(e) reviewed any potential related party transactions to be entered into by the Group to ensure that the transactions entered into were on an arm's length basis and on normal commercial terms and not detrimental to the interests of minority shareholders;

(f) reviewed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the Internal Auditors' recommendations;

(g) discussed the Internal Audit Planning Memorandum presented by the internal auditor;

(h) reviewed with the internal auditor, external auditors and the management, the adequacy of the existing policies, procedures and systems of internal control of the Group;

(i) reviewed the re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval;

(j) reviewed with the external auditors and internal auditors, the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;

(k) reviewed the AC report, Corporate Governance Overview Statement together with Corporate Governance Report, Management Discussion and Analysis and Sustainability Statement for inclusion in the Annual Report; and

(l) reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities.

AUDIT COMMITTEE REPORT
CONT'D

E. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent professional services firm, namely Tricor Axcelasia Sdn. Bhd. ("Tricor Axcelasia") to carry out an internal audit on the Group and they report directly to the AC. It is the responsibility of the internal auditor to provide the AC with independent and objective reports on the state of internal control of the various business units within the Group and the extent of compliance of the units with the Group's established policies and procedures. Internal audit reports are presented, together with the management's response and proposed action plans to the AC.

The primary responsibility of the internal auditor is to provide independent and reasonable assurance that the Group's systems of internal controls are adequate and continue to operate satisfactorily and effectively. The internal auditor provides the AC with independent and objective reports on the state of internal controls of the Group, the extent of compliance with the established policies, procedures and relevant statutory requirements, the extent the Group's assets are accounted for and safeguarded, and improvements to operations, processes and control systems.

Tricor Axcelasia highlighted to the AC on their audit findings and requested the formulation of management action plans by the management to ensure an adequate and effective internal control system within the Group, and to mitigate risks arising from any weaknesses in the Group's internal control system. Subsequently, follow-up reviews were performed to ensure those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions were taken appropriately within the required timeframe by the management.

The AC and the Board are satisfied with the performance of the outsourced internal auditor and have in the interest of greater independence and continuity in the internal audit function. The Board has taken the decision to continue with the outsourcing of the Internal Audit function.

The total costs incurred by the internal auditor in discharging its functions and responsibilities in respect of the FYE 2023 was RM44,000.

Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in pages 32 to 33 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees payable to the external auditors by the Company and its subsidiaries for the financial year ended 30 June 2023 are as follows: -

Type of Fees	Company (RM)	Group (RM)
Audit Fees	39,000	206,728
Non-audit Fees	15,000	15,000

MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving interests of the directors, chief executive who is not a director or major shareholders which were still subsisting at the end of the financial year ended 30 June 2023 or entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS

On 11 October 2021, the Company proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company (excluding treasury shares) to independent third-party investors ("**Private Placement**"). The Private Placement was completed on 28 December 2021 following the listing of and quotation for 48,551,861 placement shares on the Main Market of Bursa Malaysia Securities Berhad.

The Company has successfully raised RM16,993,151.35 from the Private Placement. The status of the utilisation of proceeds as at 30 September 2023 is as follows: -

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Estimated Time Frame for Utilisation
Installation of rooftop solar photovoltaic system	16,000	9,525	Within 24 months
Working Capital	913	913	Within 12 months
Estimated expenses	80	80	Within 3 months

EMPLOYEES SHARE OPTION SCHEME

The Employees Share Option Scheme of up to 15% of the total number of issued shares of the Company ("ESOS") was approved by the Shareholders at the Extraordinary General Meeting held on 30 October 2020. The ESOS which is governed by its By-Laws was implemented on 5 April 2021 and shall be in force for a period of five (5) years.

None of such options had been granted to any eligible persons by the Company under ESOS since its commencement up to 30 June 2023.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

There was no RRPT of a revenue or trading nature during the financial year ended 30 June 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 30 June 2023, which was prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements and guided by the "Statement on Risk Management and Internal Control-Guidelines for Directors of Listed Issuers" endorsed by the Bursa Malaysia Securities Berhad.

The Board is committed to maintaining a sound system of risk management and internal control within the Group. Accordingly, the Board is pleased to provide the following statement, which outlines the main features and scope of the risk management and internal control system of the Group during the financial year ended 30 June 2023.

BOARD'S RESPONSIBILITY

The Board acknowledges that risk management and internal control are integral to corporate governance and it plays a role in establishing a sound risk management framework and internal control system as well as ensuring their adequacy and effectiveness. The Board recognises that the Group's risk management framework and internal control system are designed to manage risks within the Group's acceptable risk appetite and not to eliminate the risk of failure, as this is significant in achieving the Group's business targets and corporate objectives. As risks are inherent in all business activities, the said framework and system provide reasonable, rather than absolute assurance against the risks of material misstatement of financial information or against financial losses and fraud or breaches of laws or regulations.

The Board confirms that there is an ongoing risk management process established to identify, evaluate and manage significant risks to mitigate the risks that may impede the achievement of the Group's business targets and corporate objectives.

The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit Committee ("AC").

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's system of internal control include:

1. A well-defined organisation structure with clearly defined lines of responsibility, authority and accountability;
2. Approval and authority limits are imposed on management in respect of day-to-day operations as well as major non-operating transactions;
3. Formalised standard operating procedures are in place to ensure compliance with internal controls and the relevant laws and regulations;
4. The Board and the AC meet at once a year to discuss the Group's financial performance, business operations and strategies, corporate updates and internal audit findings, if any;
5. Regular training and development programmes are attended by employees to enhance their knowledge and competency;
6. Management financial statements and reports are prepared regularly for monitoring of actual performance by the management; and
7. A fully independent AC comprised solely Independent Directors with full and unrestricted access to both internal and external auditors.

RISK MANAGEMENT FRAMEWORK AND PROCESS

The risk management framework adopts a structured and integrated approach in managing key business risks with the aim of safeguarding the Group's assets and shareholders' interests.

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the risk management process from time to time. In this respect, it is assisted by the Executive Directors together with the management to identify and assess risks as well as to ensure that the risk management process is adequate and effective. All policies and procedures formulated to identify, measure and monitor various risk components are reviewed by the AC. Additionally, the AC ensures the infrastructure, resources and systems are in place for implementing the risk management process.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

RISK MANAGEMENT FRAMEWORK AND PROCESS cont'd

The risk management process involves the management of each functional or operating unit of the Group and is managed by the AC, with the assistance of Executive Directors. The risks identified remain the foundation for developing a risk profile and the action plans to assist management to manage and respond to these risks.

The Group's risk management practices are business driven and the processes of identifying, evaluating and managing significant risks facing the Group are embedded into its culture and operations. These processes are driven by the Executive Directors together with management and are responsive to changes in the business environment and are communicated to all levels.

The ongoing internal control and risk management processes have been integrated and embedded into the Group structure and conduct of business for the achievement of the Group's objectives. The Board will continue to review these processes to ensure the adequacy and effectiveness of the system.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal control. The Group outsources the internal audit function to a professional services firm that reports directly to the Audit Committee ("AC"). The internal audit firm carries out its function independently with a risk-based approach and reports to the AC and the Board on the adequacy and effectiveness of the system of internal controls in areas reviewed during the financial year.

The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control to ensure that the internal controls are viable and robust. The audit findings and where necessary, recommended improvements are presented to the AC during their meetings. In addition, the internal auditors also carried out follow-up reviews to ensure their recommendations for improvements to internal controls are implemented.

The AC ensures that follow up actions and control measures are carried out by the management to address the control weaknesses raised before reporting and making recommendations to the Board. The AC also approves the annual internal audit plan, review the internal auditor's findings and recommendations. The AC presents its findings to the Board at the scheduled meetings or earlier as appropriate.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control as required under the Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The external auditors have reviewed this statement for inclusion in this Annual Report and have reported to the Board that nothing has come to their attention which causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board and management in reviewing the adequacy and integrity of the risk management and effectiveness of the systems of risk management and internal control systems within the Group.

CONCLUSION

The Board received assurance from the Executive Directors and the Management that the Group's risk management and internal control system have been operating adequately and effectively in all material respects for the financial year under review. Continuous emphasis on measures to protect and enhance shareholder value and business sustainability will remain a focus of the Group. The Board is not aware of any significant weaknesses or deficiencies in the Group's risk management and internal control system for the period under review and up to the date of this report.

The Board recognises the fact that the systems of internal control and risk management practices should be documented and evolve with the ever changing and challenging business environment in order to support the Group's operation. The Board, assisted by the Management, will put in place appropriate action plans to rectify and improve internal control weaknesses in the forthcoming financial years.

This statement was approved by the Board of Directors on 26 October 2023.

DIRECTORS' RESPONSIBILITY STATEMENT
IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and that these financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2023, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;

- made judgments and estimates that are reasonable and prudent;

- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company have maintained accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors are also responsible for taking reasonable steps to ensure that proper internal controls are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

This statement was approved by the Board of Directors of the Company on 26 October 2023.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

Financial Results

	Group RM	Company RM
Loss for the financial year	(19,258,392)	(746,324)

Reserves and Provisions

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

DIRECTORS' REPORT
CONT'D

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial period. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares and debentures during the financial year.

Irredeemable Convertible Unsecured Loan Stocks 2021/2026 ("ICULS")

On 10 September 2021, 1,209,041,795 ICULS were issued pursuant to the Right Issue of ICULS at its nominal value of RM0.04 each amounting to RM48,361,672 nominal value of ICULS issued.

The salient terms of the ICULS are detailed in Note 19 to the financial statements.

Details of ICULS issued to Directors are disclosed in the section of Directors' Interests in this report.

Warrants 2022/2025

On 28 September 2022, the Company has issued 145,250,984 units of free warrants on the basis of one (1) warrant for every two (2) existing ordinary shares held by the shareholders. The exercise price of the warrants is fixed at RM0.37 for one (1) ordinary share.

The salient terms of the Warrants 2022/2025 are detailed in Note 18 to the financial statements.

Details of Warrants 2022/2025 issued to Directors are disclosed in the section of Directors' Interests in this report.

DIRECTORS' REPORT
CONT'D

Directors

The Directors in office since the beginning of the current financial year to the date of this report are:

Datuk Au Yee Boon *	
Lee Boon Siong *	
Dato' Sri Gan Chow Tee	
Kok Soke Kuen	
Dato' Sri Tajudin Bin Md Isa	(Appointed on 15 July 2022)
Tan Eik Huang	(Resigned on 12 September 2023)

* Director of the Company and of its subsidiary companies

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year to the date of this report are:

Goh Chee Kien

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

DIRECTORS' REPORT
CONT'D

Directors' Interests

The interests and deemed interests in the shares of the Company or its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 01.07.2022	**Additions**	**Disposals**	**At 30.06.2023**
Interest in the Company				
Direct interests:				
Datuk Au Yee Boon	13,115,833	-	-	13,115,833
Lee Boon Siong	829,666	-	-	829,666
Tan Eik Huang	1,399,999	-	-	1,399,999
Indirect interests:				
Datuk Au Yee Boon*	24,192,166	-	-	24,192,166

	Number of ICULS			
	At 01.07.2022	**Acquired**	**Converted**	**At 30.06.2023**
Interest in the Company				
Direct interests:				
Datuk Au Yee Boon	100,793,096	-	-	100,793,096
Lee Boon Siong	4,148,330	-	-	4,148,330
Tan Eik Huang	6,999,995	-	-	6,999,995
Indirect interests:				
Datuk Au Yee Boon*	170,960,830	-	-	170,960,830

	Number of Warrants 2022/2025			
	At 01.07.2022	**Issued**	**Exercised**	**At 30.06.2023**
Interest in the Company				
Direct interests:				
Datuk Au Yee Boon	-	6,557,916	-	6,557,916
Lee Boon Siong	-	414,833	-	414,833
Tan Eik Huang	-	699,999	-	699,999
Indirect interests:				
Datuk Au Yee Boon*	-	12,096,083	-	12,096,083

DIRECTORS' REPORT
CONT'D

Directors' Interests (Cont'd)

* Deemed interested in the shares of the Company by virtue of his substantial shareholdings in TechBase Solution Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 and deemed interested by virtue of shares held by his spouse in the Company.

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in 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 certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business in which a Director is a member as disclosed in Note 33(b) to the financial statements.

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

	Group RM	Company RM
Directors' fees	443,067	228,067

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Warrants issued by the Company as disclosed in Notes 19 and 18 to the financial statements, respectively.

Indemnity and Insurance Costs

During the financial year, the total amount of insurance premium paid for the Directors and officers of the Company were RM10,860. No indemnity was given to or insurance effected for auditors of the Company.

DIRECTORS' REPORT
CONT'D

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that 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 there were no known bad debts to be written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render it necessary to write off any 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) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT
CONT'D

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

Subsequent Event

The subsequent event is disclosed in Note 38 to the financial statements.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 are as follow:

	Group RM	**Company RM**
Auditors' remuneration (inclusive of non-audit services)		
UHY	196,000	54,000
Other auditors	25,728	-
	221,728	54,000

DIRECTORS' REPORT
CONT'D

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 October 2023.

DATUK AU YEE BOON	LEE BOON SIONG

KUALA LUMPUR

STATEMENTS BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements 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 26 October 2023.

DATUK AU YEE BOON	LEE BOON SIONG

KUALA LUMPUR

STATUTORY DECLARATION

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

I, KOH CHEE HUAT, being the officer primarily responsible for the financial management of YB Ventures Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 26 October 2023.	)))	
		KOH CHEE HUAT

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD
[REGISTRATION NO.: 200001013437 (516043K)]
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of YB Ventures Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 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 their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD
[REGISTRATION NO.: 200001013437 (516043K)]
(INCORPORATED IN MALAYSIA) CONT'D

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 for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters	How we addressed the key audit matters
Net realisable value of inventories As disclosed in Note 12, the carrying amount of inventories of the Group amounted to RM52,081,864 as at 30 June 2023. The finished goods of the Group, mainly ceramic and homogenous tiles, comprise a wide range of designs and certain of these finished goods are either with quality issues, slow moving, or outdated in designs. The ability of the Group to sell these tiles is affected by market-driven changes that may occur in the future such as slowdown in the property development segment in Malaysia and Singapore.	We have performed the following audit procedures: • Obtained an understanding of the relevant controls put in place by the Group in respect of assessment of net realisable value and performed procedures to evaluate design and implement of such controls. • Evaluated management's assessment of net realisable value of the inventories by selecting samples and comparing the unit cost to selling price for sales transacted subsequent to financial year end. • Evaluated the reasonableness and tested the adequacy of inventories write down recognised.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF YB VENTURES BERHAD
[REGISTRATION NO.: 200001013437 (516043K)]
(INCORPORATED IN MALAYSIA) CONT'D

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD
[REGISTRATION NO.: 200001013437 (516043K)]
(INCORPORATED IN MALAYSIA) CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YB VENTURES BERHAD
[REGISTRATION NO.: 200001013437 (516043K)]
(INCORPORATED IN MALAYSIA) CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF YB VENTURES BERHAD
[REGISTRATION NO.: 200001013437 (516043K)]
(INCORPORATED IN MALAYSIA) CONT'D

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matter

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

LIM YANG YUE
Approved Number: 03544/12/2024 J
Chartered Accountant

KUALA LUMPUR

26 October 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	177,660,987	175,852,916	9,861,069	27,035,266
Investment properties	5	24,091,242	15,079,184	-	-
Right-of-use assets	6	4,493,158	5,970,262	1,315,026	1,726,571
Intangible asset	7	882,181	1,247,220	-	-
Investment in subsidiaries	8	-	-	151,316,213	113,521,213
Investment in an associate	9	9,192,241	9,898,908	-	-
Other investments	10	19,561,360	20,294,911	-	-
Deferred tax assets	11	64,870	953,631	42,534	51,770
		235,946,039	229,297,032	162,534,842	142,334,820
Current Assets					
Inventories	12	52,081,864	58,319,477	-	-
Trade receivables	13	16,154,345	26,145,843	-	-
Other receivables	14	2,201,426	5,265,029	265,127	255,526
Contract assets	15	3,061,944	7,514,583	-	-
Amount due from subsidiaries	16	-	-	16,683,110	32,588,444
Current tax assets		717,029	409,990	40,613	-
Other investments	10	46,889,411	31,650,650	-	-
Cash and bank balances	17	15,741,738	61,502,581	334,511	20,436,673
		136,847,757	190,808,153	17,323,361	53,280,643
Total Assets		372,793,796	420,105,185	179,858,203	195,615,463

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (CONT'D)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
EQUITY					
Share capital	18	110,754,174	110,754,174	110,754,174	110,754,174
ICULS equity component	19	48,136,481	48,136,481	48,136,481	48,136,481
Reserves	20	169,889,196	189,406,363	19,231,762	19,978,086
Total Equity		328,779,851	348,297,018	178,122,417	178,868,741
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	21	2,789,544	3,794,058	1,071,432	1,478,883
ICULS liability component	19	131,458	169,941	131,458	169,941
Deferred tax liabilities	11	10,224,827	17,125,137	-	-
		13,145,829	21,089,136	1,202,890	1,648,824
Current Liabilities					
Trade payables	22	2,988,818	10,555,901	-	-
Other payables	23	5,819,174	21,808,318	156,865	14,554,075
Bank borrowings	24	20,750,740	16,525,069	-	-
Lease liabilities	21	1,217,415	1,439,462	330,263	293,432
ICULS liability component	19	45,768	45,768	45,768	45,768
Amount due to an associate	25	27,825	27,036	-	-
Current tax liabilities		18,376	317,477	-	204,623
		30,868,116	50,719,031	532,896	15,097,898
Total Liabilities		44,013,945	71,808,167	1,735,786	16,746,722
Total Equity and Liabilities		372,793,796	420,105,185	179,858,203	195,615,463

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM
Revenue	26	66,803,667	134,478,436	-	13,988,072
Cost of sales		(85,717,592)	(116,198,566)	-	-
Gross (loss)/profit		(18,913,925)	18,279,870	-	13,988,072
Other income		23,839,826	18,590,484	-	57,500
Distribution expenses		(10,357,664)	(12,632,261)	-	-
Administrative expenses		(15,456,944)	(11,324,032)	(1,074,815)	(2,490,574)
Amortisation of intangible asset		(365,039)	(547,560)	-	-
Reversal of/(Allowance for) impairment loss on receivables		182,737	(431,264)	-	-
Other expenses		(3,055,103)	(1,905,233)	-	(2,223)
(Loss)/Profit from operations		(24,126,112)	10,030,004	(1,074,815)	11,552,775
Finance income		661,511	1,421,508	431,002	1,433,352
Finance costs		(1,204,718)	(661,942)	(102,229)	(222,765)
Share of results of an associate, net of tax		(706,667)	396,724	-	-
(Loss)/Profit before tax	27	(25,375,986)	11,186,294	(746,042)	12,763,362
Taxation	28	6,117,594	(877,017)	(282)	(303,675)
(Loss)/Profit for the financial year/period		(19,258,392)	10,309,277	(746,324)	12,459,687

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Note	Group 01.07.2022 to 30.06.2023 RM	Group 01.01.2021 to 30.06.2022 RM	Company 01.07.2022 to 30.06.2023 RM	Company 01.01.2021 to 30.06.2022 RM
Other comprehensive (loss)/income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		474,776	361,843	-	-
Items that will not be reclassified subsequently to profit or loss					
Fair value changes on equity investment at fair value through other comprehensive income ("FVOCI")		(733,551)	(10,560,298)	-	-
Other comprehensive loss for the financial year/period		(258,775)	(10,198,455)	-	-
Total comprehensive (loss)/income for the financial year/period		(19,517,167)	110,822	(746,324)	12,459,687
(Loss)/Earnings per share					
Basic (sen)	29 (a)	(6.61)	4.24		
Diluted (sen)	29 (b)	(4.91)	3.41		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Attributable to Owners of the Company							
		Non-Distributable						Distributable	
	Note	Share capital RM	ICULS equity component RM	Treasury shares RM	Foreign currency translation reserve RM	Fair value reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Group									
At 1 July 2022		110,754,174	48,136,481	(256,687)	4,014,504	(10,560,298)	76,752,541	119,456,303	348,297,018
Loss for the financial year		-	-	-	-	-	-	(19,258,392)	(19,258,392)
Fair value changes on equity investment at FVOCI		-	-	-	-	(733,551)	-	-	(733,551)
Foreign currency translation differences		-	-	-	474,776	-	-	-	474,776
Total comprehensive income/(loss) for the financial year		-	-	-	474,776	(733,551)	-	(19,258,392)	(19,517,167)
At 30 June 2023		110,754,174	48,136,481	(256,687)	4,489,280	(11,293,849)	76,752,541	100,197,911	328,779,851

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

		Attributable to Owners of the Company							
		Non-Distributable						Distributable	
	Note	Share capital RM	ICULS equity component RM	Treasury shares RM	Foreign currency translation reserve RM	Fair value reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Group									
At 1 January 2021		93,692,416	-	(256,687)	3,652,661	-	76,752,541	109,147,026	282,987,957
Profit for the financial period		-	-	-	-	-	-	10,309,277	10,309,277
Fair value changes on equity investment at FVOCI		-	-	-	-	(10,560,298)	-	-	(10,560,298)
Foreign currency translation differences		-	-	-	361,843	-	-	-	361,843
Total comprehensive income/(loss) for the financial period		-	-	-	361,843	(10,560,298)	-	10,309,277	110,822
Transactions with owners:									
Issuance of ordinary shares									
- conversion of ICULS		68,607	(68,314)	-	-	-	-	-	293
- private placements	18	16,993,151	-	-	-	-	-	-	16,993,151
Right issue of ICULS		-	48,204,795	-	-	-	-	-	48,204,795
		17,061,758	48,136,481	-	-	-	-	-	65,198,239
At 30 June 2022		110,754,174	48,136,481	(256,687)	4,014,504	(10,560,298)	76,752,541	119,456,303	348,297,018

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

STATEMENTS OF CHANGES IN EQUITY

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

	Note	Attributable to Owners of the Company				
		Non-Distributable			Distributable	
		Share capital RM	ICULS equity component RM	Treasury shares RM	Retained earnings RM	Total Equity RM
Company						
At 1 July 2022		110,754,174	48,136,481	(256,687)	20,234,773	178,868,741
Loss for the financial year representing total comprehensive loss for the financial year		-	-	-	(746,324)	(746,324)
At 30 June 2023		110,754,174	48,136,481	(256,687)	19,488,449	178,122,417
At 1 January 2021		93,692,416	-	(256,687)	7,775,086	101,210,815
Profit for the financial period representing total comprehensive income for the financial period			-	-	12,459,687	12,459,687
Transactions with owners:						
Issuance of ordinary shares						
- conversion of ICULS		68,607	(68,314)	-	-	293
- private placements	18	16,993,151	-	-	-	16,993,151
Right issue of ICULS		-	48,204,795	-	-	48,204,795
		17,061,758	48,136,481	-	-	65,198,239
At 30 June 2022		110,754,174	48,136,481	(256,687)	20,234,773	178,868,741

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM
Cash flows used in operating activities				
(Loss)/Profit before tax	(25,375,986)	11,186,294	(746,042)	12,763,362
Adjustments for:				
Amortisation of intangible assets	365,039	547,560	-	-
Change in fair value of other investments	(23,575,008)	(9,919,746)	-	2,223
Depreciation of:				
- Property, plant and equipment	7,640,633	9,681,363	82,737	48,263
- Investment properties	296,684	-	-	-
- Right-of-use assets	1,706,154	1,923,290	363,731	278,479
Dividend income from:				
- Other investments	(402,678)	(483,081)	-	(85,322)
- A subsidiary	-	-	-	(13,902,750)
Finance income	(661,511)	(1,023,749)	(431,002)	(1,433,352)
Finance costs	1,204,718	661,942	102,229	222,765
Gain on early termination of lease contracts	(7,753)	-	-	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	(98)	(26,638)	-	-
- Other investments	2,780,013	(2,410,446)	-	-
Impairment loss on:				
- Property, plant and equipment	5,590,733	-	-	-
- Trade receivables	40,493	430,229	-	-
Inventories written down	4,538,574	2,181,273	-	-
Reversal of impairment loss on trade receivables	(223,230)	-	-	-
Share of results of an associate	706,667	(396,724)	-	-
Unrealised (gain)/loss on foreign exchange	(29,703)	16,190	-	-
Written off of property, plant and equipment	587,274	50,591	-	-
Operating (loss)/profit before working capital changes carried forward	(24,818,985)	12,418,348	(628,347)	(2,106,332)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Group		Company	
	01.07.2022 to 30.06.2023 RM	**01.01.2021 to 30.06.2022 RM**	**01.07.2022 to 30.06.2023 RM**	**01.01.2021 to 30.06.2022 RM**
Cash flows used in operating activities (Cont'd)				
Operating (loss)/profit before working capital changes bought forward	(24,818,985)	12,418,348	(628,347)	(2,106,332)
Changes in working capital:				
Inventories	1,699,039	(16,646,273)	-	-
Trade receivables	10,134,513	5,610,780	-	-
Other receivables	3,063,603	(2,316,096)	(9,601)	(53,526)
Contract assets	4,452,639	(3,611,326)	-	-
Trade payables	(7,567,083)	1,451,205	-	-
Other payables	(1,593,630)	(4,430,836)	(1,696)	86,183
Cash used in operations	(14,629,904)	(7,524,198)	(639,644)	(2,073,675)
Tax paid	(502,271)	(498,813)	(236,282)	(97,129)
Net cash used in operating activities	(15,132,175)	(8,023,011)	(875,926)	(2,170,804)
Cash flows used in investing activities				
Additions of:				
- Property, plant and equipment	(29,928,984)	(30,316,141)	(26,620,514)	(27,688,015)
- Investment properties	(9,308,742)	(15,079,184)	-	-
- Other investments at FVOCI	-	(30,855,209)	-	-
Acquisition and subscription of:				
- Shares in subsidiaries	-	-	-	(6)
Dividends received from:				
- Subsidiaries	-	-	-	13,902,750
- Other investments	402,678	483,081	-	85,322
Interest received	661,511	1,023,749	431,002	1,433,352
Net changes in amount due from subsidiaries	-	-	7,426,794	(37,967,042)
Net proceeds from disposal of/(acquisition of) other investments at FVTPL	5,556,234	(5,419,547)	-	7,404,863
Proceeds from disposal of property, plant and equipment	100	1,578,588	-	-

STATEMENTS OF CASH FLOWS

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

	Group		Company	
	01.07.2022 to 30.06.2023 RM	**01.01.2021 to 30.06.2022 RM**	**01.07.2022 to 30.06.2023 RM**	**01.01.2021 to 30.06.2022 RM**
Cash flows used in investing activities (Cont'd)				
Proceeds from disposal of right-of-use assets	-	13,000,000	-	-
Increase in fixed deposits pledged to licensed banks	(3,720,883)	(1,200,000)	-	-
Decrease in fixed deposits maturity more than 3 months	1,799,977	2,733,632	-	-
Net cash used in investing activities	(34,538,109)	(64,051,031)	(18,762,718)	(42,828,776)
Cash flows (used in)/from financing activities				
Interest paid	(1,242,412)	(625,321)	(140,712)	(213,180)
Proceed from issuance of:				
- ICULS	-	48,361,672	-	48,361,672
- Shares	-	16,993,151	-	16,993,151
Net changes in bank borrowings	(5,408,568)	13,885,016	-	-
Repayments of lease liabilities	(1,454,481)	(1,430,013)	(322,806)	(232,735)
Net cash (used in)/from financing activities	(8,105,461)	77,184,505	(463,518)	64,908,908
Net (decrease)/increase in cash and cash equivalents	(57,775,745)	5,110,463	(20,102,162)	19,909,328
Cash and cash equivalents at beginning of the financial year/period	55,370,366	49,936,741	20,436,673	527,345
Effect of foreign translation differences	466,405	323,162	-	-
Cash and cash equivalents at the end of the financial year/period	(1,938,974)	55,370,366	334,511	20,436,673
Cash and cash equivalents at end of the financial year/period comprise:				
Cash and bank balances (Note 17)	9,534,445	32,800,054	334,511	20,436,673
Fixed deposits with licensed banks (Note 17)	6,207,293	28,702,527	-	-
	15,741,738	61,502,581	334,511	20,436,673
Less: Fixed deposits pledged to licensed banks	(4,920,883)	(1,200,000)	-	-
Less: Fixed deposits maturity more than 3 months	(501,129)	(2,301,106)	-	-
Less: Bank overdrafts (Note 24)	(12,258,700)	(2,631,109)	-	-
	(1,938,974)	55,370,366	334,511	20,436,673

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

NOTES TO THE FINANCIAL STATEMENTS

1. **Corporate information**

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

The registered office of the Company was located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan. With effect from 2 January 2023, the registered office of the Company has been relocated to B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 7020, Batu 23, Jalan Air Hitam, 81000 Kulai, Johor Darul Takzim.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 8 to the Financial Statements. There has been no significant change in the nature of these activities during the financial year.

2. **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.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(a) Statement of compliance (Cont'd)

Adoption of amended standards

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

Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference of the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRSs Standards 2018 - 2020:
- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to MFRS 16
- Amendments to MFRS 141

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new standard and amendments to standards that have been issued by the MASB but are not yet effective:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new standard and amendments to standards that have been issued by the MASB but are not yet effective: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standard and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standard and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Functional and presentation currency

Ringgit Malaysia is the presentation currency of the Group and of the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operation has different functional currency.

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

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

<u>Determining the lease term of contracts with renewal and termination options - the Group and the Company as lessee</u>

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for them to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease if there is a significant event or change in circumstances that is within their control and affects their ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company included the renewal period as part of the lease term for leases of building with non-cancellable period. The Group and the Company typically exercise the option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers

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

The Group recognises revenue over time in the following circumstances:

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

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

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

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's and the Company's assets.

The management expects that the expected useful lives of property, plant and equipment and ROU assets would not have material difference from the management's estimation, hence, it would not result in material variance in the Group's and the Company's profit or loss.

The carrying amount of the Group's and the Company's property, plant and equipment and ROU assets at the reporting date are disclosed in Notes 4 and 6 respectively.

Revaluation of property, plant and equipment and right-of-use assets

The Group measures their land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engages an independent professional valuer to estimate the fair value.

The carrying amounts of the land and buildings at the reporting date and the relevant revaluation basis are disclosed in Notes 4 and 6 respectively.

Amortisation of intangible asset

Intangible asset is amortised for a period of 5 years based on industry comparison. Changes in market demand could impact economical useful life of the assets, therefore, future amortisation changes could be revised.

The carrying amount of the Group's intangible asset at the reporting date is disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Net realisable value of inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the assessment are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The management reassess the net realisable value of inventories in each subsequent period. For identified inventories for which the carrying amout is higher than its net realisable value, the management writes down these inventories to its net realisable value.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 12.

Income taxes

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

As at 30 June 2023, the Group has current tax assets of RM717,029 (2022: RM409,990) and current tax liabilities of RM18,376 (2022: RM317,477) respectively.

As at 30 June 2023, the Company has current tax assets of RM40,613 (2022: RMNil) and current tax liabilities of RMNil (2022: RM204,623) respectively.

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

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit losses ("ECL") of financial assets and contract assets at amortised cost

Credit losses are the difference between all contractual cash flows of the Group and of the Company that are due and the cash flows that they actually expect to receive. An expected credit loss is the probability weighted estimate of credit losses which requires the Group's and the Company's judgement.

The Group uses a provision matrix to calculate ECLs for its trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

The assessment of the correlation between historical observed rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rates in the future.

The carrying amount of the Group's and the Company's receivables and contract assets at the reporting date are disclosed in Notes 13, 14, 15 and 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

<u>Leases - Estimating the incremental borrowing rate</u>

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, the Group and the Company use an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and the Company estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

<u>Impairment of property, plant and equipment</u>

The Group assesses whether there is any indication that property, plant and equipment are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions and other available information. Changes to any of these assumptions would affect the amount of impairment. The key assumptions used to determine the recoverable amount is disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments,* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. 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. Refer accounting policy Note 3(o)(i) on impairment of non-financial assets.

(ii) Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group losses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

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

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(b) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 *Investment in Associates and Joint Ventures* from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceed its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(b) Investment in associate (Cont'd)

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. 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. See accounting policy Note 3(o)(i) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operation

The assets and liabilities of the foreign operation denominated in functional currencies other than Ringgit Malaysia ("RM"), are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of the foreign operation, excluding foreign operation in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(c) Foreign currency translation (Cont'd)

(ii) Foreign operation (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed such that 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 company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for land and buildings which are stated at fair value less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

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.

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

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

(i) Recognition and measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the "revaluation reserve" in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and building are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

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

(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.

Except for freehold land, 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. 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 for the current and comparative periods are as follows:

Freehold buildings	50 years
Plant and machinery	3 to 15 years
Motor vehicles, office and other office equipment	3 to 5 years

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

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

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use. The amount is stated at cost and borrowing cost for qualifying assets is capitalised in accordance with accounting policy on borrowing cost. Capital work-in-progress is not depreciated until the assets are ready for the intended use.

(e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(e) Investment properties (Cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the investment properties. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on investment properties are computed on the straight line method over the following estimated useful lives of the assets:

Leasehold land	Over the remaining lease period
Leasehold buildings	50 years

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of investment properties is recognised in profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under property, plant and equipment up to the date of change.

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised based on the estimated useful lives of assets as follows:

Computer software	5 years

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(f) Intangible assets (Cont'd)

(ii) 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 the asset is derecognised.

The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(g) Leases

(i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined s follows:

Leasehold land	Over the remaining lease period
Leasehold buildings	50 years
Leased buildings	2 to 5 years
Motor vehicles, office and other equipment	3 to 5 years

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

(g) Leases (Cont'd)

(i) As lessee (Cont'd)

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As lessor

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

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(h) Financial assets

Recognition and initial measurement

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change 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 in the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains or losses, impairment and any gain or loss on derecognition or modification are recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies and deposits, bank and cash balances.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(h) Financial assets (Cont'd)

(ii) Financial assets at fair value through other comprehensive income ("FVOCI")

(a) Debt investments

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

For debt investment not designated as at fair value through profit or loss, interest income calculated using 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.

(b) Equity instruments

This category comprises investment in equity investment that is not held for trading. The Group irrevocably elects 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 represent 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.

The Group's financial assets at FVOCI comprises other investments.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(h) Financial assets (Cont'd)

(iii) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or 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 FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The Group's and the Company's financial assets at FVTPL comprise other investments.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment in accordance with Note 3(o)(ii) on impairment of financial assets.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive 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 assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(i) Financial liabilities

Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

(i) Financial liabilities at fair value through profit or loss ("FVTPL")

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

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in profit or loss.

The Group and the Company have not designated any financial liabilities as FVTPL.

(ii) Financial liabilities at 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.

Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, amount due to subsidiary companies, amount due to an associate, lease liabilities, bank borrowings and ICULS.

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

(i) Financial liabilities (Cont'd)

<u>Derecognition</u>

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.

(j) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

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

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Inventories

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

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on weighted average method. Cost of finished goods and work-in progress consists of direct material, direct labour and an appropriate proportion of production overheads.

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.

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

(m) Contract assets

A contract asset is recognised when the Group's right to consideration for work completed on made-to-order tiles but not yet billed at the reporting date. The amount will be billed upon delivery of goods.

Contract assets are subject to impairment assessment in accordance with Note 3(o)(ii) on impairment of financial assets.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets 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, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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 (group of cash-generating units) on a pro rata basis.

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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

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

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

(o) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit 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 and the Company's historical experience and informed credit assessment 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-months 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(p) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(q) 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, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability 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 re-measured subsequent to initial recognition except on conversion or expiry.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(r) 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 as treasury shares until the shares are cancelled, reissued or disposed off.

When 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.

Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as reduction of the distributable retained earnings.

(s) Fair value reserve

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.

(t) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(u) Revenue and other income recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised in the amount allocated to the satisfied PO.

The Group recognise revenue over time in the following circumstances:

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

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group recognises revenue from the following major sources:

(a) Sales of tiles

The Group contract with the customers for sales of tiles. Revenue from sales of tiles is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(u) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group recognises revenue from the following major sources: (Cont'd)

(b) Sales of made-to-order tiles

The Group contract with the customers for sales of made-to-order tiles. Revenue from sales of made-to-order tiles is recognised overtime as costs are incurred. These contracts would meet the no alternative use and the Group have rights to payment for work performed.

(ii) Dividend income

Dividend income is recognised when the Group's or Company's rights to receive payment is established.

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will be accrued to the Group and the Company.

(v) Employee benefits

(i) Short-term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(v) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). One of the Group's foreign subsidiary company also make contributions to its respective country's statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the 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, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(x) Income taxes

Tax expense in profit or loss 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 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.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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 measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. 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 liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that 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 investment tax allowance, being tax incentives, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

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

(y) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. **Property, plant and equipment**

	Valuation		Cost			
	Freehold land RM	**Freehold buildings RM**	**Plant and machinery RM**	**Motor vehicles, office and other equipment RM**	**Capital work-in-progress RM**	**Total RM**
Group						
At 1 July 2022	52,343,691	75,244,366	160,730,343	11,324,571	27,668,496	327,311,467
Additions	-	60,600	1,632,482	1,542,417	12,297,971	15,533,470
Disposals	-	-	(2,875)	(1,045)	-	(3,920)
Transfers	-	-	29,405,267	-	(29,405,267)	-
Written off	-	(250,523)	(739,181)	(764,378)	-	(1,754,082)
Exchange differences	-	-	-	159,405	-	159,405
At 30 June 2023	52,343,691	75,054,443	191,026,036	12,260,970	10,561,200	341,246,340
Accumulated depreciation						
At 1 July 2022	-	4,201,212	139,452,085	7,805,254	-	151,458,551
Charge for the financial year	-	2,810,517	3,971,373	858,743	-	7,640,633
Disposals	-	-	(2,874)	(1,044)	-	(3,918)
Written off	-	(80,323)	(731,702)	(354,783)	-	(1,166,808)
Exchange differences	-	-	-	66,162	-	66,162
At 30 June 2023	-	6,931,406	142,688,882	8,374,332	-	157,994,620
Accumulated impairment loss						
At 1 July 2022	-	-	-	-	-	-
Recognised during the financial year	-	-	5,590,733	-	-	5,590,733
At 30 June 2023	-	-	5,590,733	-	-	5,590,733
Net carrying amount						
At 30 June 2023	52,343,691	68,123,037	42,746,421	3,886,638	10,561,200	177,660,987

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. **Property, plant and equipment (Cont'd)**

	Valuation		Cost			
	Freehold land RM	**Freehold buildings RM**	**Plant and machinery RM**	**Motor vehicles, office and other equipment RM**	**Capital work-in-progress RM**	**Total RM**
Group						
At 1 January 2021	52,343,691	74,976,309	158,075,125	10,402,379	280,956	296,078,460
Additions	-	268,057	404,481	1,370,621	42,668,496	44,711,655
Disposals	-	-	(36,032)	(485,044)	-	(521,076)
Transfers	-	-	15,280,956	-	(15,280,956)	-
Written off	-	-	(12,994,187)	(29,858)	-	(13,024,045)
Exchange differences	-	-	-	66,473	-	66,473
At 30 June 2022	52,343,691	75,244,366	160,730,343	11,324,571	27,668,496	327,311,467
Accumulated depreciation						
At 1 January 2021	-	-	148,072,030	7,169,693	-	155,241,723
Charge for the financial period	-	4,201,212	4,359,686	1,120,465	-	9,681,363
Disposals	-	-	(36,027)	(483,099)	-	(519,126)
Written off	-	-	(12,943,604)	(29,850)	-	(12,973,454)
Exchange differences	-	-	-	28,045	-	28,045
At 30 June 2022	-	4,201,212	139,452,085	7,805,254	-	151,458,551
Net carrying amount						
At 30 June 2022	52,343,691	71,043,154	21,278,258	3,519,317	27,668,496	175,852,916

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. **Property, plant and equipment (Cont'd)**

	Office equipment RM	Capital work-in-progress RM	Total RM
Company			
Cost			
At 1 July 2022	467,069	26,616,460	27,083,529
Additions	-	12,225,000	12,225,000
Disposals	-	(29,316,460)	(29,316,460)
At 30 June 2023	467,069	9,525,000	9,992,069
Accumulated depreciation			
At 1 July 2022	48,263	-	48,263
Charge for the financial year	82,737	-	82,737
At 30 June 2023	131,000	-	131,000
Net carrying amount			
At 30 June 2023	336,069	9,525,000	9,861,069
Cost			
At 1 January 2021	-	-	-
Additions	467,069	41,616,460	42,083,529
Disposals	-	(15,000,000)	(15,000,000)
At 30 June 2022	467,069	26,616,460	27,083,529
Accumulated depreciation			
At 1 January 2021	-	-	-
Charge for the financial period	48,263	-	48,263
At 30 June 2022	48,263	-	48,263
Net carrying amount			
At 30 June 2022	418,806	26,616,460	27,035,266

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. **Property, plant and equipment (Cont'd)**

(a) Revaluation of freehold land and buildings

The Group's freehold land and buildings were revalued on 31 December 2020 by an independent professional qualified valuer, Laurelcap Sdn. Bhd.

The fair value was determined within Level 2 by using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is per square foot of comparable properties.

If the land and buildings were measured at cost model, the carrying amount would be as follows:

	Group	
	2023	**2022**
	RM	**RM**
Freehold land	15,651,891	15,651,891
Freehold buildings	16,622,328	17,349,469
	32,274,219	33,001,360

(b) Remaining useful life of freehold buildings

The remaining useful life of freehold buildings range from 18 to 41 (2022: 19 to 42) years.

(c) Fully depreciated property, plant and equipment

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use at the reporting date were RM132,159,542 (2022: RM141,289,919) for the Group.

(d) Capital work-in-progress

Capital work-in-progress refers to the feature enhancement cost directly attributable to the development of the Company's plant and machinery. These are still in progress as at the reporting date and depreciation will be charged when it is ready for its intended use.

4. **Property, plant and equipment (Cont'd)**

(e) Reconciliation to the statements of cash flows for:

(i) Additions of property, plant and equipment is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Additions	15,533,470	44,711,655	12,225,000	42,083,529
Cash outflows	(29,928,984)	(30,316,141)	(26,620,514)	(27,688,015)
Contra against other payables (Note 23)	(14,395,514)	14,395,514	(14,395,514)	14,395,514

(ii) Disposals of property, plant and equipment is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Consideration on disposal	100	28,588	29,316,460	15,000,000
Proceeds from disposal received	(100)	(1,578,588)	-	-
Amount due from subsidiaries	-	-	(29,316,460)	(15,000,000)
Contra against other receivables	-	(1,550,000)	-	-

(f) Assets pledged as securities

Freehold land and building of the Group amounting to RM36,041,090 (2022: RM37,291,387) has been pledged to secure banking facilities granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. **Property, plant and equipment (Cont'd)**

(g) Impairment review of property, plant and equipment

In current financial year, the management has performed an impairment review on its recoverable amount of plant and equipment in a subsidiary of which has incurred losses during the reporting period. The recoverable amount is determined from a value in use calculation by discounting future cash flows using a pre-tax discount. Based on the impairment assessment, the recoverable amount of the plant and equipment is lower than the carrying amount. This led to the recognition of impairment loss of RM5,590,733 recognised in profit or loss.

The key assumptions used in determining the value in use are as follows:

Growth rate	2% - 3%
Pre-tax discount rate	13%

The Group's impairment assessment includes an assessment of changes in key assumptions. Any adverse change in a key assumption may result in a further impairment loss as set out below:

- An increase of 1% point in the pre-tax discount rate used would have increased the impairment loss by RM2,620,000.

- An decrease of 1% point in the sales growth rate used would have increased the impairment loss by RM611,000.

NOTES TO THE FINANCIAL STATEMENTS
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5. Investment properties

	Leasehold land and buildings RM	Capital work-in-progress RM	Total RM
Group			
Cost			
At 1 July 2022	-	15,079,184	15,079,184
Additions	-	9,308,742	9,308,742
Transfers	15,079,184	(15,079,184)	-
At 30 June 2023	15,079,184	9,308,742	24,387,926
Accumulated depreciation			
At 1 July 2022	-	-	-
Charge for the financial year	296,684	-	296,684
At 30 June 2023	296,684	-	296,684
Net carrying amount			
At 30 June 2023	14,782,500	9,308,742	24,091,242
Cost			
At 1 January 2021	-	-	-
Additions	-	15,079,184	15,079,184
At 30 June 2022	-	15,079,184	15,079,184
Net carrying amount			
At 30 June 2022	-	15,079,184	15,079,184

(a) Fair value basis of investment properties

Investment properties are stated at cost. The fair value of the investment properties of the Group were estimated by the Directors based on the recent transacted prices in the market of properties with similar conditions and location. The Group's investment properties carried at fair value are within Level 2 fair value hierarchy.

	Group	
	2023 RM	2022 RM
Fair value	16,805,300	-

(b) Lease term of the investment properties

The remaining lease term of the investment properties range from 67 to 85 (2022: 68 to 86) years.

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6. **Right-of-use assets**

	Valuation Leasehold land RM	Valuation Buildings RM	Cost Leased buildings, motor vehicles, office and other equipment RM	Total RM
Group				
At 1 July 2022	275,120	374,880	7,410,565	8,060,565
Additions	-	-	456,074	456,074
Early termination of lease contracts	-	-	(291,449)	(291,449)
Expiration of lease contracts	-	-	(192,904)	(192,904)
Modification of lease contracts	-	-	(146,038)	(146,038)
Exchange differences			23,159	23,159
At 30 June 2023	275,120	374,880	7,259,407	7,909,407
Accumulated depreciation				
At 1 July 2022	4,853	14,058	2,071,392	2,090,303
Charge for the financial year	3,236	9,372	1,693,546	1,706,154
Early termination of lease contracts	-	-	(204,014)	(204,014)
Expiration of lease contracts	-	-	(192,904)	(192,904)
Exchange differences	-	-	16,710	16,710
At 30 June 2023	8,089	23,430	3,384,730	3,416,249
Net carrying amount				
At 30 June 2023	267,031	351,450	3,874,677	4,493,158

NOTES TO THE FINANCIAL STATEMENTS
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6. **Right-of-use assets (Cont'd)**

	← Valuation	→	Cost	
	Leasehold land RM	**Buildings RM**	**Leased buildings, motor vehicles, office and other equipment RM**	**Total RM**
Group				
At 1 January 2021	275,120	704,137	3,051,403	4,030,660
Additions	-	-	4,397,912	4,397,912
Expiration of lease contracts	-	(342,588)	(38,750)	(381,338)
Exchange differences	-	13,331	-	13,331
At 30 June 2022	275,120	374,880	7,410,565	8,060,565
Accumulated depreciation				
At 1 January 2021	-	205,820	328,437	534,257
Charge for the financial period	4,853	139,596	1,778,841	1,923,290
Expiration of lease contracts	-	(342,588)	(38,750)	(381,338)
Exchange differences	-	11,230	2,864	14,094
At 30 June 2022	4,853	14,058	2,071,392	2,090,303
Net carrying amount				
At 30 June 2022	270,267	360,822	5,339,173	5,970,262

NOTES TO THE FINANCIAL STATEMENTS
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6. **Right-of-use assets (Cont'd)**

	Office RM
Company	
Cost	
At 1 July 2022	2,005,050
Modification of lease liabilities	(47,814)
At 30 June 2023	1,957,236
Accumulated depreciation	
At 1 July 2022	278,479
Charge for the financial year	363,731
At 30 June 2023	642,210
Net carrying amount	
At 30 June 2023	1,315,026
Cost	
At 1 January 2021	-
Additions	2,005,050
At 30 June 2022	2,005,050
Accumulated depreciation	
At 1 January 2021	-
Charge for the financial period	278,479
At 30 June 2022	278,479
Net carrying amount	
At 30 June 2022	1,726,571

The Group's and the Company's leases comprise land, buildings and machineries leased from various owners. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The maturity analysis of lease liabilities are presented in Note 21.

NOTES TO THE FINANCIAL STATEMENTS
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6. **Right-of-use assets (Cont'd)**

(a) Amount recognised in statements of profit or loss and other comprehensive income:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Depreciation of right-of-use assets (Note 27)	1,706,154	1,923,290	363,731	278,479
Interest expense on lease liability (Note 27)	259,948	324,829	92,294	85,553

(b) Additions of leasehold land and buildings

Additions of right-of-use assets during the financial year/period are financed by:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Total additions of right-of-use assets	456,074	4,397,912	-	2,005,050
Less: Additions by lease arrangements	(456,074)	(4,397,912)	-	(2,005,050)
	-	-	-	-

(c) Revaluation of leasehold land and buildings

The Group's leasehold land and buildings were revalued on 31 December 2020 by an independent professional qualified valuer, Laurelcap Sdn. Bhd.

The fair value was determined within Level 2 by using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is per square foot of comparable properties.

If the land and buildings were measured at cost model, the carrying amount would be as follows:

	Group	
	2023	**2022**
	RM	**RM**
Leasehold land	133,328	151,408
Leasehold buildings	217,625	225,002
	350,953	376,410

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

6. **Right-of-use assets (Cont'd)**

(d) Held in trust

Included in the net carrying amount of the Group's right-of-use assets is held in trust by a Director of the Company as follows:

	Group 2023 RM	Group 2022 RM
Motor vehicle	719,684	1,017,484

(e) Lease term of the leasehold land

The remaining lease term of the leasehold land is 82 (2022: 83) years.

(f) Reconciliation to the statements of cash flows

Reconciliation to the cash flow for disposals of right-of-use assets is as follows:

	Group 2023 RM	Group 2022 RM
Consideration on disposal of right-of-use assets	-	-
Proceeds from disposal received for right-of-use assets	-	(13,000,000)
Contra against other receivables	-	(13,000,000)

NOTES TO THE FINANCIAL STATEMENTS
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7. Intangible asset

	Computer software	
	2023	**2022**
	RM	**RM**
Group		
Cost		
At beginning and end of the financial year/period	1,825,200	1,825,200
Accumulated amortisation		
At beginning of the financial year/period	577,980	30,420
Charge for the financial year/period	365,039	547,560
At end of the financial year/period	943,019	577,980
Net carrying amount	882,181	1,247,220

8. Investment in subsidiaries

	Company	
	2023	**2022**
	RM	**RM**
In Malaysia		
At cost		
Unquoted shares	149,328,882	111,533,882
Outside Malaysia		
At cost		
Unquoted shares	1,987,331	1,987,331
	151,316,213	113,521,213

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

8. **Investment in subsidiaries (Cont'd)**

Details of the subsidiaries are as follows:

Name of companies	**Place of business/ Country of incorporation**	**Effective interest 2023 %**	**2022 %**	**Principal activities**
Direct Holding				
Yi-Lai Industry Berhad ("YLI")	Malaysia	100	100	Manufacture and sale of ceramic and homogenous tiles
Yi-Lai Marketing Sdn. Bhd. ("YLM")	Malaysia	100	100	Trading and distribution of tiles
Yi-Lai Trading Pte Ltd ("YLT") *	Singapore	100	100	Trading and distribution of tiles
YB Technologies Sdn. Bhd. ("YBT")	Malaysia	100	100	Investment holding
YB Advance Sdn. Bhd. ("YB Adv")	Malaysia	100	100	Operation of generation facilities that produce electric energy
YB Alliance Sdn. Bhd. ("YB All")	Malaysia	100	100	Wholesale of a variety of goods without any particular specialisation n.e.c
YB Pro Builders Sdn. Bhd. ("YB Pro")	Malaysia	100	100	Construction of buildings n.e.c
Indirect Holding				
Held through YB Advance Sdn. Bhd.				
YB Renewable Energy Sdn. Bhd. ("YB Ren")	Malaysia	100	100	Operation of generation facilities that produce electric energy
Held through YB Pro Builders Sdn. Bhd.				
Blissful Concept Sdn. Bhd. ("BCSB")	Malaysia	100	100	Buying, selling, renting and operating of self-owned or leased real estate
Pinky Pie Sdn. Bhd. ("PPSB")	Malaysia	100	100	Trading of building materials

* Not audited by UHY

8. **Investment in subsidiaries (Cont'd)**

(a) Incorporation of subsidiaries

In previous financial period

(i) On 1 April 2021, two (2) new subsidiaries were incorporated, namely, YB Advance Sdn. Bhd. ("YB Adv") and YB Alliance Sdn. Bhd. ("YB All") with paid up capital of RM2 each. In previous financial period, the paid up capital of both subsidiaries had increased to RM10,002 each by way of capitalising the amount due from subsidiaries.

(ii) On 22 July 2021, one (1) new subsidiary was incorporated under YB Adv, namely, YB Renewable Energy Sdn Bhd Sdn. Bhd. ("YB Ren") with paid up capital of RM2.

(iii) On 2 September 2021, one (1) new subsidiary was incorporated, namely, YB Pro Builders Sdn. Bhd. ("YB Pro") with paid up capital of RM2. In previous financial period, the paid up capital had increased to RM7,870,002 by way of capitalising the amount due from subsidiaries.

(iv) On 21 October 2021, one (1) new subsidiary was incorporated under YB Pro, namely, Blissful Concept Sdn. Bhd. ("BCSB") with paid up capital of RM2. In previous financial period, the paid up capital had increased to RM1,580,002.

(b) Additions of investment in subsidiaries

In current financial year

(i) On 30 May 2023, the Company further subscribed for additional 29,800,000 ordinary shares in Yi-Lai Industry Berhad ("YLI") by way of capitalising the amount due from subsidiaries.

(ii) On 30 May 2023, the Company further subscribed for additional 7,995,000 ordinary shares in Yi-Lai Marketing Sdn. Bhd. ("YLM") by way of capitalising the amount due from subsidiaries.

As a result, YLI and YLM remain as wholly owned subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS
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8. **Investment in subsidiaries (Cont'd)**

(b) Additions of investment in subsidiaries (Cont'd)

In previous financial period

(i) On 19 April 2021, the Company further subscribed for additional 999,998 ordinary shares in Yi-Lai Marketing Sdn. Bhd. ("YLM") by way of capitalising the amount due from subsidiaries.

(ii) On 30 December 2021, the Company further subscribed for additional 14,460,000 ordinary shares in Yi-Lai Industry Berhad ("YLI") by way of capitalising the amount due from subsidiaries.

(iii) On 30 December 2021, the Company further subscribed for additional 9,800,000 ordinary shares in YB Technologies Sdn. Bhd. ("YBT") by way of capitalising the amount due from subsidiaries.

As a result, YLM, YLI and YBT remain as wholly owned subsidiaries of the Company.

(c) Acquisition of a subsidiary

In previous financial period

(i) On 15 November 2021, the Company subscribed 2 ordinary shares of a new incorporated company through YB Pro, namely, Pinky Pie Sdn. Bhd. ("PPSB"), representing the entire share capital of the PPSB for cash consideration of RM2.

The acquisitions did not have a significant impact to the financial results of the Group.

9. **Investment in an associate**

	Group	
	2023	**2022**
	RM	**RM**
In Malaysia		
Unquoted shares, at cost	9,500,000	9,500,000
Share of post-acquisition profits and reserves	(307,759)	398,908
	9,192,241	9,898,908

NOTES TO THE FINANCIAL STATEMENTS
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9. **Investment in an associate (Cont'd)**

Details of the associate is as follows:

Name of company	**Place of business/ Country of incorporation**	**Effective interest 2023 %**	**Effective interest 2022 %**	**Principal activities**
TechBase System Sdn. Bhd. ("TBS") *	Malaysia	49	49	Other information technologies service activities

* *Not audited by UHY*

The summarised financial information of the Group's material associate is set out below:

(i) Summarised statement of financial position

	2023 RM	**2022 RM**
Non-current assets	17,361,080	12,589,087
Current assets	1,457,411	7,822,407
Non-current liabilities	-	(180,000)
Current liabilities	(58,815)	(29,641)
Net assets	18,759,676	20,201,853
Interest in associate	49%	49%
Group's share of net assets	9,192,241	9,898,908

(ii) Summarised statement profit or loss and other comprehensive income

	01.07.2022 to 30.06.2023 RM	**01.01.2021 to 30.06.2022 RM**
Revenue	2,272,106	4,736,630
Profit/(Loss) for the financial year/period, representing total comprehensive income/(loss) for the financial year/period	(1,442,177)	809,640
Group's share of results for the financial year/period	(706,667)	396,724

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

9. **Investment in an associate (Cont'd)**

The summarised financial information of the Group's material associate is set out below: (Cont'd)

(iii) Summarised statement of cash flows

	2023 RM	2022 RM
Net cash used in operating activities	(224,319)	(520,097)
Net cash generated from/(used in) investing activities	411,233	(8,507,869)
Net cash generated from financing activity	-	9,499,900
Net increase in cash and cash equivalents	186,914	471,934

10. **Other investments**

	Note	Group 2023 RM	Group 2022 RM
Non-current			
Financial assets at fair value through other comprehensive income			
Investment in quoted shares	(a)	19,561,360	20,294,911
Current			
Financial assets at fair value through profit or loss			
Investment in quoted shares	(b)	46,889,411	31,650,650

(a) The Group designated the following investments as equity instruments at fair value through other comprehensive income because these are investments that the Group intends to hold for long-term strategic purpose.

The fair value of investment in quoted shares was determined within Level 1 by reference to the quoted prices in an active market.

(b) The fair value of the investment in quoted shares was determined within Level 1 by reference to the quoted prices in an active market.

NOTES TO THE FINANCIAL STATEMENTS
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11. Deferred tax assets/liabilities

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets					
At beginning of the financial year/period		953,631	672,072	51,770	-
Recognised in profit or loss	28	(888,761)	232,019	(9,236)	2,230
Issuance of ICULS	19	-	49,540	-	49,540
At end of the financial year/period		64,870	953,631	42,534	51,770
Deferred tax liabilities					
At beginning of the financial year/period		17,125,137	16,591,663	-	-
Recognised in profit or loss	28	(6,902,129)	532,568	-	-
Exchange differences		1,819	906	-	-
At end of the financial year/period		10,224,827	17,125,137	-	-

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

11. **Deferred tax assets/liabilities (Cont'd)**

The component of deferred tax assets are attributable to the following:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Inventories	22,336	50,508	-	-
Trade receivables	1,553	210,201	-	-
Unutilised reinvestment allowances	369,773	369,773	-	-
Unutilised tax losses	6,775,861	2,406,023	-	-
Unabsorbed capital allowances	277,681	393,257	-	-
Lease liabilities	261,579	396,778	-	-
ICULS	42,534	51,770	42,534	51,770
	7,751,317	3,878,310	-	-
Offsetting	(7,686,447)	(2,924,679)	-	-
	64,870	953,631	42,534	51,770

The component of deferred tax liabilities are attributable to the following:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment	(17,508,140)	(19,064,097)	-	-
Right-of-use assets	(403,134)	(985,719)	-	-
	(17,911,274)	(20,049,816)	-	-
Offsetting	7,686,447	2,924,679	-	-
	(10,224,827)	(17,125,137)	-	-

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

11. **Deferred tax assets/liabilities (Cont'd)**

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	2,855,010	-	-	-
Unabsorbed capital allowances	72,650	-	-	-
Lease liabilities	13,260	8,757	7,134	8,757
	2,940,920	8,757	7,134	8,757

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient future taxable profits to be used to offset.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2018 to 2028) under the current tax legislation. The unutilised capital allowances and other temporary differences do not expire under current tax legislation.

The unutilised tax losses for which deferred tax assets are not recognised can only be carried forward until the following years of assessment.

	Group	
	2023	**2022**
	RM	**RM**
Unutilised tax losses to be carried forward until:		
- Year of assessment 2030	279,169	-
- Year of assessment 2031	2,225,709	-
- Year of assessment 2032	2,181,304	-
- Year of assessment 2033	7,209,695	-
	11,895,877	-

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12. Inventories

	Group 2023 RM	Group 2022 RM
At cost		
Raw materials	5,992,080	8,925,623
Work-in-progress	3,499,799	4,964,015
Finished goods	14,697,619	17,096,301
Consumables	9,474,425	9,555,643
	33,663,923	40,541,582
At net realisable value		
Finished goods	18,417,941	17,777,895
	52,081,864	58,319,477
Recognised in profit or loss:		
Inventories recognised as cost of sales	81,179,018	114,017,293
Inventories written down	4,538,574	2,181,273
	85,717,592	116,198,566

NOTES TO THE FINANCIAL STATEMENTS
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13. Trade receivables

	Group 2023 RM	Group 2022 RM
Trade receivables	17,115,895	27,250,408
Less: Accumulated impairment losses	(961,550)	(1,104,565)
	16,154,345	26,145,843

Trade receivables of the Group are generally on 30 to 60 days (2022: 30 to 60 days) terms. Other credit terms are determined on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables amounting to RM12,561,062 (2022: RM22,043,249) of the Group are secured by financial guarantees given by banks, shareholders or directors of the customers.

Movements in the allowance for impairment losses are as follows:

	Lifetime allowance Collectively assessed RM	Lifetime allowance Individually assessed RM	Total RM
Group			
At 1 July 2022	310,833	793,732	1,104,565
Impairment loss recognised	40,493	-	40,493
Reversal of impairment losses	(54,049)	(169,181)	(223,230)
Exchange differences	39,722	-	39,722
At 30 June 2023	336,999	624,551	961,550
At 1 January 2021	13,632	674,337	687,969
Impairment loss recognised	310,834	119,395	430,229
Written off	(14,188)	-	(14,188)
Exchange differences	555	-	555
At 30 June 2022	310,833	793,732	1,104,565

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("lifetime ECL"). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS
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13. **Trade receivables (Cont'd)**

The aged analysis of trade receivables as at the end of the reporting period are as follows:

		Allowance for impairment losses		
	Gross carrying amount RM	**ECL (Collectively assessed) RM**	**ECL (Individually assessed) RM**	**Net balance RM**
Group				
2023				
Current (not past due)	5,675,382	(8,894)	-	5,666,488
Past due:				
1 - 30 days	5,899,459	(11,775)	-	5,887,684
31 - 60 days	2,558,788	(4,514)	-	2,554,274
61 - 90 days	1,757,835	(3,430)	-	1,754,405
More than 90 days	599,880	(308,386)	-	291,494
	10,815,962	(328,105)	-	10,487,857
Individually impaired	624,551	-	(624,551)	-
	17,115,895	(336,999)	(624,551)	16,154,345
2022				
Current (not past due)	7,966,684	(4,333)	-	7,962,351
Past due:				
1 - 30 days	9,257,395	(216,364)	-	9,041,031
31 - 60 days	6,663,679	(61,104)	-	6,602,575
61 - 90 days	2,360,943	(19,383)	-	2,341,560
More than 90 days	207,975	(9,649)	-	198,326
	18,489,992	(306,500)	-	18,183,492
Individually impaired	793,732	-	(793,732)	-
	27,250,408	(310,833)	(793,732)	26,145,843

Trade receivables that are not past due nor impaired are creditworthy receivables with good payment records with the Group.

As at the end of reporting period, trade receivables of the Group of RM10,487,857 (2022: RM18,183,492) were past due but not impaired. Based on past experience and no adverse information to date, the Directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM624,551 (2022: RM793,732), relates to customers that are in financial difficulties or have defaulted on payments.

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14. Other receivables

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
Other receivables	(a)	113,838	1,744,198	-	-
Deposits		614,764	687,359	213,068	213,128
Prepayments	(b)	1,472,824	2,833,472	52,059	42,398
		2,201,426	5,265,029	265,127	255,526

(a) In previous financial period, included in other receivables of the Group is an amount of RM1,562,100 relating to the one-off sales of kitchen furniture to a third party.

(b) An amount of RM1,035,568 (2022: RM2,549,511) included in the Group's prepayments relating to the feature enhancement cost directly attributable to the development of the Group's software system and levy paid for the application of foreign workers' permit.

15. Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed on made-to-order tiles but not yet billed at the reporting date. Typically, the amount will be billed upon delivery and payment is expected within 60 days.

The movement of contract assets are as follow:

	Group	
	2023	**2022**
	RM	**RM**
At beginning of the financial year/period	7,514,583	3,903,257
Billings issued	(20,719,353)	(54,557,290)
Recognised as revenue	16,266,714	58,168,616
At end of the financial year/period	3,061,944	7,514,583

16. Amount due from subsidiaries

The amount due from subsidiaries are unsecured, interest bearing at 3% (2022: 3%) per annum, non-trade in nature and repayable on demand.

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17. Cash and bank balances

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Cash and bank balances		9,534,445	32,800,054	334,511	20,436,673
Fixed deposits with licensed banks	(a)	6,207,293	28,702,527	-	-
		15,741,738	61,502,581	334,511	20,436,673

(a) The interest rates and maturities of fixed deposits of the Group at the reporting date are 1.85% to 2.65% (2022: 1.25% to 2.45%) per annum and 1 to 365 days (2022: 4 to 365 days) respectively.

Fixed deposits with licensed bank of the Group amounting to RM4,920,883 (2022: RM1,200,000) is pledged to licensed banks for credit facilities granted to subsidiaries.

18. Share capital

	Group and Company			
	Number of shares		Amount	
	2023	2022	2023	2022
	Units	Units	RM	RM
Issued and fully paid ordinary shares				
At beginning of the financial year/period	291,311,170	145,570,592	110,754,174	93,692,416
Issuance of new shares pursuant to:				
- bonus issue	-	97,045,933	-	-
- conversion of ICULS	-	142,784	-	68,607
- private placements	-	48,551,861	-	16,993,151
At end of the financial year/period	291,311,170	291,311,170	110,754,174	110,754,174

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
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18. **Share capital (Cont'd)**

(a) In previous financial period

The Company increased its issued and paid up share capital through the issuance of:

(i) 97,045,933 new ordinary shares pursuant to the bonus issue on the basis of two (2) bonus shares for every three (3) existing ordinary shares;

(ii) 142,784 new ordinary shares pursuant to the conversion of RM0.04 nominal value of irredeemable convertible unsecured loan stock ("ICULS') at RM0.04 per ICULS;

(iii) 48,551,861 new ordinary shares pursuant to the private placement exercises at issue price of RM0.35 per ordinary share.

The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

(b) Warrants

Warrants 2022/2025

On 28 September 2022, the Company listed 145,250,984 units of free warrants on the basis of 1 warrant for every 2 existing ordinary shares of the Company.

The movement of warrants during the financial year ended are stated as below:

	Number of Warrants			
	At 01.07.2022	**Issued**	**Exercised**	**At 30.06.2023**
Warrants 2022/2025	-	145,250,984	-	145,250,984

The salient features of the Warrants 2022/2025 are as follows:

(i) Each warrant will entitle the registered holders at any time prior to 25 September 2025 to subscribe for one (1) new ordinary share at RM0.37 each. The Warrants entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll dated 5 September 2022;

(ii) The exercise period is three (3) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and

(iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, distribution and/or offer of securities in the Company until and unless such holders of the Warrants exercise their Warrants into new shares.

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19. Irredeemable convertible unsecured loan stocks ("ICULS")

Group and Company

Nominal value of ICULS issued	48,361,672
Equity component, net of deferred tax assets	(48,204,795)
Deferred tax assets	49,540
Liability component on initial recognition	206,417

	ICULS equity component RM	ICULS liability component RM	Total RM
Group and Company			
At 1 July 2022	48,136,481	215,709	48,352,190
Interest expense	-	9,935	9,935
Coupon payment	-	(48,418)	(48,418)
At 30 June 2023	48,136,481	177,226	48,313,707
At date of issuance	48,204,795	206,417	48,411,212
Interest expense	-	9,585	9,585
Conversion of ICULS	(68,314)	(293)	(68,607)
At 30 June 2022	48,136,481	215,709	48,352,190

NOTES TO THE FINANCIAL STATEMENTS
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19. **Irredeemable convertible unsecured loan stocks ("ICULS") (Cont'd)**

On 11 August 2021, the Company has announced the renounceable right issue of up to RM48,523,305 nominal value of five (5)-year, 0.10%, ICULS at 100% of its nominal value of RM0.04 each ("Rights ICULS") on the basis of five (5) Rights ICULS for every one (1) existing ordinary share.

On 10 September 2021, 1,209,041,795 ICULS were issued pursuant to the Right Issue of ICULS at its nominal value of RM0.04 each amounting to RM48,361,672 nominal value of ICULS issued.

The fixed coupon rate of 0.10% per annum calculated on the nominal value of the ICULS is payable on annual basis in arrears from the date of issuance of the ICULS.

The ICULS has 5 years tenure commencing from issuance date and matures on the date immediately preceding the 5th anniversary of the issue date.

The ICULS holders are entitled to convert the ICULS into new ordinary shares of the Company during the 5 years tenure at a conversion price of RM0.48 for one (1) new ordinary share in the following manner:

(i) surrender such number of RM0.04 nominal value of ICULS equivalent to the conversion price for one (1) new ordinary share; or

(ii) surrender such number RM0.04 nominal value of ICULS together with cash payment such that in aggregate it amounts to the conversion price subject to a minimum of one (1) ICULS and paying the difference between the aggregate value of the ICULS surrendered and the conversion price in cash for one (1) new ordinary share.

Any outstanding ICULS not converted into ordinary share at the maturity of the ICULS, will be compulsory converted into new ordinary shares.

At the reporting date, the total number of ICULS that remain outstanding were 1,207,328,387 (2022: 1,207,328,387).

NOTES TO THE FINANCIAL STATEMENTS
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20. Reserves

		Group		Company	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
	Note	RM	RM	RM	RM
Distributable:					
Retaining earnings		100,197,911	119,456,303	19,488,449	20,234,773
Non-distributable:					
Treasury shares	(a)	(256,687)	(256,687)	(256,687)	(256,687)
Foreign currency translation reserve	(b)	4,489,280	4,014,504	-	-
Fair value reserve	(c)	(11,293,849)	(10,560,298)	-	-
Revaluation reserve	(d)	76,752,541	76,752,541	-	-
		69,691,285	69,950,060	(256,687)	(256,687)
		169,889,196	189,406,363	19,231,762	19,978,086

(a) Treasury shares

At the Annual General Meeting held on 25 August 2020, the shareholders of the Group and of the Company renewed their approval for the Company to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company and its shareholders.

At the reporting date, the Company held 808,166 (2022: 808,166) of the Company's shares as treasury shares. The number of outstanding ordinary shares in issue after the cancellation and set off was 290,503,004 (2022: 290,503,004).

20. **Reserves (Cont'd)**

(b) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(c) 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 until the assets are derecognised or impaired.

(d) Revaluation reserve

Revaluation reserve consists of surplus from revaluation of properties and is not available for distribution as dividends

21. **Lease liabilities**

	Group		**Company**	
	30.06.2023 RM	**30.06.2022 RM**	**30.06.2023 RM**	**30.06.2022 RM**
At beginning of the financial year/period	5,233,520	2,260,852	1,772,315	-
Additions	456,074	4,397,912	-	2,005,050
Early termination of lease contracts	(95,188)	-	-	-
Modification of lease contracts	(146,038)	-	(47,814)	-
Interest expenses	259,948	324,829	92,294	85,553
Payment of interest	(259,948)	(324,829)	(92,294)	(85,553)
Payment of principal	(1,454,481)	(1,430,013)	(322,806)	(232,735)
Exchange differences	13,072	4,769	-	-
At end of the financial year/period	4,006,959	5,233,520	1,401,695	1,772,315

The Group's and the Company's total cash outflow for the lease amounted to RM1,714,429 and RM415,100 (2022: RM1,754,842 and RM318,288) respectively.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

21. **Lease liabilities (Cont'd)**

The maturity analysis of lease liabilities at the end of the reporting period:

	Group		Company	
	30.06.2023	**30.06.2022**	**30.06.2023**	**30.06.2022**
	RM	**RM**	**RM**	**RM**
Minimum lease liabilities repayments:				
Within 1 year	1,400,532	1,680,531	397,860	381,945
2 to 5 years	2,930,968	3,862,535	1,160,425	1,588,788
More than 5 years	71,534	314,594	-	66,310
	4,403,034	5,857,660	1,558,285	2,037,043
Less: Future finance charges	(396,074)	(624,140)	(156,590)	(264,728)
	4,006,960	5,233,520	1,401,695	1,772,315
Present value of minimum lease liabilities repayments:				
Within 1 year	1,217,415	1,439,462	330,263	293,432
2 to 5 years	2,721,203	3,490,368	1,071,432	1,413,018
More than 5 years	68,341	303,690	-	65,865
	4,006,959	5,233,520	1,401,695	1,772,315
Analysed as:				
Current	1,217,415	1,439,462	330,263	293,432
Non-current	2,789,544	3,794,058	1,071,432	1,478,883
	4,006,959	5,233,520	1,401,695	1,772,315

The effective interest rate of the lease liabilities of the Group and the Company is charged at rates ranged from 4.04% to 6.40 % and 5.40% (2022: 2.14% to 6.00% and 5.40%) per annum respectively.

The Group and the Company lease certain office premises, hostels, warehouse and forklifts. The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases.

The expense relating to payments not included in the measurement of the lease liabilities of the Group is as follows:

	Group	
	01.07.2022 to 30.06.2023	**01.01.2021 to 30.06.2022**
	RM	**RM**
Short-term leases	1,313,100	1,532,431

NOTES TO THE FINANCIAL STATEMENTS
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22. Trade payables

The normal trade credit terms of the Group ranges from 30 to 90 days (2022: 30 to 90 days) depending on the terms of the contracts.

23. Other payables

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	(a)	2,812,637	16,814,525	4,384	14,102,066
Accrued expenses	(a)	2,851,685	3,982,015	152,481	452,009
Deposits received		154,852	1,011,778	-	-
		5,819,174	21,808,318	156,865	14,554,075

(a) Included in the Group's and the Company's other payables and accrued expenses amounting to RMNil (2022: RM14,395,514) are for the feature enhancement cost directly attributable to the development of the Group's plant and machinery.

24. Bank borrowings

	Group	
	2023 RM	2022 RM
Secured		
Bank overdraft	12,258,700	2,631,109
Banker acceptance	7,452,224	8,030,153
Receivables factoring	1,039,816	5,863,807
	20,750,740	16,525,069
Analysed as:		
Repayable within 12 months, shown under current liabilities	20,750,740	16,525,069

The above bank borrowings obtained from licensed banks are secured against a freehold land and building as disclosed in Note 4, fixed deposits as disclosed in Note 17 and corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

24. Bank borrowings (Cont'd)

(a) The interest rates of the bank borrowings of the Group are as follows:

	Group	
	30.06.2023	30.06.2022
Bank overdraft	6.16% - 7.85%	6.00%
Banker acceptance	2.90% - 3.93%	1.47% - 4.60%
Receivables factoring	4.50% - 4.80%	2.00%

25. Amount due to an associate

The amount due to an associate is unsecured, interest bearing at 3% (2022: 3%) per annum, non-trade in nature and repayable on demand.

26. Revenue

	Group		Company	
	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM
Sales of tiles	50,536,953	76,224,498	-	-
Sales of made-to-order tiles	16,266,714	58,168,616	-	-
Dividend income from a subsidiary	-	-	-	13,902,750
Dividend income from other investments	-	85,322	-	85,322
	66,803,667	134,478,436		13,988,072
Timing of revenue recognition:				
At a point in time	50,536,953	76,309,820	-	13,988,072
Over time	16,266,714	58,168,616	-	-
	66,803,667	134,478,436	-	13,988,072

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27. (Loss)/Profit before tax

(Loss)/Profit before tax is arrived after charging/(crediting):

	Group		Company	
	01.07.2022 to 30.06.2023 RM	**01.01.2021 to 30.06.2022 RM**	**01.07.2022 to 30.06.2023 RM**	**01.01.2021 to 30.06.2022 RM**
Auditors' remuneration:				
- Statutory audit				
- Malaysia operations	181,000	279,000	39,000	65,000
- Overseas operation	25,728	38,213	-	-
- Non-audit services	15,000	35,000	15,000	35,000
Amortisation of intangible assets	365,039	547,560	-	-
Change in fair value of other investments	(23,575,008)	(9,919,746)	-	2,223
Depreciation of:				
- Property, plant and equipment	7,640,633	9,681,363	82,737	48,263
- Investment properties	296,684	-	-	-
- Right-of-use assets	1,706,154	1,923,290	363,731	278,479
Dividends income from:				
- Other investments	(402,678)	(483,081)	-	(85,322)
- A subsidiary	-	-	-	(13,902,750)
Gain on early termination of lease contracts	(7,753)	-	-	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	(98)	(26,638)	-	-
- Other investments	2,780,013	(2,410,446)	-	-
Expenses relating to short-term leases	1,313,100	1,532,431	-	-
Impairment losses on:				
- Property, plant and equipment	5,590,733	-	-	-
- Trade receivables	40,493	430,229	-	-
Interest expenses on:				
- ICULS	9,935	9,585	9,935	9,585
- Lease liabilities	259,948	324,829	92,294	85,553
- Bank borrowings	934,046	300,492	-	-
- Amount due to a subsidiary	-	-	-	127,627
- Amount due to an associate	789	27,036	-	-

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

27. **(Loss)/Profit before tax (Cont'd)**

(Loss)/Profit before tax is arrived after charging/(crediting): (Cont'd)

	Group		**Company**	
	01.07.2022 to 30.06.2023 RM	**01.01.2021 to 30.06.2022 RM**	**01.07.2022 to 30.06.2023 RM**	**01.01.2021 to 30.06.2022 RM**
Interest income on:				
- Amount due from subsidiary companies	-	-	(364,730)	(962,126)
- Deposits with licensed financial institutions	(258,833)	(1,023,749)	(66,272)	(471,226)
Inventories written down	4,538,574	2,181,273	-	-
(Gain)/Loss on foreign exchange:				
- Realised	(42,597)	(312,937)	-	(57,500)
- Unrealised	(29,703)	16,190	-	-
Rental income	(1,740)	(1,280)	-	-
Reversal of impairment losses on trade receivables	(223,230)	-	-	-
Share of result of an associate, net of tax	706,667	(396,724)	-	-
Staff costs (Note 30)	16,750,150	29,049,141	228,067	165,000
Written off of property, plant and equipment	587,274	50,591	-	-

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28. Taxation

	Group		Company	
	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM
Tax (credit)/expense recognised in profit or loss				
Current tax:				
Current tax	41,102	576,055	-	300,136
(Over)/Under provision in prior years	(145,328)	413	(8,954)	5,769
	(104,226)	576,468	(8,954)	305,905
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,031,486)	1,818,799	9,236	(2,230)
Over provision in prior years	(981,882)	(1,518,250)	-	-
	(6,013,368)	300,549	9,236	(2,230)
	(6,117,594)	877,017	282	303,675

NOTES TO THE FINANCIAL STATEMENTS
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28. **Taxation (Cont'd)**

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM
(Loss)/Profit before tax	(25,375,986)	11,186,294	(746,042)	12,763,362
At Malaysian statutory tax rate of 24% (2022: 24%)	(6,090,237)	2,684,710	(179,050)	3,063,207
Income not subject to tax	(5,702,228)	(3,467,703)	-	(3,357,001)
Expenses not deductible for tax purposes	3,895,611	3,185,883	189,909	585,876
Different tax rates in foreign jurisdictions	(25,693)	(13,860)	-	-
Deferred tax assets not recognised	2,933,786	5,824	-	5,824
Utilisation of deferred tax assets previously not recognised	(1,623)	-	(1,623)	-
Under/(Over) provision of income tax in prior years	(145,328)	413	(8,954)	5,769
Over provision of deferred tax in prior year	(981,882)	(1,518,250)	-	-
Tax (credit)/expense for the financial year/period	(6,117,594)	877,017	282	303,675

29. **(Loss)/Earnings per share**

(a) Basic (loss)/earnings per share

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

	Group	
	2023	**2022**
	RM	**RM**
(Loss)/Profit attributable to owners of the Company	(19,258,392)	10,309,277
	Units	**Units**
Weighted average number of ordinary shares in issue		
Issued ordinary shares at beginning of financial year/period	291,311,170	145,570,592
Effect of bonus issue	-	81,049,351
Effect of conversion of ICULS	-	71,361
Effect of private placements	-	16,450,722
Weighted average number of ordinary shares in issue at end of financial year/period	291,311,170	243,142,026
Basic (loss)/earnings per share (sen)	(6.61)	4.24

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29. **(Loss)/Earnings per share (Cont'd)**

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated based on the adjusted consolidated (loss)/profit for the financial year/period attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the financial year/period having been adjusted for the dilutive effects of all potential ordinary shares.

	Group 2023 RM	Group 2022 RM
Profit attributable to owners of the Company	(19,258,392)	10,309,277
Adjusted for:		
Interest savings on ICULS	7,551	7,284
	(19,250,841)	10,316,561
	Units	**Units**
Weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per share	291,311,170	243,142,026
Assume conversion of ICULS	100,610,699	59,703,052
Weighted average number of ordinary shares in issue at end of financial year/period (diluted)	391,921,869	302,845,078
Diluted (loss)/earnings per share (sen)	(4.91)	3.41

The Warrants have no effect on the diluted (loss)/earnings per share as Warrants has a dilutive effect only when the average market price of ordinary share during the financial year exceeds the exercise price of the Warrants.

30. **Staff costs**

	Group 01.07.2022 to 30.06.2023 RM	Group 01.01.2021 to 30.06.2022 RM	Company 01.07.2022 to 30.06.2023 RM	Company 01.01.2021 to 30.06.2022 RM
Directors' fee	443,067	458,580	228,067	165,000
Salaries, wages and others	14,913,129	26,419,729	-	-
Defined contribution plans	1,393,954	2,170,832	-	-
	16,750,150	29,049,141	228,067	165,000

31. **Reconciliation of liabilities arising from financing activities**

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

	Note	At 01.07.2022 RM	Financing cash flows (i) RM	Overdrafts facilities RM	New lease liabilities (Note 21) RM	Other changes (ii) RM	At 30.06.2023 RM
Group							
ICULS liability component	19	215,709	(48,418)	-	-	9,935	177,226
Lease liabilities	21	5,233,520	(1,454,481)	-	456,074	(228,154)	4,006,959
Bank borrowings	24	16,525,069	(5,408,568)	9,627,591	-	6,648	20,750,740
		21,974,298	(6,911,467)	9,627,591	456,074	(211,571)	24,934,925

	Note	At 01.01.2021	Financing cash flows (i)	Overdrafts facilities RM	New lease liabilities (Note 21) RM	Other changes (ii) RM	At 30.06.2022 RM
ICULS liability component	19	-	206,417	-	-	9,292	215,709
Lease liabilities	21	2,260,852	(1,430,013)	-	4,397,912	4,769	5,233,520
Bank borrowings	24	-	13,885,016	2,631,109	-	8,944	16,525,069
		2,260,852	12,661,420	2,631,109	4,397,912	23,005	21,974,298

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31. **Reconciliation of liabilities arising from financing activities (Cont'd)**

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	Note	At 01.07.2022 RM	Financing cash flows (i) RM	New lease liabilities (Note 21) RM	Other changes (ii) RM	At 30.06.2023 RM
Company						
ICULS liability component	19	215,709	(48,418)	-	9,935	177,226
Lease liabilities	21	1,772,315	(322,806)	-	(47,814)	1,401,695
		1,988,024	(371,224)	-	(37,879)	1,578,921

	Note	At 01.01.2021 RM	Financing cash flows (i) RM	New lease liabilities (Note 21) RM	Other changes (ii) RM	At 30.06.2022 RM
Amount due to a subsidiary	16	6,779,850	-	-	(6,779,850)	-
ICULS liability component	19	-	206,417	-	9,292	215,709
Lease liabilities	21	-	(232,735)	2,005,050	-	1,772,315
		6,779,850	(26,318)	2,005,050	(6,770,558)	1,988,024

(i) The financing cash flows represents the net amount of proceeds from or repayments of lease liabilities and bank borrowings in the statements of cash flows.

(ii) Other changes include the ICULS interest capitalised, conversion of ICULS, early termination of lease contracts, modification of lease contracts, interest expense, offsetting of amount due from subsidiaries, foreign currency exchange differences on lease liabilities and unrealised foreign exchange on bank borrowings.

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32. Capital commitments

Capital expenditures not provided for in the financial statements are as follows:

	Group	
	30.06.2023 RM	30.06.2022 RM
Authorised and contracted for:		
Intangible assets	174,557	174,557

33. Related party disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions between the Group and related parties are as follows:

	30.06.2023 RM	30.06.2022 RM
Group		
Transactions with an associate		
Interest expense paid/payable	(789)	(27,036)
Company		
Transactions with subsidiaries		
Dividend income received/receivable	-	13,902,750
Interest expense paid/payable	-	(127,627)
Interest income received/receivable	364,730	962,126
Disposal of property, plant and equipment	29,316,460	15,000,000

NOTES TO THE FINANCIAL STATEMENTS
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33. **Related party disclosures (Cont'd)**

(c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Company	
	01.07.2022 to 30.06.2023 RM	**01.01.2021 to 30.06.2022 RM**	**01.07.2022 to 30.06.2023 RM**	**01.01.2021 to 30.06.2022 RM**
Directors' fee	433,067	458,580	228,067	165,000

34. **Segment information**

For management purposes, the Group is organised into business units based on their products and services provided, as follows:

Manufacturing and trading	Manufacture and sale of ceramic and homogenous tiles
Investment holding and dormant	Investment holding and dormant

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Segment assets
The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Management. The total of segment assets is used to measure the return of assets of each segment.

Segment liabilities
Segment liabilities information is also included in the internal management reports provided to the Management.

34. **Segment information (Cont'd)**

(a) Business segment

	Note	Manufacturing and trading RM	Investment holding and dormant RM	Adjustments and eliminations RM	Consolidated RM
2023					
Revenue					
External customers		66,803,667	-	-	66,803,667
Inter segment		38,836,616	-	(38,836,616)	-
Total revenue		105,640,283	-	(38,836,616)	66,803,667
Segment results					
Finance income		192,505	1,041,272	(572,266)	661,511
Finance costs		(1,101,731)	(675,253)	572,266	(1,204,718)
Depreciation and amortisation		(9,236,813)	(743,152)	(28,545)	(10,008,510)
Other non-cash item	(i)	(10,504,043)	20,794,995	-	10,290,952
Taxation		6,111,512	20,552	(14,470)	6,117,594
Share of results of an associate, net of tax		-	(706,667)	-	(706,667)
Segment (loss)/profit before tax		(44,287,011)	19,512,700	(601,675)	(25,375,986)
Segment assets		294,167,114	275,479,610	(196,852,928)	372,793,796
Segment liabilities		55,492,531	26,341,931	(37,820,517)	44,013,945
Assets					
Capital expenditure	(ii)	15,989,544	9,308,742	-	25,298,286

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

34. **Segment information (Cont'd)**

(a) Business segment (Cont'd)

	Note	Manufacturing and trading RM	Investment holding and dormant RM	Adjustments and eliminations RM	Consolidated RM
2022					
Revenue					
External customers		134,393,114	-	-	134,393,114
Dividend income		-	85,322	-	85,322
Inter segment		58,363,162	13,902,750	(72,265,912)	-
Total revenue		192,756,276	13,988,072	(72,265,912)	134,478,436
Segment results					
Finance income		471,614	2,292,341	(1,342,447)	1,421,508
Finance costs		(1,314,257)	(690,132)	1,342,447	(661,942)
Depreciation and amortisation		(11,813,054)	(326,742)	(12,417)	(12,152,213)
Other non-cash item	(i)	(2,651,645)	12,330,192	-	9,678,547
Taxation		(552,485)	(324,532)	-	(877,017)
Share of results of an associate, net of tax		-	396,724	-	396,724
Segment (loss)/profit before tax		(1,791,058)	25,372,577	(12,395,225)	11,186,294
Segment assets		338,622,501	266,500,407	(185,017,723)	420,105,185
Segment liabilities		105,214,419	30,937,068	(64,343,320)	71,808,167
Assets					
Capital expenditure	(ii)	46,637,448	17,551,303	-	64,188,751

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

34. **Segment information (Cont'd)**

(a) Business segment (Cont'd)

	01.07.2022 to 30.06.2023 RM	**01.01.2021 to 30.06.2022 RM**
Change in fair value of other investments	23,575,008	9,919,746
Gain/(Loss) on disposal of:		
- Property, plant and equipment	98	26,638
- Other investments	(2,780,013)	2,410,446
Impairment losses on		
- Property, plant and equipment	(5,590,733)	-
- Trade receivables	(40,493)	(430,229)
Inventories written down	(4,538,574)	(2,181,273)
Unrealised gain/(loss) on foreign exchange	29,703	(16,190)
Reversal of impairment losses on trade receivables	223,230	-
Written off of property, plant and equipment	(587,274)	(50,591)
	10,290,952	9,678,547

(i) Other non-cash items consist of the above as presented in the respective notes to financial statements.

(ii) Capital expenditure consists of additions of property, plant and equipment, investment properties and right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS
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34. **Segment information (Cont'd)**

(b) Geographic information

Revenue information based on the geographical location of customers respectively are as follow:

	01.07.2022 to 30.06.2023 RM	01.01.2021 to 30.06.2022 RM
Malaysia	57,623,929	123,375,734
Singapore	8,212,933	9,767,026
Others	966,805	1,335,676
	66,803,667	134,478,436

(c) Major customers

Revenue from 2 (2022: 2) major customers amounted to RM14,674,730 (2022: RM44,529,981), arising from manufacturing and trading segment.

Revenue from major customer with revenue equal or more than 10% of the Group's revenue are as follows:

	2023 RM	2022 RM
Customer A	7,623,787	24,156,451
Customer B	7,050,943	20,373,530
	14,674,730	44,529,981

35. **Financial instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Amortised cost RM	**Fair value through profit or loss RM**	**Fair value through other comprehensive income RM**	**Total RM**
Group				
2023				
Financial assets				
Other investments	-	46,889,411	19,561,360	66,450,771
Trade receivables	16,154,345	-	-	16,154,345
Other receivables	728,602	-	-	728,602
Cash and bank balances	15,741,738	-	-	15,741,738
	32,624,685	46,889,411	19,561,360	99,075,456
Financial liabilities				
Trade payables	2,988,818	-	-	2,988,818
Other payables	5,819,174	-	-	5,819,174
Lease liabilities	4,006,959	-	-	4,006,959
ICULS liability component	177,226	-	-	177,226
Bank borrowings	20,750,740	-	-	20,750,740
Amount due to an associate	27,825	-	-	27,825
	33,770,742	-	-	33,770,742

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

35. **Financial instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Fair value through other comprehensive income RM	Total RM
Group				
2022				
Financial assets				
Other investments	-	31,650,650	20,294,911	51,945,561
Trade receivables	26,145,843	-	-	26,145,843
Other receivables	2,431,557	-	-	2,431,557
Cash and bank balances	61,502,581	-	-	61,502,581
	90,079,981	31,650,650	20,294,911	142,025,542
Financial liabilities				
Trade payables	10,555,901	-	-	10,555,901
Other payables	21,808,318	-	-	21,808,318
Lease liabilities	5,233,520	-	-	5,233,520
ICULS liability component	215,709	-	-	215,709
Bank borrowings	16,525,069	-	-	16,525,069
Amount due to an associate	27,036	-	-	27,036
	54,365,553	-	-	54,365,553

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

35. **Financial instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Amortised cost RM	Total RM
Company		
2023		
Financial assets		
Other receivables	213,068	213,068
Amount due from subsidiaries	16,683,110	16,683,110
Cash and bank balances	334,511	334,511
	17,230,689	17,230,689
Financial liabilities		
Other payables	156,865	156,865
Lease liabilities	1,401,695	1,401,695
ICULS liability component	177,226	177,226
	1,735,786	1,735,786
2022		
Financial assets		
Other receivables	213,128	213,128
Amount due from subsidiaries	32,588,444	32,588,444
Cash and bank balances	20,436,673	20,436,673
	53,238,245	53,238,245
Financial liabilities		
Other payables	14,554,075	14,554,075
Lease liabilities	1,772,315	1,772,315
ICULS liability component	215,709	215,709
	16,542,099	16,542,099

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) 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, deposits with banks and other investments. The Company's exposure to credit risk arises principally from its receivables, advances to subsidiary companies and financial guarantee given to banks for banking facility granted to its subsidiaries. There are no significant changes as compared to prior years.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

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

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

As at the end of the reporting period, the Group has 2 debtors (2022: 2 debtors) that accounted for approximately 30% (2022: 42%) of all the trade receivables outstanding. The Company has no significant concentration of credits risks except for its amount due from subsidiary companies where risks of default have been assessed to be low.

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Company provides unsecured advances to its subsidiaries. It also provides financial guarantee to banks for banking facility granted to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amounts of the financial assets recorded on the statements of financial position.

- Bank guarantee of the Group amounted to RM8,830,228 (2022: RM6,893,029) to third parties.

- Corporate guarantee amounted to RM20,750,740 (2022: RM16,525,069) provided by the Company to banks on subsidiaries' loans and borrowings. There was no indication that the subsidiary companies would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
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35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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

	On demand or within 1 year RM	**2 to 5 years RM**	**After 5 years RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Group					
2023					
Non-derivative financial liabilities					
Trade payables	2,988,818	-	-	2,988,818	2,988,818
Other payables	5,819,174	-	-	5,819,174	5,819,174
Lease liabilities	1,400,532	2,930,968	71,534	4,403,034	4,006,960
ICULS liability component	48,418	145,254	-	193,672	177,226
Bank borrowings	20,750,740	-	-	20,750,740	20,750,740
Amount due to an associate	27,825	-	-	27,825	27,825
Bank guarantee *	8,830,228	-	-	8,830,228	-
	39,865,735	3,076,222	71,534	43,013,491	33,770,743

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2022					
Non-derivative financial liabilities					
Trade payables	10,555,901	-	-	10,555,901	10,555,901
Other payables	21,808,318	-	-	21,808,318	21,808,318
Lease liabilities	1,680,531	3,862,535	314,594	5,857,660	5,233,520
ICULS liability component	48,418	193,672	-	242,090	215,709
Bank borrowings	16,525,069	-	-	16,525,069	16,525,069
Amount due to an associate	27,036	-	-	27,036	27,036
Bank guarantee *	6,893,029	-	-	6,893,029	-
	57,538,302	4,056,207	314,594	61,909,103	54,365,553

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	**2 to 5 years RM**	**After 5 years RM**	**Total contractual cash flows RM**	**Total carrying amount RM**
Company					
2023					
Non-derivative financial liabilities					
Other payables	156,865	-	-	156,865	156,865
Lease liabilities	397,860	1,160,425	-	1,558,285	1,401,695
ICULS liability component	48,418	145,254	-	193,672	177,226
Financial guarantee *	20,750,740	-	-	20,750,740	-
	21,353,883	1,305,679	-	22,659,562	1,735,786
2022					
Non-derivative financial liabilities					
Other payables	14,554,075	-	-	14,554,075	14,554,075
Lease liabilities	381,945	1,588,788	66,310	2,037,043	1,772,315
ICULS liability component	48,418	193,672	-	242,090	215,709
Financial guarantee *	16,525,069	-	-	16,525,069	-
	31,509,507	1,782,460	66,310	33,358,277	16,542,099

* Based on the maximum amount that can be called for under the bank guarantee and financial guarantee contract.

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risks (Cont'd)

The Company provides unsecured financial guarantee to licensed banks in respect of credit facilities granted to subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the reporting period, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on its credit facilities is remote.

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United State Dollar ("USD") and Euro ("EUR").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

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35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

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

	Denominated in				
	SGD RM	**USD RM**	**EUR RM**	**Others RM**	**Total RM**
Group					
2023					
Cash and bank balances	1,500,778	1,688,203	248,555	149	3,437,685
Trade and other receivables	1,955,375	-	-	-	1,955,375
Trade and other payables	(329,279)	(409,391)	(174,493)	-	(913,163)
Lease liabilities	(13,067)	-	-	-	(13,067)
Bank borrowings	-	(441,858)	-	-	(441,858)
	3,113,807	836,954	74,062	149	4,024,972
2022					
Cash and bank balances	1,363,678	36,180	168,630	149	1,568,637
Trade and other receivables	1,356,346	-	-	-	1,356,346
Trade and other payables	(352,274)	(3,154,104)	(134,496)	-	(3,640,874)
Lease liabilities	(154,501)	-	-	-	(154,501)
Bank borrowings	-	(201,863)	-	-	(201,863)
	2,213,249	(3,319,787)	34,134	149	(1,072,255)

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35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the SGD, USD, EUR and others exchange rates against RM, with all other variables held constant.

Group	**Change in currency rate RM**	**2023 Effect on (loss)/profit before tax RM**	**2022 Effect on profit/(loss) tax RM**
SGD	Strengthened 5% (2022:5%)	155,690	110,662
	Weakened 5% (2022:5%)	(155,690)	(110,662)
USD	Strengthened 5% (2022:5%)	41,848	(165,989)
	Weakened 5% (2022:5%)	(41,848)	165,989
EUR	Strengthened 5% (2022:5%)	3,703	1,707
	Weakened 5% (2022:5%)	(3,703)	(1,707)
Others	Strengthened 5% (2022:5%)	7	7
	Weakened 5% (2022:5%)	(7)	(7)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market risk.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long terms deposits.

NOTES TO THE FINANCIAL STATEMENTS
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35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	Group	
	2023	**2022**
	RM	**RM**
Floating rate instruments		
Financial liability	(12,258,700)	(2,631,109)

Interest rate risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the interest rate, with all other variables held constant.

	Group	
	2023	**2022**
	RM	**RM**
Increase in 100 basis point	(122,587)	(26,311)
Decrease in 100 basis point	122,587	26,311

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia Securities Berhad and are classified as fair value through profit or loss financial assets.

35. **Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(c) Market price risk (Cont'd)

Market price sensitivity analysis

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in market price would increased/(decreased) fair value through profit or loss.

	Group	
	2023	**2022**
Change in market price RM	**Effect on (loss)/profit before tax RM**	**Effect on profit/(loss) before tax RM**
Strengthened 1% (2022:1%)	468,894	316,507
Weakened 1% (2022:1%)	(468,894)	(316,507)

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			
	Level 1 RM	**Total RM**	**Total fair value RM**	**Carrying amount RM**
Group				
2023				
Financial asset				
Other investments	66,450,771	66,450,771	66,450,771	66,450,771
2022				
Financial asset				
Other investments	51,945,561	51,945,561	51,945,561	51,945,561

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35. **Financial instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

(i) 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.

There were no transfers between levels during current and previous financial periods.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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).

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.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

36. Financial guarantee

	Company	
	30.06.2023 RM	30.06.2022 RM
Financial guarantee given to a licensed bank for banking facility granted to subsidiaries		
- Amount utilised	20,750,740	16,525,069

The Company provides unsecured financial guarantee to a licensed bank in respect of banking facility granted to subsidiary companies. The financial guarantee of the Company has not been recognised since the fair value on initial recognition was not material.

37. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group	
	2023 RM	2022 RM
Bank borrowings	20,750,740	16,525,069
Less: Cash and bank balances	(15,741,738)	(61,502,581)
Net cash	5,009,002	(44,977,512)
Shareholders' equity	328,779,851	348,297,018
Debt-to-equity ratio (%)	1.52	#

Gearing ratio is not applicable as the Group has sufficient cash and bank balances to settle the outstanding debt.

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

38. Subsequent Event

On 7 August 2023, the Company increased its issued and paid up share capital through the issuance of 79,166 new ordinary shares pursuant to the conversion of RM0.04 nominal value of irredeemable convertible unsecured loan stock ("ICULS') at RM0.04 per ICULS.

39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 October 2023.

LIST OF PROPERTIES

Location	Description/ Existing Use	Approximate age of building (years)	Approximate land/built-up area	Tenure	Date of Revaluation/ Acquisition	Net Book Value at 30 June 2023 RM'000
Lot 7022, Mukim of Senai-Kulai, District of Johor Bahru, Johor	Factory building and warehouse	24 years	4.04686 hectares	Freehold	31.12.2020	41,324
Lot 7020, Mukim of Senai-Kulai, District of Johor Bahru, Johor	Factory building	33 years	4.0519 hectares	Freehold	31.12.2020	40,753
H.S.(D) 438320 PTD 95217 & H.S.(D) 438321 PTD 95218, Mukim of Senai-Kulai, District of Johor Bahru, Johor	Warehouse	17 years	19,461.3 square meter	Freehold	31.12.2020	20,595
Geran 225856 (Geran 26456) Lot 7019, Mukim of Senai-Kulai, District of Kulaijaya, Johor	Storage	N/A	4.0468 hectares	Freehold	31.12.2020	14,800
No. 12, Jalan PJU 3/11, Tropicana Golf Villas, Tropicana Indah, 47410 Petaling Jaya, Selangor.	Residential	14 years	1,395 square meter	Leasehold 99 years expiring on 11 Nov 2101	25.11.2022	9,309
26, Jalan TR 04/1, Tropicana Golf & Country Club Resort, 47410 Petaling Jaya, Selangor	Residential	28 years	1,104 square meter	Leasehold 99 years expiring on 25 Oct 2090	12.11.2021	7,597
Unit No. A-L2-01, Level L2, Block A, Empire Damansara No. 2, Jalan PJU 8/8A, Damansara Perdana 47820 Petaling Jaya, Selangor	Office suite	8 years	1,451 square meter	Leasehold 99 years expiring on 13 May 2108	24.5.2021	7,185
15 & 16, Jalan Tropika 1, Taman Tropika, 81000 Kulai, Johor	Marketing office cum showroom	13 years	328 square meter	Freehold	31.12.2020	833
1327, Jalan Lagenda 47, Taman Lagenda Putra, 81000 Kulai, Johor	Three storey shop office	15 years	156.1 square meter	Freehold	31.12.2020	705
HSM No. 2580, Lot PT 6599, Mukim Bachang Daerah Melaka Tengah, Melaka	Marketing office	17 years	146 square meter	Leasehold 99 years expiring on 5 Nov 2105	31.12.2020	618

ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023

Total Number of Issued Share	:	291,390,336 (including 808,166 treasury shares)
Types of Shares	:	ordinary shares
Voting Right	:	one (1) vote per ordinary share
Number of Shareholders	:	3,561

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023
(as shown in the Record of Depositors)

Size of Holdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings %
Less than 100	517	22,995	0.008
100 to 1,000	300	90,841	0.031
1,001 to 10,000	1,400	6,712,153	2.310
10,001 to 100,000	1,091	36,358,188	12.512
100,001 to less than 5% of issued shares	252	231,447,993	79.650
5% and above of issued shares	1	15,950,000	5.489
Total	**3,561**	**290,582,170**	**100.00**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage# (%)	No. of Shares	Percentage# (%)
1.	Dato' Sri Tajudin Bin Md Isa	-	-	-	-
2.	Datuk Au Yee Boon	13,115,833	4.51	24,192,166 (a)	8.33
3.	Lee Boon Siong	829,666	0.29	-	-
4.	Dato' Sri Gan Chow Tee	-	-	-	-
5.	Kok Soke Kuen	-	-	-	-

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2023

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Datin Lim Lee Wheng	8,242,166	2.84	29,065,833 (b)	10.00
2.	Datuk Au Yee Boon	13,115,833	4.51	24,192,166 (a)	8.33
3	TechBase Solution Sdn Bhd	15,950,000	5.49	-	-

Based on the Company's issued share capital of 290,582,170 ordinary shares (excluding 808,166 ordinary shares which are held by the Company as treasury shares) as at 29 September 2023.

(a) Deemed interest through the shareholdings of his spouse, Datin Lim Lee Wheng's interest in the Company and by virtue of his interest in TechBase Solution Sdn Bhd.

(b) Deemed interest through the shareholdings of her spouse, Datuk Au Yee Boon's interest in the Company and by virtue of her interest in TechBase Solution Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023 CONT'D

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 SEPTEMBER 2023

	Names	No. of Shares	Percentage of Shareholdings (%)
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TECHBASE SOLUTION SDN BHD*	15,950,000	5.49
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO ONG CHOO MENG*	14,000,000	4.82
3.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR HONSIN APPAREL SDN BHD*	9,946,000	3.42
4.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	8,700,000	2.99
5.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM LEE WHENG*	8,242,166	2.84
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHEE SING*	7,500,000	2.58
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	7,315,833	2.52
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR CHAI CHOI HONG*	6,771,766	2.33
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	6,050,000	2.08
10.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	5,784,200	1.99
11.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	5,000,000	1.72
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOON CHIN SENG*	4,701,500	1.62
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT AMBANK (M) BERHAD FOR POR TEONG ENG*	4,616,200	1.59
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM JEE GIN*	4,400,000	1.51
15.	PHILLIP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR OOI YOUK LAN*	4,000,000	1.38
16.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK*	3,900,000	1.34
17.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	3,880,000	1.34

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023 CONT'D

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 SEPTEMBER 2023 (cont'd)

	Names	No. of Shares	Percentage of Shareholdings (%)
18.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	3,600,000	1.24
19.	KONG LEK CHAI @ KONG AH LIM	3,400,000	1.17
20.	BIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR POR TEONG ENG*	3,000,000	1.03
21.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	3,000,000	1.03
22.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR OOI YOUK LAN*	2,950,000	1.02
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK*	2,905,000	1.00
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AU YEE BOON*	2,800,000	0.96
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE TEIK AUN*	2,500,000	0.86
26.	PERCETAKAN SANWA INDUSTRIES SDN.BHD.	2,350,000	0.81
27.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR POR TEONG ENG*	2,221,500	0.76
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK*	2,216,666	0.76
29.	PHILLIP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM KIAN HIN*	2,108,000	0.73
30.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEONG WENG TEONG*	2,000,000	0.69
	TOTAL	**155,808,831**	**53.62**

ANALYSIS OF 5-YEAR 0.10% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

AS AT 29 SEPTEMBER 2023

Total Issued ICULS	:	1,209,041,795
Total Outstanding ICULS	:	1,206,378,387

A. DISTRIBUTION OF ICULS HOLDERS AS AT 29 SEPTEMBER 2023 (as shown in the Record of Depositors)

Size of Holdings	No. of ICULS Holders	%	No. of ICULS	%
1 – 99	26	2.74	1,211	*
100 - 1,000	24	2.53	11,480	*
1,001 - 10,000	68	7.16	445,746	0.04
10,001 - 100,000	348	36.63	18,399,243	1.53
100,001 to less than 5% of outstanding ICULS	481	50.63	790,811,707	65.55
5% and above of outstanding ICULS	3	0.31	396,709,000	32.88
TOTAL	**950**	**100.00**	**1,206,378,387**	**100.00**

Note:
* *Less than 0.01%*

B. THIRTY LARGEST ICULS HOLDERS AS AT 29 SEPTEMBER 2023 (as shown in the Record of Depositors)

No.	Name	No. of ICULS	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GUNUNG RESOURCES SDN BHD*	205,171,900	17.01
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TECHBASE SOLUTION SDN BHD*	129,750,000	10.76
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	61,787,100	5.12
4	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM LEE WHENG*	41,210,830	3.42
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YONG CHEE KEONG*	30,000,000	2.49
6	TAN KOK KIN	29,392,600	2.44
7	TAN SI KIM	29,366,200	2.43
8	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD*	16,558,750	1.37
9	PERCETAKAN SANWA INDUSTRIES SDN.BHD.	16,500,000	1.37
10	CHEE CHIN SENG	16,008,800	1.33
11	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	15,000,000	1.24

ANALYSIS OF 5-YEAR 0.10% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

AS AT 29 SEPTEMBER 2023 CONT'D

B. THIRTY LARGEST ICULS HOLDERS AS AT 29 SEPTEMBER 2023
(as shown in the Record of Depositors)

No.	Name	No. of ICULS	%
12	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AU YEE BOON*	14,000,000	1.16
13	LEE CHEE KIAN	13,250,000	1.10
14	LEE CHEE HOE	10,900,000	0.90
15	TAN CHEE CHOONG	10,770,600	0.89
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE CHEE KEI*	10,566,600	0.88
17	AU YEE BOON	10,005,996	0.83
18	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEONG WENG TEONG*	10,000,000	0.83
19	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YAP YEE PING*	9,912,100	0.82
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIAU ZHEN KANG*	8,900,000	0.74
21	LOW SIOU WON	8,750,000	0.73
22	APEX NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHONG LI PING*	8,500,000	0.70
23	KENANGA NOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD*	8,055,000	0.67
24	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR LEE ZHI CHEONG*	7,600,000	0.63
25	GAN LU TER	7,300,000	0.61
26	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD*	6,672,500	0.55
27	HLIB NOMINEES (TEMPATAN) SDN BHD *HONG LEONG BANK BHD FOR LEE CHEE YIN*	6,500,000	0.54
28	WONG CHEE LEONG	6,500,000	0.54
29	NEW TIAM FOO	6,270,000	0.52
30	TAN SUONG CHAI	6,250,000	0.52
	TOTAL	**761,448,976**	**63.14**

ANALYSIS OF 5-YEAR 0.10% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

AS AT 29 SEPTEMBER 2023 CONT'D

C. DIRECTORS' INTEREST IN ICULS AS AT 29 SEPTEMBER 2023 (as shown in the Record of Depositors)

Size of Holdings		Direct No. of ICULS	Direct %	Indirect No. of ICULS	Indirect %
1.	Dato' Sri Tajudin Bin Md Isa	-	-	-	-
2.	Datuk Au Yee Boon	100,793,096	8.35	170,960,830 [(a)]	14.17
3.	Lee Boon Siong	4,148,330	0.34	-	-
4.	Dato' Sri Gan Chow Tee	-	-	-	-
5.	Kok Soke Kuen	-	-	-	-

Note:

[(a)] *Deemed interest through the holdings of his spouse, Datin Lim Lee Wheng's interest in the Company and by virtue of his interest in TechBase Solution Sdn Bhd.*

ANALYSIS OF WARRANTS HOLDINGS

AS AT 29 SEPTEMBER 2023

Total Issued Warrants	:	145,250,984
Total Outstanding Warrants	:	145,250,984

A. DISTRIBUTION OF WARRANTS HOLDERS AS AT 29 SEPTEMBER 2023 (as shown in the Record of Depositors)

Size of Holdings	No. of Warrants Holders	%	No. of Warrants	%
1 – 99	798	25.59	29,454	0.02
100 - 1,000	482	15.46	339,803	0.23
1,001 - 10,000	1,179	37.81	5,348,390	3.68
10,001 - 100,000	543	17.42	17,560,646	12.09
100,001 to less than 5% of issued Warrants	114	3.66	103,019,991	70.93
5% and above of issued Warrants	2	0.06	18,952,700	13.05
TOTAL	3,118	100.00	145,250,984	100.00

B. THIRTY LARGEST WARRANTS HOLDERS AS AT 29 SEPTEMBER 2023 (as shown in the Record of Depositors)

No.	Name	No. of Warrants	%
1	GUNUNG RESOURCES SDN BHD	10,977,700	7.56
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TECHBASE SOLUTION SDN BHD*	7,975,000	5.49
3	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG*	7,000,000	4.82
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	5,525,000	3.80
5	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	4,350,000	2.99
6	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM LEE WHENG*	4,121,083	2.84
7	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR POR TEONG ENG*	3,808,100	2.62
8	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN CHEE SING*	3,750,000	2.58
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	3,657,916	2.52
10	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR CHAI CHOI HONG*	3,385,883	2.33
11	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE SIANG*	2,700,000	1.86

ANALYSIS OF WARRANTS
AS AT 29 SEPTEMBER 2023 CONT'D

B. THIRTY LARGEST WARRANTS HOLDERS AS AT 29 SEPTEMBER 2023
(as shown in the Record of Depositors) (cont'd)

No.	Name	No. of Warrants	%
12	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOON CHIN SENG*	2,460,750	1.69
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM JEE GIN*	2,200,000	1.51
14	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	2,150,000	1.48
15	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK*	1,950,000	1.34
16	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	1,940,000	1.34
17	CHONG KAM CHOY	1,902,500	1.31
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN*	1,892,100	1.30
19	CHONG SAI KING	1,872,900	1.29
20	KONG LEK CHAI @ KONG AH LIM	1,700,000	1.17
21	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AU YEE BOON*	1,500,000	1.03
22	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR OOI YOUK LAN*	1,475,000	1.02
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK*	1,452,500	1.00
24	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK*	1,450,000	1.00
25	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AU YEE BOON*	1,400,000	0.96
26	CHONG SAI TONG	1,310,033	0.90
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE TEIK AUN*	1,250,000	0.86
28	PERCETAKAN SANWA INDUSTRIES SDN.BHD.	1,175,000	0.81
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YONG CHEE KEONG*	1,150,000	0.79
30	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR POR TEONG ENG*	1,110,750	0.76
	TOTAL	**88,592,215**	**60.99**

ANALYSIS OF WARRANTS
AS AT 29 SEPTEMBER 2023 CONT'D

C. DIRECTORS' INTEREST IN WARRANTS AS AT 29 SEPTEMBER 2023
(as shown in the Record of Depositors)

		Direct		Indirect	
No	**Name**	**No. of Warrants**	**%**	**No. of Warrants**	**%**
1.	Dato' Sri Tajudin Bin Md Isa	-	-	-	-
2.	Datuk Au Yee Boon	6,557,916	4.51	12,096,083[(a)]	8.33
3.	Lee Boon Siong	414,833	0.29	-	-
4.	Dato' Sri Gan Chow Tee	-	-	-	-
5.	Kok Soke Kuen	-	-	-	-

Note:

(a) Deemed interest through the warrants held by his spouse, Datin Lim Lee Wheng's interest in the Company and by virtue of his interest in TechBase Solution Sdn Bhd.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

THIS SHARE BUY-BACK STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL INDEPENDENT ADVISER IMMEDIATELY.

1. DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance and takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. INTRODUCTION

At the Annual General Meeting of YB Ventures Berhad ("YBVB" or the "Company") held on 28 November 2022, YBVB had obtained approval from its shareholders for the Company to purchase and/or hold up to ten percent (10%) of the total issued share capital of the Company. The authority shall, in accordance with the Main Market Listing Requirements of Bursa Securities ("Listing Requirement"), expire at the conclusion of the forthcoming Twenty-Third Annual General Meeting ("23rd AGM"), unless such authority is renewed at the forthcoming 23rd AGM.

On 26 October 2023, the Board of Directors of the Company ("Board") announced its intention to seek shareholders' approval for the Proposed Renewal of Share Buy-Back Authority. The Proposed Renewal of Share Buy-Back Authority is subject to compliance with Section 127 of the Companies Act 2016 ("Act") and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back Authority and set out the Board's recommendation thereon. The Company will seek the shareholders' approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 23rd AGM.

3. PURCHASES AND CANCELLATION OF SHARES AND RESALE OF TREASURY SHARES MADE PURSUANT TO THE EXISTING APPROVAL

During the preceding 12 months up to 30 September 2023, the Company did not purchase any of its own ordinary shares ("Shares" or "YBVB Shares") from the open market.

As at 30 September 2023, a total of 808,166 Shares are held by the Company as treasury shares. The Company has not resold or cancelled any treasury shares on Bursa Securities during the preceding 12 months up to 30 September 2023.

4. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

As at 30 September 2023, the Company's issued share capital is RM110,792,103.68 comprising 291,390,336 ordinary shares of the Company (including 808,166 treasury shares) and the Company has:

(i) 1,206,378,387 outstanding 5-year, 0.10%, irredeemable convertible unsecured loan stocks ("ICULS");

(ii) 145,250,984 outstanding warrants 2022/2025 as constituted by the deed poll dated 5 September 2022 ("Warrants"); and

(iii) up to 246,452,956 ESOS (as defined herein) options which may be granted pursuant to the maximum allowable amount under the employees' share option scheme, which took effect on 5 April 2021 for a period of 5 years ("ESOS") based on the assumption that 808,166 treasury shares are resold on the open market and all the outstanding ICULS and Warrants as mentioned above are converted/exercised into new Shares.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

4. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

Based on the above, the maximum number of Shares that may be purchased is as follows:

	Minimum Scenario No. of Shares	**Maximum Scenario No. of Shares**
Total number of issued Shares as at 30 September 2023[(1)]	291,390,336	291,390,336
Less: treasury shares	(808,166)	-[(2)]
Assuming all the outstanding ICULS are converted[(3)]	-	1,206,378,387
Assuming all the outstanding Warrants are exercised[(4)]	-	145,250,984
To be issued upon full exercise of the ESOS options[(5)]	-	246,452,956
Total number of issued Shares	**290,582,170**	**1,889,472,663**
Maximum number of Shares that may be purchased	**29,058,217**	**188,947,266**

Notes:

(1) Including 808,166 Shares which are held by the Company as treasury shares as at 30 September 2023.

(2) Assuming 808,166 treasury shares are resold in the open market at their respective acquisition prices.

(3) Assuming all the outstanding 1,206,378,387 ICULS are converted into 1,206,378,387 new Shares by a combination of surrendering 1 ICULS and paying RM0.44 in cash, which is the difference between the issue price of the ICULS surrendered and the conversion price of RM0.48 for 1 new Share.

(4) Assuming all the outstanding 145,250,984 Warrants are fully exercised into 145,250,984 new Shares at the exercise price of RM0.37.

(5) Assuming 246,452,956 ESOS options are granted pursuant to the maximum allowable amount under the ESOS and fully exercised into 246,452,956 new Shares.

The Proposed Renewal of Share Buy-Back Authority will be effective immediately upon the passing of the ordinary resolution and will continue to be in force until:

(i) the conclusion of the Company's next Annual General Meeting at which time the said authority shall lapse unless renewed by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

5. Treatment of the Purchased YBVB Shares

Pursuant to Section 127 of the Act, the Board may, at its discretion, deal with the Shares so purchased in the following manner:

(i) to cancel the Shares so purchased;

(ii) to retain the Shares so purchased as the treasury shares, which may be distributed as share dividends to the shareholders and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be transferred for the purpose of an employees' share scheme and/or be transferred as purchase consideration and/or be cancelled subsequently;

(iii) to retain part of the Shares so purchased as treasury shares and cancel the remainder of the Shares; or

(iv) to deal with the Shares so purchased in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time.

Upon each purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority, an immediate announcement will be made to Bursa Securities in respect of the intention of the Board whether to retain the Shares so purchased as treasury shares, cancel them or a combination of both. An immediate announcement will also be made to Bursa Securities of any resale, transfer and/or cancellation of treasury shares.

6. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, may potentially benefit the Company as follows: -

(i) it allows the Company to take preventive measures against speculation, particularly when the Shares are undervalued, which would in turn, stabilise the market price of the Shares and hence, enhance investors' confidence;

(ii) if the Shares purchased are retained as treasury shares, the Board may distribute the treasury shares as share dividends to reward the shareholders and thus, minimize the cash outlay required for dividends in the future whilst stabilising the market price of the Shares; and

(iii) the resultant reduction of the share capital base (in respect of Shares purchased which are then cancelled) may potentially enhance the Earnings Per Share ("EPS") and the net assets ("NA") per Share of the Company and its group of companies ("Group") (all things being equal).

The Board does not expect the Proposed Renewal of Share Buy-Back Authority to have any material disadvantage to the Company and its shareholders as it will be implemented only after due consideration of the financial resources of the Group and the resultant impact on the Company and its shareholders. The Board, in exercising any decision to purchase any Shares, will be mindful of the Group's and the Company's shareholders' interests.

7. QUANTUM AND FUNDING

The actual number of the Shares which may be purchased and the timing of the purchase(s) will depend on, inter-alia, market conditions, share market sentiments and the availability of retained profits and financial resources of the Company as well as Listing Requirements to maintain the necessary shareholding spread.

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or external borrowings. The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority will be subject to the Company's retained profits. The audited retained profits of the Company as at 30 June 2023 is RM19.5 million.

In the event the Proposed Renewal of Share Buy-Back Authority is funded through external borrowings, the Board shall ensure that the Company has sufficient financial capabilities to repay such borrowings and that such borrowings will not have any material effect on the Group's financial.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

7. QUANTUM AND FUNDING cont'd

Pricing

YBVB may only purchase its own shares at a price which is not more than fifteen percent (15%) above the weighted average market price ("WAMP") of YBVB Shares for the past five (5) market days immediately preceding the date of the purchase(s).

The treasury shares arising from the share buy-back shall be resold or transferred pursuant to Section 127(7) of the Act, if so determined by the Board, at a price that is: -

a. not less than the WAMP of YBVB Shares for the past five (5) market days immediately preceding the date of the resale or transfer; or

b. not more than five percent (5%) discount to the five (5) market days WAMP of YBVB Shares immediately prior to the resale or transfer, provided that:-

   i. the resale or transfer take place no earlier than thirty (30) days from the date of purchase; and

   ii. the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

The monthly highest and lowest prices of YBVB Shares as traded on Bursa Securities for the preceding twelve (12) months from October 2022 to September 2023 are as follows: -

	Share price	
Month	**High (RM)**	**Low (RM)**
2022		
October	0.390	0.320
November	0.440	0.350
December	0.415	0.375
2023		
January	0.415	0.375
February	0.400	0.355
March	0.375	0.325
April	0.345	0.320
May	0.340	0.290
June	0.305	0.260
July	0.320	0.275
August	0.305	0.280
September	0.275	0.295

The last transacted price of the shares on 29 September 2023, being the latest practicable date prior to the printing of this Statement is RM0.295.

8. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The financial resources of YBVB may increase pursuant to the resale of the purchased shares held as treasury shares at prices higher than the purchase price. The other advantages of the Proposed Renewal of Share Buy-Back Authority are outlined in item 6 of this Statement.

However, the Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Company. This may result in the Company foregoing future investment opportunities and/or any income that may be derived from alternative uses of such funds.

Nevertheless, the Board will be mindful of the interests of YBVB and its shareholders in implementing the Proposed Renewal of Share Buy-Back Authority.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

As at 30 September 2023, the Company has 291,390,336 Shares in issue (including 808,166 treasury shares) and the following securities:

(i) 1,206,378,387 outstanding ICULS;
(ii) 145,250,984 outstanding Warrants; and
(iii) up to 246,452,956 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS based on the assumption that 808,166 treasury shares are resold on the open market and all the outstanding ICULS and Warrants are exercised into new shares.

The Company does not intend to grant any ESOS Options prior to the 23rd AGM.

The effects of the Proposed Renewal of Share Buy-Back Authority are illustrated as follows:-

Minimum Scenario : Assuming 808,166 treasury shares are retained, and none of the outstanding ICULS, Warrants and ESOS options are converted/exercised into new YBVB Shares before the implementation of the Proposed Renewal of Share Buy-Back Authority

Maximum Scenario : Assuming 808,166 treasury shares are resold in the open market and that all of the outstanding ICULS, Warrants and ESOS options are converted/exercised into new YBVB Shares before the implementation of the Proposed Renewal of Share Buy-Back Authority

9.1 Share Capital

The pro forma effects of the Proposed Renewal of Share Buy-Back Authority as follows: -

	Minimum Scenario No. of Shares	Maximum Scenario No. of Shares
Share Capital as at the 30 September 2023(1)	291,390,336	291,390,336
Less: treasury shares	(808,166)	-(2)
To be issued assuming full conversion of the outstanding ICULS (3)	-	1,206,378,387
To be issued assuming full exercise of the outstanding Warrants(4)	-	145,250,984
To be issued assuming full granting and exercise of the ESOS options which may be granted(5)	-	246,452,956
	290,582,170	1,889,472,663
Upon completion of the Proposed Share Buy-Back (assuming all treasury shares are cancelled)	(29,058,217)	(188,947,266)
Enlarged issued share capital	**261,523,953**	**1,700,525,397**

Notes:

(1) Including 808,166 Shares which are held by the Company as treasury shares as at 30 September 2023.

(2) Assuming 808,166 treasury shares are resold in the open market at their respective acquisition prices.

(3) Assuming all the outstanding 1,206,378,387 ICULS are converted into 1,206,378,387 new Shares by a combination of surrendering 1 ICULS and paying RM0.44 in cash, which is the difference between the issue price of the ICULS surrendered and the conversion price of RM0.48 for 1 new Share.

(4) Assuming all the outstanding 145,250,984 Warrants are fully exercised into 145,250,984 new Shares at the exercise price of RM0.37

(5) Assuming 246,452,956 ESOS options are granted pursuant to the maximum allowable amount under the ESOS and fully exercised into 246,452,956 new Shares.

The Proposed Renewal of Share Buy-Back Authority will not have any effect on the total number of issued Shares if the purchased Shares are retained as treasury shares except that certain rights attaching to the treasury shares will be suspended.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.2 NA and Gearing

The effects of the Proposed Renewal of Share Buy-Back Authority on the Group's NA per Share will depend on the number of Shares purchased, the purchase prices of the Shares, the effective funding costs to finance the purchase of the Shares and the treatment of the Shares so purchased by the Company.

If the purchased shares are kept as treasury shares, the NA per share will decrease unless the cost per share of the treasury shares purchased is below the NA per share at the relevant point in time. This is because the treasury shares, which are required to be carried at cost, must be offset against equity and therefore would result in a decrease in NA of the Company.

Similarly, if the purchased shares are cancelled, the NA per share of the Group will decrease unless the cost per share of the purchased shares is below the NA per share at the relevant point in time.

In the case where the purchased shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per share of the Group will increase if the Company realises a gain from the resale, and vice-versa. If the treasury shares are distributed as share dividends, the NA of the Group will decrease by the cost of the treasury shares.

Assuming that the treasury shares are being retained by the Company and no borrowings are being utilised to fund the purchase of the Shares, all else being equal, the Proposed Renewal of Share Buy-Back Authority may increase the gearing of the Group as the equity will be reduced by the cost of Shares acquired.

9.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of the Shares purchased.

However, the working capital of the Group will increase if the purchased Shares are resold on Bursa Securities. The quantum of the increase will depend on the actual selling prices of the treasury shares and the number of treasury shares resold on Bursa Securities.

9.4 Cashflow

The Proposed Renewal of Share Buy-Back Authority is not expected to be implemented to the extent that it will adversely affect the cash flow of the Company. The exact effect on the cash flow of the Company will depend on the purchase prices of the Shares and the number of the Shares purchased.

9.5 Earnings

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of the Group are dependent on the purchase prices of the Shares, the number of Shares purchased and the effective funding cost or loss in interest income to the Group.

Assuming that the YBVB Shares so purchased are retained as treasury shares and subsequently resold, the effects on the earnings of our Group are dependent on the actual selling price, the number of treasury shares resold, the effective gain or interest savings arising from the exercise, and the manner in which the proceeds arising therefrom are utilised.

If the YBVB Shares so purchased are cancelled, the Proposed Renewal of Share Buy-Back Authority will increase the EPS of the Group provided the income foregone and, if any, interest expense incurred on the Shares purchased is less than the EPS before the Proposed Renewal of Share Buy-Back Authority.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.6 Directors' and Substantial Shareholders' Shareholdings

The effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the substantial shareholders of YBVB based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at 30 September 2023, assuming the Proposed Renewal of Share Buy-Back Authority is undertaken in full by the Company, are as follows:

Minimum Scenario

	As at 30 September 2023				(I) After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of shares	(12)%	No. of Shares	(12)%	No. of shares	(17)%	No. of Shares	(17)%
Substantial shareholder								
TechBase Solution Sdn Bhd	15,950,000	5.49		-	15,950,000	6.10	-	-
Datin Lim Lee Wheng	8,242,166	2.84	29,065,833(1)(2)	10.00	8,242,166	3.15	29,065,833(1)(2)	11.11
Substantial shareholder and/or Director								
Dato' Sri Tajudin Bin Md Isa	-	-	-	-	-	-	-	-
Datuk Au Yee Boon	13,115,833	4.51	24,192,166(2)(3)	8.33	13,115,833	5.02	24,192,166(2)(3)	9.25
Lee Boon Siong	829,666	0.29	-	-	829,666	0.32	-	-
Kok Soke Kuen	-	-	-	-	-	-	-	-
Dato Sri Gan Chow Tee	-	-	-	-	-	-	-	-

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SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.6 Directors' and Substantial Shareholders' Shareholdings cont'd

Maximum Scenario cont'd

	As at 30 September 2023				(I) Assuming all treasury shares are resold at cost				(II) [6]After (I) and all the outstanding ICULS converted			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	[12]%	No. of Shares	[12]%	No. of Shares	[13]%	No. of Shares	[13]%	No. of Shares	[14]%	No. of Shares	[14]%
Substantial shareholder												
TechBase Solution Sdn Bhd	15,950,000	5.49	-	-	15,950,000	5.48	-	-	145,700,000[4]	9.73	-	-
Datin Lim Lee Wheng	8,242,166	2.84	29,065,833[1][2]	10.00	8,242,166	2.83	29,065,833[1][2]	9.98	49,452,996[5]	3.30	259,608,929[1][2]	17.33
Substantial shareholder / Director												
Dato' Sri Tajudin Bin Md Isa	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Au Yee Boon	13,115,833	4.51	24,192,166[2][3]	8.33	13,115,833	4.50	24,192,166[2][3]	8.30	113,908,929[6]	7.61	195,152,996[2][3]	13.03
Lee Boon Siong	829,666	0.29	-	-	829,666	0.28	-	-	4,977,996[7]	0.33	-	-
Kok Soke Kuen	-	-	-	-	-	-	-	-	-	-	-	-
Dato Sri Gan Chow Tee	-	-	-	-	-	-	-	-	-	-	-	-

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.6 Directors' and Substantial Shareholders' Shareholdings cont'd

Maximum Scenario cont'd

	(III) After (II) and assuming all the outstanding Warrants are exercised				(IV) After (III) and assuming all the ESOS options are exercised				(V) After (IV) the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(15)%	No. of Shares	(15)%	No. of Shares	(16)%	No. of Shares	(16)%	No. of Shares	(17)%	No. of Shares	(17)%
Substantial shareholder												
TechBase Solution Sdn Bhd	153,675,000(8)	9.35	-	-	153,675,000	8.13	-	-	153,675,000	9.04	-	-
Datin Lim Lee Wheng	53,574,079(9)	3.26	274,141,845(1)(2)	16.69	53,574,079	2.84	274,141,845(1)(2)	14.51	53,574,079	3.15	274,141,845(1)(2)	16.12
Substantial shareholder / Director												
Dato' Sri Tajudin Bin Md Isa	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Au Yee Boon	120,466,845(10)	7.33	207,249,079(2)(3)	12.61	120,466,845	6.38	207,249,079(2)(3)	10.97	120,466,845	7.08	207,249,079(2)(3)	12.19
Lee Boon Siong	5,392,829(11)	0.33	-	-	5,392,829	0.29	-	-	5,392,829	0.32	-	-
Kok Soke Kuen	-	-	-	-	-	-	-	-				
Dato Sri Gan Chow Tee	-	-	-	-	-	-	-	-				

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

9. EFFECT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY cont'd

9.6 Directors' and Substantial Shareholders' Shareholdings cont'd

Maximum Scenario cont'd

Notes :

(1) Deemed interested through the shareholdings of her spouse, Datuk Au Yee Boon's interest in the Company.
(2) Deemed interested by virtue of his/her interest in TechBase Solution Sdn Bhd pursuant to Section 8 of the Act.
(3) Deemed interested through the shareholdings of his spouse, Datin Lim Lee Wheng's interest in the Company.
(4) Assuming TechBase Solution Sdn Bhd's holding of 129,750,000 ICULS is fully converted into 129,750,000 Shares.
(5) Assuming Datin Lim Lee Weng's holding of 41,210,830 ICULS is fully converted into 41,210,830 Shares.
(6) Assuming Datuk Au Yee Boon's holding of 100,793,096 ICULS is fully converted into 100,793,096 Shares.
(7) Assuming Lee Boon Siong's holding of 4,148,330 ICULS is fully converted into 4,148,330 Shares.
(8) Assuming TechBase Solution Sdn Bhd's holding of 7,975,000 Warrants is fully exercised into 7,975,000 Shares.
(9) Assuming Datin Lim Lee Weng's holding of 4,121,083 Warrants is fully exercised into 4,121,083 Shares.
(10) Assuming Datuk Au Yee Boon's holding of 6,557,916 Warrants is fully exercised into 6,557,916 Shares.
(11) Assuming Lee Boon Siong's holding of 414,833 Warrants is fully exercised into 414,833 Shares.
(12) Based on our Company's issued share capital of 290,582,170 Shares (excluding 808,166 Shares which are held by the Company as treasury shares) as at 30 September 2023.
(13) Based on our Company's enlarged issued share capital of 291,390,336 Shares assuming 808,166 treasury shares were resold on the open market.
(14) Based on our Company's enlarged issued share capital of 1,497,768,723 Shares.
(15) Based on our Company's enlarged issued share capital of 1,643,019,707 Shares.
(16) Based on our Company's enlarged issued share capital of 1,889,472,663 Shares.
(17) Based on the issued share capital of 261,523,953 Shares and 1,700,525,397 Shares under the Minimum and Maximum Scenario respectively.

10. PUBLIC SHAREHOLDING SPREAD

As at 30 September 2023, the public shareholding spread of the Company is approximately 86.88%.

For illustrative purposes, assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full based on the total number of issued Shares as at 30 September 2023, and the Shares are purchased from the public shareholders, the pro forma public shareholding spread of our Company would be reduced to approximately 80.41%.

The Board will ensure that before any share buy-back exercise, the public shareholding spread of at least 25% of the Company's total listed shares required under Paragraph 8.02(1) of the Listing Requirements is maintained.

11. IMPLICATIONS RELATING TO THE CODE

Pursuant to the Malaysian Code on Take-Overs and Mergers 2016 ("Code") and Rules on Take-Overs, Mergers and Compulsory Acquisition issued by the SC ("Rules"), a person and any person acting in concert with him, will be required to make a mandatory offer for the remaining YBVB Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is/are between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period. However, an exemption from mandatory offer obligation may be granted by the Securities Commission Malaysia under the Code and Rules upon application by such person(s).

The Company does not intend to undertake the Proposed Renewal of Share Buy-Back Authority such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code and the Rules. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any party resulting from the Proposed Renewal of Share Buy-Back Authority, the relevant parties shall make the necessary application to the SC for a waiver to undertake a mandatory offer pursuant to the Code.

SHARE BUY-BACK STATEMENT

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") CONT'D

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage shareholding and/or voting rights of the shareholders as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority and the subsequent resale of treasury shares, if any, in the future.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, including the rationale and the effect of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company.

Accordingly, our Board recommends you to vote in favour of the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 23rd AGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they, collectively and individually, accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein misleading.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Company's Registered Office situated at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the 23rd AGM:

i. the Constitution of the Company; and
ii. the audited financial statements of the Company for the financial year ended 30 June 2022 and 2023 respectively.

This Share Buy-Back Statement is dated 31 October 2023.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting ("**23rd AGM**") of YB Ventures Berhad ("**Company**") will be held and conducted by way of virtual meeting entirely through live streaming via a Remote Participation and Voting ("**RPV**") Facilities from the Broadcast Venue at Unit 702, Level 7, Tropicana Gardens Office Tower, No. 2A, Persiaran Surian, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 November 2023 at 11.00 a.m. or at any adjournment thereof for the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon. — ***Explanatory Note A***

2. To re-elect the following Directors who retire in accordance with Clause 103 of the Constitution of the Company and being eligible, have offered themselves for re-election:-

   a) Mr. Lee Boon Siong — ***Ordinary Resolution 1***

   b) Dato' Sri Gan Chow Tee — ***Ordinary Resolution 2***

3. To approve the payment of Directors' fees and other benefits payable totaling RM260,000 for the period from 23rd AGM until the conclusion of next AGM of the Company. — ***Ordinary Resolution 3***

4. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — ***Ordinary Resolution 4***

Special Business

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

5. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016** — ***Ordinary Resolution 5***

   Waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Clause 65 of the Company's Constitution

   "THAT subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Company's Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue new shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer at any time and from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, to any persons who are not prescribed by Paragraph 6.04(c) of the Listing Requirements provided that the aggregate number of shares to be allotted and issued under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so allotted and issued from the Bursa Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company.

   AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 65 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 arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016."

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
CONT'D

6. **Proposed Renewal of Share Buy-Back Authority for the Company to Purchase Up to 10% of its Total Number of Issued Shares ("Proposed Renewal of Share Buy-Back Authority")** ***Ordinary Resolution 6***

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act 2016, the provisions of the Company's Constitution, the Listing Requirements and the approvals of all relevant governmental/regulatory authorities, approval be and is hereby given to the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Statement in relation to the Proposed Renewal of Share Buy-Back Authority dated 31 October 2023 in the Annual Report.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by ordinary resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Listing Requirements and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 202208000250)
TAN LAY KHOON (MAICSA 7077867 / SSM PC No. 202208000544)
Company Secretaries

Kuala Lumpur

Date: 31 October 2023

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
CONT'D

Notes: -

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.my.
2. A member of the Company entitled to participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to participate, speak and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or the hand of an office or attorney duly authorised.
6. The proxy form must be deposited at the Share Registrar's office of YB Ventures Berhad situated at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, Medan Syed Putra Utara, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 20 November 2023 shall be eligible to participate, speak and vote at the meeting or appoint a proxy to participate, speak and/or vote on his/her behalf.

Explanatory Notes to Ordinary Business:

Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2023

This item in the agenda is solely for discussion purpose, as Section 340(1)(a) of the Companies Act 2016 does not require shareholders to formally approve the audited financial statements. Therefore, the matter will not be put forward for voting.

Ordinary Resolutions 1 to 2: Re-election of Directors who retire pursuant to Clause 103 of the Company's Constitution

The following Directors who are standing for re-election as Directors of the Company pursuant to Clause 103 of the Company's Constitution at the forthcoming 23rd AGM of the Company and who are being eligible for re-election have offered themselves for re-election in accordance with the Company's Constitution: -

a) Mr. Lee Boon Siong; and
b) Dato' Sri Gan Chow Tee.

(collectively referred to as "Retiring Directors")

The Board of Directors ("**Board**") through the Nomination Committee has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

Explanatory Notes to Special Business:

Ordinary Resolution 5: Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 ; and waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Clause 65 of the Company's Constitution

The proposed Ordinary Resolution 5 is a renewal of general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the 22nd AGM on 28 November 2022 ("**Previous Mandate**").

As at the date of this notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted pursuant to the Previous Mandate.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
CONT'D

The proposed Ordinary Resolution 5, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares of the Company from time to time and expand the mandate to grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares issued and allotted, to be subscribed under any rights granted, to be issued from the conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being ("**Renewed General Mandate**"). In computing the aforesaid 10% limit, shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Renewed General Mandate will enable the Directors to allot and issue ordinary shares at any time up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being without convening a general meeting which will be both time and cost consuming. The mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to the placement of shares for the purpose of funding future investment project(s), working capital and/or acquisitions.

Please refer to Section 85(1) of the Companies Act 2016 and Clause 65 of the Company's Constitution as detailed below.

Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

(1) Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 65 of the Company's Constitution provides as follows:

"65. Unless otherwise determined by the Company in general meeting any original shares or securities for the time being unissued and not allotted as provided in this Constitution and any new shares or securities from time to time to be created shall, before they are issued, be offered to the members in proportion, as nearly as may be, to the number of shares or securities held by them. Such offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of the same in such manner as they think fit most beneficial to the Company. The Directors may, in like manner dispose of any such new or original shares or securities as aforesaid, which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid, or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in manner herein before provided."

In order for the Directors to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 5, if passed, will exclude your pre-emptive rights over all new shares, options over or grant of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities under the authority to Directors to allot shares.

<u>Ordinary Resolution 6: Proposed Renewal of Share Buy-Back Authority</u>

The proposed Ordinary Resolution 6, if passed, will empower the Company to purchase its own ordinary shares of up to ten percent (10%) of the Company's total number of issued shares at any time within the time period stipulated in the Listing Requirements. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within the next AGM after that date is required by law to be held, whichever occurs first. Please refer to the statement in relation to the Proposed Renewal of Share Buy-Back Authority dated 31 October 2023 in the Annual Report for more information.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
CONT'D

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities: -

1. Details of individuals who are standing for election as Directors (excluding Directors for re-election).

   No individual is seeking election as a Director at the 23rd AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities.

   The details of the general mandate/authority for Directors of the Company to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note to Special Business of the Notice of 23rd AGM of the Company

YB VENTURES BERHAD

PROXY FORM

YB VENTURES BERHAD
[Registration No. 200001013437 (516043-K)]

No. of shares held	CDS Account No

I/We ______________________________ NRIC/Passport/Company Registration No. ______________________
(FULL NAME IN BLOCK LETTERS)

of ____

Contact No. ______________________ and # email address ______________________

being a member/members of **YB VENTURES BERHAD** ("Company"), hereby appoint:

Full Name *(IN BLOCK LETTERS)*	**NRIC/Passport No.**	**% of shareholdings**
# Contact No.	**# Email Address**	
Address:		

*and/or

Full Name *(IN BLOCK LETTERS)*	**NRIC/Passport No.**	**% of shareholdings**
# Contact No.	**# Email Address**	
Address:		

 # You are required to fill in the contact no. and email address in order to participate the Twenty-Third ("23rd") Annual General Meeting ("AGM"), otherwise, we are unable to register you as the participant of the meeting.

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 23rd AGM of the Company which to be held and conducted by way of virtual meeting entirely through live streaming via a Remote Participation and Voting ("RPV") Facilities from the Broadcast Venue at Unit 702, Level 7, Tropicana Gardens Office Tower, No. 2A, Persiaran Surian, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 November 2023 at 11.00 a.m. or at any adjournment thereof, in the manners as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Mr. Lee Boon Siong who retires pursuant to Clause 103 of the Company's Constitution.		
2.	To re-elect Dato' Sri Gan Chow Tee who retires pursuant to Clause 103 of the Company's Constitution.		
3.	To approve the payment of Directors' fees and other benefits payable totaling RM260,000 for the period from 23rd AGM until the next AGM of the Company.		
4.	To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
5.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016; and waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Clause 65 of the Company's Constitution.		
6.	Proposed renewal of share buy-back authority for the Company to purchase up to 10% of its total number of issued shares.		

Please indicate with an "X" or "√" in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his/her discretion.

Dated this _______ day of ___________________, 2023

____
Signature/Common Seal of Shareholder

Notes:-

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at https://web.vote2u.my.
2. A member of the Company entitled to participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to participate, speak and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or the hand of an office or attorney duly authorised.
6. The proxy form must be deposited at the Share Registrar's office of YB Ventures Berhad situated at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 20 November 2023 shall be eligible to participate, speak and vote at the meeting or appoint a proxy to participate, speak and/or vote on his/her behalf.

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AFFIX
STAMP

THE SHARE REGISTRAR OF
YB VENTURES BERHAD
[Registration No. 200001013437 (516043-K)]

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

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YB VENTURES BERHAD

ALPHA TILES®
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