MLABS SYSTEMS BERHAD

Company Registration No. 200401014724 (653227-V)

ACCELERATING GROWTH

MLABS ANNUAL REPORT 2023

MLABS SYSTEMS BERHAD

Company Registration No. 200401014724 (653227-V)

ABOUT US

Mlabs Systems Berhad was founded following the success of a software development project which began in 1992 in University Sains Malaysia. In 1997, Multimedia Research Lab Sdn Bhd was incorporated as a Private Limited Company in Malaysia to carry out ongoing research, development and marketing activities for this proprietary conferencing software. Over the years with recurring success, the company was listed in Malaysia Stock Exchange under MESDAQ counter (now known as ACE Market) in August 2005. Multimedia Research Lab Sdn Bhd then became a wholly-owned subsidiary of Mlabs Systems Berhad ("Mlabs").

At Mlabs, we strive to become known as the best enabler for operational efficiency improvement, to our clients' businesses through excellent customer service and collaboration.

OUR VISION

Your Choice of Solution Partner, Always!

OUR MISSION

We strive to:

- Always listen and understand your challenges and needs
- Recommend the best-fit solution to you that **JUST WORKS**
- Give you competitive advantage in your line of business
- Be with you in your journey towards sustained excellence

OUR VALUES

Putting all our **HEARTs** into everthing we do

H - Heuristic

E - Empowerment

A - Adaptable

R - Resourceful

T - Tenacious

19th ANNUAL GENERAL MEETING

Day:
Wednesday,
29 November 2023

Time:
2:30 p.m.

Broadcast Venue:
Lot 4.1, 4th Floor,
Menara Lien Hoe,
No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya,
Selangor Darul Ehsan

via online meeting platform

Access the full version of this report, or view a summary of our FYE 2023 performance at

www.mlabs.com

Inside This Report

CORPORATE INFORMATION

BOARD OF DIRECTORS

GENERAL TAN SRI DATO' SRI HJ. SULEIMAN BIN MAHMUD RMAF (Rtd)
Non-Independent Non-Executive Director / Chairman

TAN SIK EEK
Executive Director

MEJAR DATO' ISMAIL BIN AHMAD (R)
Non-Independent
Non-Executive Director

ONG TEE KEIN
Non-Independent
Non-Executive Director

PROFESSOR EMERITUS DR. SURESWARAN RAMADASS
Independent
Non-Executive Director

CHUAH HOON HONG
Independent
Non-Executive Director

KARINA BINTI IDRIS AHMAD SHAH
Independent
Non-Executive Director

AUDIT COMMITTEE

Chairman
Chuah Hoon Hong

Member
Mejar Dato' Ismail bin Ahmad (R)
Professor Emeritus Dr. Sureswaran Ramadass

NOMINATING COMMITTEE

Chairman
Professor Emeritus Dr. Sureswaran Ramadass

Member
Mejar Dato' Ismail bin Ahmad (R)
Chuah Hoon Hong

REMUNERATION COMMITTEE

Chairman
Professor Emeritus Dr. Sureswaran Ramadass

Member
Mejar Dato' Ismail bin Ahmad (R)
Chuah Hoon Hong

OPTION COMMITTEE

Chairman
Ong Tee Kein

Member
Tan Sik Eek
Chuah Hoon Hong

SECRETARIES

Chong Voon Wah
(SSM PC No. 202008001343)
(MAICSA 7055003)

Thai Kian Yau
(SSM PC No. 202008001515)
(MIA 36921)

REGISTERED OFFICE

22-09, Menara 1MK,
No. 1, Jalan Kiara, Mont Kiara,
50480 Kuala Lumpur

Tel : 03-2856 7333
Email : vw.chong@silverocean.com.my

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3,Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

Tel : 03-2783 9299
Fax : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

CAS Malaysia PLT
[201606003206
(LLP0009918-LCA) & (AF 1476)]
B-5-1, IOI Boulevard, Jalan Kenari 5,
Bandar Puchong Jaya,
47170 Puchong, Selangor Darul Ehsan
Tel : 03-8075 2300
Fax : 03-8600 5463

INTERNAL AUDITORS

IA Prov Sdn. Bhd.
E-03-02, 2nd Floor, Block E,
Pacific Place Commercial Centre,
Jalan PJU 1A/4, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan

PRINCIPAL PLACE OF BUSINESS

Lot 4.1, 4th Floor, Menara Lien Hoe,
No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya,
Selangor Darul Ehsan

Tel : 03-7887 2896
Email : enquiry@mlabs.com
Website : www.mlabs.com

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad
STOCK NAME : **MLAB**
STOCK CODE : **0085**

CORPORATE STRUCTURE

MLABS SYSTEMS BERHAD
Company Registration No. 200401014724 (653227-V)

- 100% MLABS RESEARCH SDN BHD
  - 100% INSHUB SDN BHD
- 100% PACIFICA DIRECT SDN BHD
- 100% MLABS ACADEMY SDN BHD
- 100% MLABS PROPERTIES SDN BHD
- 100% CHAMPAGNE CARBON SDN BHD
- 100% MLABS CAPITAL SDN BHD
  - 100% IKHLAS AL DAIN SDN BHD
  - 100% MLABS CAPITAL LIMITED (HONG KONG)
- 100% CARBON INTERNATIONAL SDN BHD
- 100% CHAMPAGNE CARBON ASIA LIMITED (HONG KONG)
  - 100% CARBON CHAMPAGNE TAIWAN LIMITED (TAIWAN)
  - 100% SHENZHEN CARBON CHAMPAGNE DEVELOPMENT LIMITED (CHINA)
- 51% INBASE PARTNERS LIMITED (CAYMAN ISLAND)
  - 100% INBASE PARTNERS TAIWAN LIMITED (TAIWAN)
- 60% LINKODES INTERNATIONAL LIMITED (HONG KONG)
  - 100% SWAPP ASIA SDN BHD

PROFILE OF THE BOARD OF DIRECTORS

General Tan Sri Dato' Sri Hj. Suleiman Bin Mahmud RMAF (Rtd) *Non-Independent Non-Executive Director / Chairman* Malaysian | Male | 76	
Qualifications	He holds the following qualifications:- (a) Graduate of Royal New Zealand Air Force and Staff College (b) Post graduate Diploma in Business Administration (c) Master Degree in Operational Research and Systems Analysis from University of Aston in Birmingham, United Kingdom.
Working Experience	General Tan Sri Dato' Sri Hj. Suleiman was appointed to the Board on 14 October 2009 as an Independent Non-Executive Director/Chairman of the Company. On 19 October 2022, he was redesignated as Non-Independent Non-Executive Director/Chairman of the Company. He has joined the Federation Military College in January 1965, and was commissioned into the Royal Malaysian Air Force on 5 August 1965. He did his basic flying training at the RMAF Flying Training School in Alor Setar, graduating in August 1966. He then went on to fly the Alouette III helicopters and in 1967, qualified as a helicopter instructor after completing an instructor's course in the United Kingdom. General Tan Sri Dato' Sri Hj. Suleiman has a vast experience as a pilot having flown helicopters, fixed wing transport and fighter aircrafts. He had served as a Squadron Commander of the Sikorsky S-61 Helicopter Squadron and the Dart Herald Transport Squadron. He also flew the C-130H Hercules, the Aermacchi MB-339, the F-5E and the CN-235-220. Throughout his career, General Tan Sri Dato' Sri Hj. Suleiman has been assigned to several staff and operational appointments, and of importance was his appointment as the Director of Armed Forces Development Plans in the Malaysia Armed Forces Headquarters. In 1989, he was appointed the Base Commander of RMAF Base, Butterworth, a Fighter Operational Air Base. Later, he was assigned as the Commander of the RMAF Air Training Command. He was then promoted to Brigadier General RMAF and took over command of No. 1 Air Division, an Air Defence (and Fighter) Command. He later moved to the post of Brigadier General Staff (Operations) at the Air Force Headquarters in Kuala Lumpur. On his promotion to Major General RMAF in June 1994, he was appointed as the Chief of Staff Operations and later on, was assigned as the Chief of Staff Policy and Plans. In August 1996, he assumed the post of the Deputy Chief of Air Force, and was upgraded to the rank of Lieutenant General RMAF on the same post, in June 2000. General Tan Sri Dato' Sri Hj. Suleiman was promoted to the rank of General RMAF and assumed the appointment of the Chief of the Royal Malaysian Air Force on 11 June 2001. He retired on 4 June 2003 at the age of 56.
Other Information and Directorship of Public Companies	He does not hold any directorships in other public company. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	Nil
No. of Board Meetings attended in the financial year	4/5

Profile of the Board of Directors

	Tan Sik Eek *Executive Director* Malaysian | Male | 47	**Mejar Dato' Ismail Bin Ahmad (R)** *Non-Independent Non-Executive Director* Malaysian | Male | 74
Qualification	He holds the following qualifications:- (a) Degree in Economics and Political Science at the University of Sydney, Australia	He holds the following qualifications:- (a) Degree in Master in Management, LLB Hons from University of Wolverhampton, United Kingdom (b) Master of Laws from University of London (c) Certificate in Legal Practice (d) Master in Management for AIM (e) Syariah Law and Practice Forum, IIU
Working Experience	He was appointed to the Board on 6 April 2018. He has more than two decades of experience ranging from corporate finance advisory to private equity investments. He was previously a partner in a private equity firm focused on investing in companies seeking growth funding and pre-IPO capital. Prior to that, he was specialising in securing funding from a series of established North America global opportunity fund, for companies listed on the regional capital markets. Since 2013, he has been engaged as the Director of several public companies to provide management strategy, day to day operational oversight, fund raising and business development planning of the various companies.	Mejar Dato' Ismail bin Ahmad (R) was appointed to the Board on 14 October 2009 as Executive Director of the Company. On 31 December 2019, he was redesignated as Non-Independent Non-Executive Director of the Company. He served in the Malaysian Army for 17 years and attended courses both local and overseas and held various appointments in service. In 1983, he joined Perwira Niaga Malaysia (Pernama), a wholly owned subsidiary of LTAT, a wholesale and international trading company. His last position in Pernama was Deputy General Manager before he left in 1999. He is now with Tegap Dinamik Sdn. Bhd. and several other companies, involved in projects, constructions and various infrastructures.
Other Information and Directorship of Public Companies	He holds 700,000 units of shares and 350,000 units of Warrants C in Mlabs. He is an Executive Director of Fintec Global Berhad, NetX Holdings Berhad, XOX Bhd and Symphony Life Berhad. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.	He is an Independent Non-Executive Director of Pasukhas Group Berhad and Advance Information Marketing Berhad. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	He currently a member of Option Committee.	He currently sits on the following Board Committees of the Company:- (a) Member of Audit Committee; (b) Member of Nominating Committee; and (c) Member of Remuneration Committee.
No. of Board Meetings attended in the financial year	5/5	3/5

Profile of the Board of Directors

	Ong Tee Kein *Non-Independent Non-Executive Director* Malaysian | Male | 66	**Chuah Hoon Hong** *Independent Non-Executive Director* Malaysian | Male | 37
Qualification	He is a member of the Malaysian Institute of Accountants.	He holds the following qualifications:- (a) Degree of Bachelor of Science with First Class Honours in Applied Accounting, Oxford Brookes University (b) ACCA (Association of Chartered Certified Accountants) (c) MIA (Malaysian Institute of Accountants)
Working Experience	Mr. Ong Tee Kein was appointed to the Board on 13 January 2010 as an independent director and was re-designated as Executive Director on 15 April 2010 and re-designated as Non-Independent Non-Executive Director on 31 December 2019. He is a member of the Malaysian Institute of Accountants (MIA) and an associate of the Institute of Chartered Accountants in England & Wales. He has experience in accounting and corporate restructuring of companies	With over 17 years of extensive and diverse experience in financial advisory and consultancy, Mr. Chuah brings wealth of expertise to his role. Currently serving as a Director of CNP Group and Silver Ocean Consulting Group, he specialises in pre- and post-IPO exercises & compliances and merger & acquisitions for both local and international financial markets. He embarked on his professional journey in the audit firm in Kuala Lumpur, Malaysia. In addition to handling audit assignments, he actively participated in providing advisory and consultancy services, including IPO exercises, financial due diligence, and forensic accounting. Following this, Mr. Chuah joined a Singapore-based consulting firm that focused on fundraising, merger & acquisitions, and restructuring initiatives for public-listed and private companies in Singapore, the People's Republic of China, and Malaysia.
Other Information and Directorship of Public Companies	He holds 836,100 units of shares in Mlabs, he is an independent director in Sanichi Technology Berhad, DGB Asia Berhad, Fintech Global Berhad and Metronic Global Berhad. He is also a director of several private companies. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.	He is an Independent Director for Vsolar Group Berhad, Sinaran Advance Group Berhad, and XOX Berhad, all of which are listed on Bursa Malaysia Securities Berhad. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	He currently the Chairman of Option Committee.	He currently sits on the following Board Committees of the Company:- (a) Chairman of Audit Committee; (b) Member of Nominating Committee; (c) Member of Remuneration Committee; and (d) Member of Option Committee.
No. of Board Meetings attended in the financial year	5/5	5/5

Profile of the Board of Directors

Professor Emeritus Dr. Sureswaran Radamass *Independent Non-Executive Director* Malaysian | Male | 57	
Qualifications	He holds the following qualifications:- (a) Degree of Bachelor in Computer Engineering (b) Masters in Electrical and Computer Engineering from the University of Miami, USA in 1990 (c) Doctorate from USM (d) Emeritus Professor from the Malaysia University of Sceience and Technology
Recognitions / Awards	Some of his recognitions include being awarded:- The “Anugerah Tokoh Negara” (National Academic Leader) for Innovation and Commercialisation in 2008 by the Minister of Higher Education. This award is given in recognition to contributions to Innovation and commercialisation in the area of science and technology. Emeritus Chair, IPv6 Forum Education Programme. The Wireless World Research Forum Fellow in April 2010. This fellowship award was presented in recognition to his contribution in the area of Next Generation Networks and IPv6. Malaysian Innovation Award by the Prime Minister in 2007 and again by the Minister of Science and Technology in 2009. These Awards were given in recognition for his contribution towards innovations in the areas of Multimedia Conferencing Systems and Real-time Advanced Security Monitoring.
Working Experience	Professor Emeritus Dr. Sureswaran Radamass was appointed to the Board on 1 April 2005 as Non-Independent Non-Executive Director of the Company and redesignated as Independent Non-Executive Director of the Company on 30 August 2017. He is currently a Professor Emeritus at the Malaysia University of Science and Technology. He is also the Chief Scientist at CrystalViewHD Sdn. Bhd. (formerly known as NLTVC Sdn. Bhd.). CrystalViewHD is a Next Generation Internet Communications research and development company. He is also currently the Chair of the APACv6 Council and the Chair of the IPv6 Forum Malaysia. He started off his career in 1990 as a senior member of the technical staff of the research team of MODCOMP, Inc., a Florida based research company focused on the R&D of real-time systems. Customers he worked with include The National Aeronautics and Space Administration (NASA). He left in 1991 and joined ICON Business System, Inc. (Florida) as Senior Consultant. He was subsequently promoted to Vice President Engineering and was responsible in overseeing the entire engineering and R&D divisions of ICON Business Systems, Inc. (Florida). He joined USM in 1992 as a lecturer. He was the founding Director and Professor at the National Advanced IPv6 Centre, USM. During his tenure at USM, he has a research partner/consultant to many companies in Malaysia including Telekom Malaysia Berhad, NCR Corporation, IBM Inc., MIMOS Berhad, Cabletron Systems Sdn. Bhd. and Compquest Sdn. Bhd.. He also holds numerous positions in global organisations including Chairman, Steering Committee of the ITU-MUST IPv6 and IoT Centre of Expertise, A13 project, which is a research-based project sponsored by the Japanese Government. He was also a nominated candidate for the position of Director of the Internet Corporation for Assigned Names and Numbers in 2000 (ICANN). He was also the Head of APAN (Pacific Advance Networks: www.apan.net) for Malaysia. He is one of the four (4) Steering Committee Members and the IPv6 Domain Head for MYREN (Malaysian Research and Education Network) and was the Chairman of the Asia Pacific IPv6 Task Force (APV6TF) and Emeritus Chair of IPv6 Forum Education Programme. He was the Chairman, Steering Committee of the ITU-MUST IPv6 and IoT Expertise Centre. Over the years, he has published over 200 national and international level research papers as well as written chapters and provided writing materials for a few books in the area of multimedia conferencing.
Other Information and Directorship of Public Companies	He directly holds 33,513 units of shares and indirectly holds 3,829 units of shares in Mlabs. He does not hold any directorships in other public company. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	He currently sits on the following Board Committees of the Company:- (a) Chairman of Nominating Committee; (b) Chairman of Remuneration Committee; and (c) Member of Audit Committee.
No. of Board Meetings attended in the financial year	5/5

Profile of the Board of Directors

Karina binti Idris Ahmad Shah *Independent Non-Executive Director* Malaysian | Female | 54	
Qualification	She holds the following qualifications:- (a) Bachelor of Laws (LLB Hons) from the National University of Malaysia (UKM)
Working Experience	Ms. Karina binti Idris Ahmad Shah was appointed as the Independent Non-Executive Director of the Company on 1 June 2023. She has over 15 years of extensive in house experience as a legal consultant in a wide variety of disciplines, namely telecommunication, construction, fast moving consumer goods (FMCG) and oil and gas industry. She started her career in the Attorney Generals Chamber as Federal Counsel in 1994. Her role was managing procurement contracts for the Army, Navy and Air Force. She moved to private practice in 1996 with the firm Abu Talib Shahrom & Zahari as an Advocate & Solicitor. She was then seconded to PLUS Bhd to manage the legal department and was involved in various corporate exercises. In 2000 she moved to Johor Bahru and joined a commercial property arm of the Kuok Group of Companies. In 2007 she was hired to set up the legal unit for Iskandar Regional Development Authority (IRDA) a statutory body to develop Iskandar Malaysia in Johor. She and her team successfully organised 5 members of the authority and advisory council meetings with the Prime Minister's office, government stakeholders and joint ministerial meetings between Malaysia and Singapore. In 2011, she took on a legal role in Doha, Qatar for a Malaysian construction firm that was involved in the construction of the Ministry of Interior. Upon her return from the Middle East she joined Zico Insource as a Legal Consultant. She has been assigned to various organisations that include Time dot com, Heng Yuan Refining Co. (fka Shell Refining Co.), Dutch Lady Milk Industries Bhd, Genting Bhd, Bumi Armada, Maxis Bhd and Axiata Enterprise Sdn. Bhd..
Other Information and Directorship of Public Companies	She is an Independent Non-Executive Director of XOX Bhd. She does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.
Details of Any Other Board Committees	NIL
No. of Board Meetings attended in the financial year	N/A

PROFILE OF KEY SENIOR MANAGEMENT

PROFILE OF HEAD OF GROUP OPERATION – CHIEF EXECUTIVE OFFICER

Hui Kiat Bin ("Bin")
Malaysian | Male | 50

He holds a Degree in Law from the University of Wales College of Cardiff (UWCC). He was appointed as the CEO of Mlabs Systems Berhad on 1st October 2021. He has more than 25 years of IT experience having worked at IBM, Microsoft, Dell and NTT (Dimension Data). He has more than 25 years of Senior Management experience with P&L responsibilities working for MNC and Entrepreneur experience.

PROFILE OF HEAD OF GROUP OPERATION – GROUP MARKETING

Tan Chung Yui ("Cagen")
Malaysian | Male | 35

He acts as the Head of Group Marketing of Mlabs group and Head of Marketing in Inshub Sdn. Bhd.. Cagen started his digital marketing career and passion in 2011 when he worked with Rocket Internet GmbH as a Marketing Manager. Rocket Internet GmbH is a German Internet company that owns shareholdings in various models of internet retail businesses such as Zalora, Lazada, and Foodpanda.

In the year 2015, Cagen managed to break the record of Melinda Looi Group of Companies with a total RM23mil PR value which is 3x more than the year of 2014 before his hand.

Cagen expanded his exposure in the Marketing & PR industry in the year 2018 where he managed digital campaigns for international brands such as La Mer, Tom Ford, and Sephora and secured partnerships with foreign agencies in Singapore, Indonesia, China, and Paris.

Currently, Cagen contributes his experience and knowledge to the company in the marketing field where marketing plays one of the most valuable roles for every company to be known inside the targeted market.

PROFILE OF HEAD OF GROUP OPERATION – HUMAN RESOURCES (HR) & ADMINISTRATION

Tan Le Wei ("Grace")
Malaysian | Female | 29

She is the Head of HR and administration of Mlabs Local Group of Companies. She holds degree in Human Resource Management. Grace began her career as a banker in Public Bank Berhad in 2014 after she completed her pre-university education. After that, she furthered her part-time degree studies in September 2016 and changed her career path to HR field in the middle of the year 2017.

Grace part-time degree was completed in September 2020 and she joined Netx Holding Berhad in March 2021 as a Senior HR Executive. After that, she joined Mlabs Group as an Assistant HR Manager on 1 October 2021. Grace has more than five years of HR Admin experiences in different industries such as entertainment and construction industry and three years of banking experience (Hire Purchase) in Public Bank Berhad.

PROFILE OF HEAD OF GROUP OPERATION - FINANCE

Ho Hui Ying ("Hui Ying")
Malaysian | Female | 38

She is the Head of Finance of Mlabs Group. Hui Ying started her career in public practise company in tax, after that she changed her career into account and audit field for more than six years. She has total difference sectors experience for almost 15 years in finance, accounting, audit and tax. She had joined public listed companies into management level since 2017.

None of the above Head of Group Operation hold any directorship in other public companies. They do not have any family relationship with any Director or major shareholder of the Company and have not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.

Profile of Key Senior Management

PROFILE OF HEAD OF BUSINESSES – INBASE PARTNERS

Carlos Salas

Costa Ricans | Male | 47

He was appointed as the CEO of Inbase Partners Limited since its inception. He holds Juris Doctorate, L.L.M. and M.A. Degree, University of Colorado. He has over 25 years of experience as an entrepreneur and in deal-making and investing. Previously a practicing lawyer in corporate finance law, he is well-versed with regulatory and commercial aspects for alternative and complex transactions. Carlos also has held board and management positions in a number of finance and technology companies and as Chairman and CEO of a publicly listed company in Hong Kong. He was also a principal and managing partner at a family office, a VC fund, and a fintech accelerator managing portfolios worth over USD$250 million.

Stephen Lynch

New Zealanders | Male | 42

He was appointed as the COO of Inbase Partners Limited since its inception. He holds High Scholl Diploma and also completed Oxford Blockchain Strategy Programme. A start-up entrepreneur at an early age, he has solid operation experience and has been active in developing creative and winning business go-to-market strategies for multiple ventures spanning various industries. Co-founded and helped launch successful ventures within the music, entertainment, hospitality, and technology industries. Previously headed the operations for a venture studio where he led the admin, finance, legal, marketing, and HR teams making sure they ran synergistically. Has over eight years experience in consulting and leading IT and software development teams in developing applications and platforms for the fashion, financial services, and commodities trading industries.

PROFILE OF HEAD OF BUSINESSES – MFINITY

Khor Choon Thye (“Ben”)

Malaysian | Male | 46

Bringing 25 years of experience in the IT industry, he is a hands-on IT professional, having served as both a Post Sales Manager and Pre-Sales Manager. He holds responsibility for all facets of technology in a corporate setting, providing support to a range of industries. His strong foundation in utilising design and technology to effectively communicate and execute strategic organisational objectives is evident. He has actively participated in the implementation of major IT projects across various sectors and possesses professional expertise in strategy planning, execution, deployment of strategic initiatives, and the development of excellence and capabilities.

An accomplished Sales Manager with an extensive understanding of all sales processes, he demonstrates solid analytical and team management skills. With over 15 years of experience in the field of ICT sales and marketing, he boasts a successful track record of delivering exceptional sales results. His practical knowledge is vast, enabling him to drive engagement and achieve goals effectively.

PROFILE OF HEAD OF BUSINESSES – IKHLAS AL DAIN

Razif Mohar (“Razif”)

Malaysian | Male | 59

He acts as Head of Factoring of Ikhlas Al Dain Sdn. Bhd.. He possesses a master’s degree in Business Administration (MBA) from Universiti Technologi Mara (UiTM). Razif has over 30 years of experience in the banking and financial sector. He started his career in a managerial position at Maybank as Head of Dealer & Receivables Financing. During his tenure at Maybank, Razif and his team were tasked to perform due diligence for the bank’s branch operations in the Philippines and Indonesia. He also conducted a feasibility study on automotive financing products for Maybank in Jakarta, Indonesia. Razif was one of the pioneers in setting up Ikhlas Al Dain Sdn. Bhd..

Profile of Key Senior Management

PROFILE OF HEAD OF BUSINESSES - INSHUB

Tan Chung Yui ("Cagen")
Malaysian | Male | 35

Cagen, profile refer to "Profile of Head of Group Operation".

PROFILE OF HEAD OF BUSINESSES – WINELOUVRE

Ivy Wong Chor Yian ("Ivy")
Malaysian | Female | 39

She is the Senior Manager of Champagne Carbon Sdn. Bhd. who has combined 16 years' working experience in the logistic, manufacturing, insurance, oil & gas and food & beverage industry. She has over five years of experience in the wine industry and has been in the sales industry for over a decade. Ivy brings with her an array of extensive knowledge of the wine industry ranging from handling purchasing, arranging for the necessary imports and logistics, organising stock inventories, managing suppliers and closing sale orders. Ivy's passion and expertise is the driving force behind Champagne Carbon Sdn. Bhd. ambition to become a market leader in the wine industry.

PROFILE OF HEAD OF BUSINESSES – PACIFICA DIRECT

Wong Sai Koon ("SK")
Malaysian | Male | 53

With 28 years of professional experience at a Multinational Company, he has gathered expertise in various roles, such as overseeing country sales and marketing business operations, leading corporate and e-commerce business development, and holding various positions in the retail business. He possesses a deep passion for sales and the development of people, coupled with a profound understanding of the Mobile, IT Retail, and Consumer Retail industry in Malaysia.

His journey in the role of Country Head began in 2000 with Logitech Singapore Pte. Ltd., where he took charge of business operations in Malaysia and Thailand.

In 2006, he expanded his horizons by joining HTC Malaysia Sdn. Bhd., where he assumed the role of Country Manager, overseeing the country's business operations in the Telco industry.

PROFILE OF HEAD OF BUSINESS – MLABS ACADEMY

Khaw Sim Hoe ("John")
Malaysian | Male | 48

He graduated from Hotel, Catering and Management and started working in the service industry. He started in the training career in 1998, training hospitality students in Food and Beverage service. He later moved into working with a Training provider as a Training Coordinator and was soon promoted to Training Consultant, training people from all walks of life. Covering mostly soft skills programme, team building and personal development. His career path includes working in Confectionery and Optical industries and was attached with the largest local F&B chain in Malaysia for 14 years holding a few portfolios i.e. Operations, Franchise Business Development and Training.

He has more over 25 years of experience in Training and holds a Certification in Training Professional (CTP).

None of the above Head of Business hold any directorship in other public companies. They do not have any family relationship with any Director or major shareholder of the Company and have not been convicted of any offences within the past five years other than traffic offences, if any, and has no conflict of interest with Mlabs.

5-YEAR FINANCIAL HIGHLIGHTS
2019-2023

Revenue (RM'000) RM22,493

Gross Profit (RM'000) RM12,023

Operating Loss Before Tax (RM'000) RM8,185

Net Loss Attributable To Shareholders (RM'000) RM7,286

YEAR	Revenue	Gross Profit	Operating Loss Before Tax	Net Loss Attributable To Shareholders
2023	22,493	12,023	8,185	7,286
2022	20,869	6,049	13,730	13,036
2021	10,585	1,365	15,953	15,039
2020	8,139	1,051	26,013	25,756
2019	7,786	1,721	5,714	5,535

ASSETS

Total Non-Current Assets (RM'000) RM56,953

Total Current Assets (RM'000) RM78,335

YEAR	Total Non-Current Assets	Total Current Assets
2023	56,953	78,335
2022	56,596	87,149
2021	24,016	124,507
2020	21,625	29,306
2019	35,010	35,163

EQUITY & LIABILITIES EQUITY

Total Equity (RM'000) RM127,905

YEAR	Total Equity
2023	127,905
2022	132,064
2021	136,038
2020	48,982
2019	62,894

LIABILITIES

Non-Current Liability (RM'000) RM2,041

Total Current Liabilities (RM'000) RM5,343

YEAR	Non-Current Liability	Total Current Liabilities
2023	2,041	5,343
2022	2,636	9,046
2021	381	12,105
2020	689	1,260
2019	0	7,279

MANAGEMENT DISCUSSION AND ANALYSIS

Mlabs Systems Berhad ("**Mlabs**" or "**the Company**") and its subsidiaries (collective as "**the Group**") aspire to be a leading system integrator in enterprise digitalisation solutions complemented by a range of IT hardware, software, peripherals-related products, and services. We aim to become an integral part of our client's success, collaborating with them to achieve their strategic objective whilst creating a sustainable relationship through the delivery and management of their technology.

During the financial year ended 30 June 2023 ("**FYE 2023**"), the Group had diversified into factoring business as one of the core businesses which has made a positive and significant contribution to the Group.

Management Discussion and Analysis

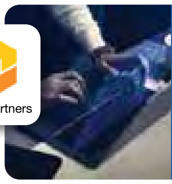
Here's an overview of our business segments within the Group:-

MLABS SYSTEMS BERHAD

MFINITY

- Network Integration
- Data Center Build & Solution
- Cybersecurity
- Collaboration
- Cloud computing & Co-Location
- Microsoft Solution
- Performance Optimisation

Inbase Partners



- Blockchain & Digital Assets Advisory Services
- Fintech Technology Research and Development
- High-Frequency and Quant Trading Solutions
- Investment Managed Account Services
- Software Application Development
- Trading of Precious Metals

Winelouvre

- Trading of alcohol products
- Curated private wine-tasting session
- Temperature-controlled wine storage services
- Personalised wine sourcing services

- Invoice Factoring
- Leasing
- Development Finance
- Building Credit

pacifica2u

- Trading of kitchen equipment and related products
- Private fine-dining services

MLABS ACADEMY

- Training Provider

- Information technology related services
- E-Commerce
- R&D and Provisioning of Digital Business Card (Mobile Application)
- Application and Web Development

INS HUB

- Branding
- Digital Marketing
- Online Media Portal
- Offline Marketing
- Business Events Organiser
- Seminar and Training Organiser

mlabs PROPERTY

- Investment and holding of investment properties

Management Discussion and Analysis

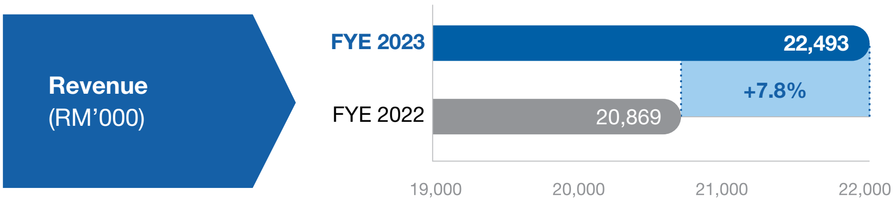
GROUP FINANCIAL PERFORMANCE

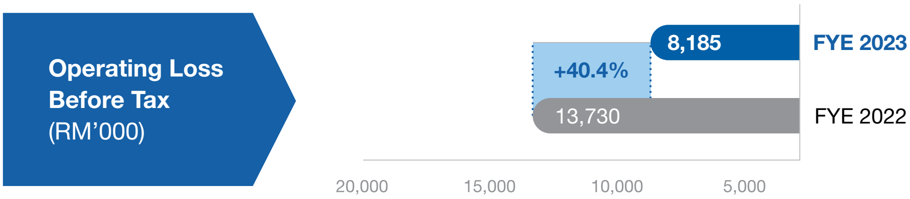
For the FYE 2023, the Group recorded a revenue of RM22.49 million, approximately 7.8% improvement amounting to RM1.62 million as compared to revenue for the preceding financial year amounting to RM20.87 million.

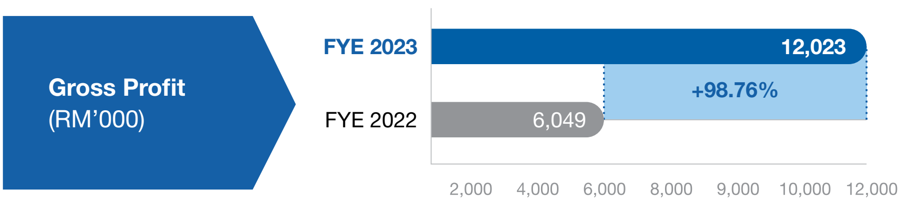
The improvement in revenue was mainly due to higher income from factoring business and technology and corporate advisory business amounting to RM5.73 million and RM2.80 million respectively. On the other hand, revenue from the research and development, and assembling businesses decreased by RM3.15 million due to volatile global and domestic economic conditions during the financial year.

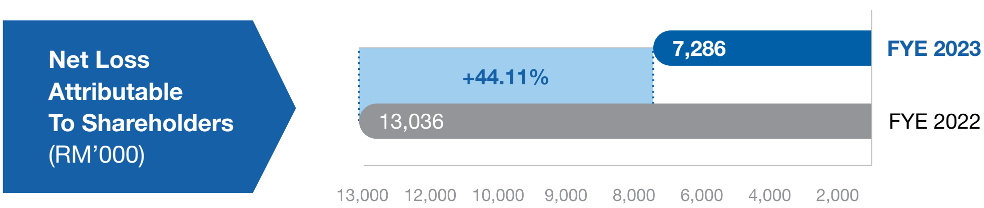
The improvement in gross profit and gross profit margin for the current financial year in comparison to the preceding financial year was mainly due to higher gross profit derived from the factoring business and the technology and corporate advisory business.

For the FYE 2023, the Group had managed to narrow our loss after tax by approximately 38.6% to RM8.80 million as compared to the preceding year at RM14.34 million. The lower loss after tax recorded was due to better gross profit margins achieved on the back of higher income from the factoring service, enterprise systems integrator, and technology and corporate advisory businesses, one-off gain on dilution of interest in subsidiaries amounting to RM2.37 million. This is despite the higher non cash-based amortisation of intangible assets and depreciation of property, plant and equipment & right-of-use assets by RM6.49 million.









Management Discussion and Analysis

GROUP FINANCIAL POSITION

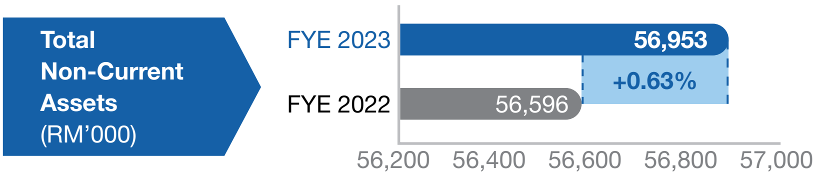
The Group's financial position remains healthy with slight movement during the FYE 2023. The Group's total assets stood approximately at RM135.29 million as compared to RM143.75 million (or about 5.9% reduction). The total non-current assets had increased slightly from RM56.60 million (in precedent financial year ended 30 June 2022 ("**FYE 2022**")) to RM56.95 million (FYE 2023) mainly due to higher factoring receivables and an acquisition of a virtual data storage system catering to our factoring service business to store all our critical information.

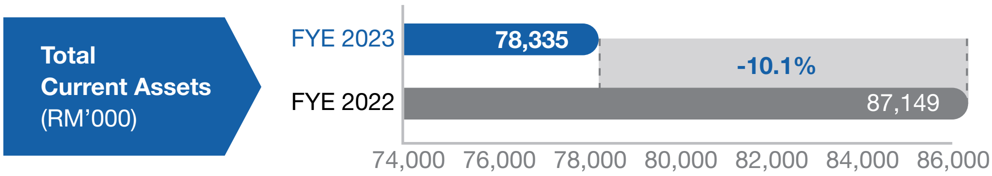
The Group's current assets reduced by approximately 10.1% to RM78.34 million as compare with previous FYE 2022 of RM87.15 million mainly due to the shortened payment cycle of the trade receivables by our customers, while our cash and cash equivalent had slight decrease by approximately 9.1% from RM66.97 million in precedent FYE 2022 to RM60.88 million attributed to the Group's daily operation utilisation purpose.

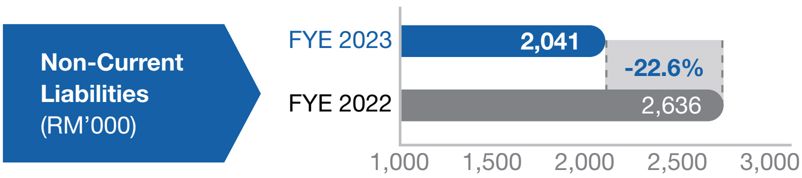
As for the Group's total liabilities, we recorded a significant reduction by approximately RM4.30 million (or approximately 36.8% decrease) to RM7.38 million as compared to previous FYE 2022 (RM11.68 million). The decrease in non-current liabilities from RM2.64 million in preceding financial year to RM2.04 million as at 30 June 2023 (represent a reducing of 22.6%) mainly due to the reducing on non-current lease liabilities of the Group.

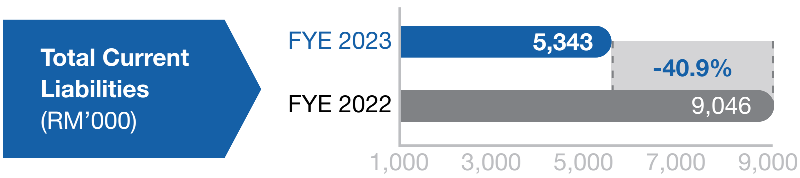
The current liabilities were reduced considerably by 40.9%, from RM9.05 million to RM5.34 million mainly attributed with the decrease in amount due to directors following the deconsolidation of Longhouse and settlement to our distributors and suppliers in the normal course of business.

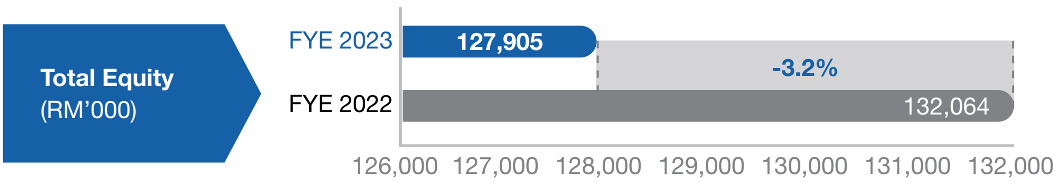
The Group's total equity decreased to RM127.90 million as compared to RM132.06 million recorded in preceding financial year (approximately 3.2% or RM4.16 million reduction) contributed from the current financial year net loss results. However, this was cushioned by higher foreign translation reserve which increased to RM3.59 million, a significant 156.4% increase from the previous financial year of RM1.40 million.











Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW

Economic Outlook

For the financial year under review, we are witnessing an economic recovery as businesses reopen and international borders ease their restrictions in the wake of the endemic situation. Nevertheless, the prevailing business landscape in Malaysia remains intricate and unpredictable. This complexity primarily stems from global supply disruptions caused by geopolitical conflicts, as well as the escalation of inflation, an increase in the cost of living, and the depreciation of the national currency (Ringgit Malaysia). These factors has weaken domestic consumers' purchasing power, and impacted the IT, Trading, Distribution, and Digital Marketing & Event Management sectors in which our Group operates. While our factoring services remain intact as the Government e-Perolehan's expenditure on recurring goods and services remains stable during the FYE 2023.

To navigate these uncertainties and challenges, the Group had to relook into some of the existing businesses to enhance customer-focused solutions and customer acquisition activities, while optimising its operational efficiencies to enable the Group to expand its clientele and fortify its core business. Consequently, the Group has consistently emphasised the importance of adaptability, cautious prudence, and proactive measures in response to its business and operational environment.

Operations Overview

MFINITY BY MLABS RESEARCH SDN BHD

Our seven range of products and services of multi-disciplined digitalisation system integrator offers comprehensive intelligent technology and services which specialise in transforming an organisation by optimising the client's disparate hardware and software subsystems into a comprehensive IT solution.

Network Infrastructure Planning & Optimisation	Network Integration
	Data Center Build & Solution
Cybersecurity	Cybersecurity
Intelligent Unified Communication System & Collaborative Conferencing Solutions	Collaboration
Cloud & Virtualisation Solutions	Cloud Computing & Co-Location
Digital Enterprise Resources Management	Microsoft Solutions

Performance Optimisation (New)

Management Discussion and Analysis

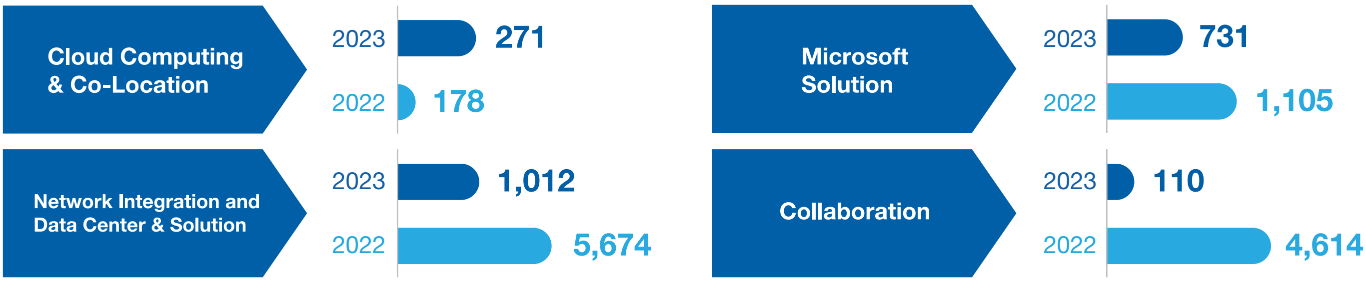
BUSINESS AND OPERATIONS OVERVIEW (Continued)

Operations Overview (Continued)

MFINITY BY MLABS RESEARCH SDN BHD (Continued)

This business segment has been negatively impacted by the economic uncertainty due to fluctuating product pricing and supply chain issues affecting the IT industry globally which led to price and goods delivery uncertainties. This segment recorded a lower revenue of RM6.17 million (approximately a 49.3% reduction) as compared to precedent FYE 2022 of RM12.18 million as customers' spendings on IT-related goods and services remains low throughout FYE 2023.

REVENUE
FYE 2023 vs FYE 2022 (in RM '000)



To counteract the current trend, the team has decided to reexamine the existing business activities and realign these businesses and our staff into the new products and services line-up (refer to page 19) to streamline our core competencies and service delivery. Concurrently, this exercise has allowed us to identify new potential products to boost our sales.

We launched a new product which offers Performance Optimisation solutions and services to our customers. This new product offers comprehensive networking technology that uses software-defined networking principles to manage and optimise the performance of wide area networks (WANs). SD-WAN is a virtualised service that connects and extends enterprise networks over large geographical distances. It enables organisations to securely connect users, applications and data across multiple locations while providing improved performance, reliability, and scalability. SD-WAN also simplifies the management of WANs by providing centralised control and visibility over the entire network without the need for localised setup which helps to streamline an organisation's IT infrastructure and cost management.

At the same time, we have expanded and renamed our Digital Enterprise Resources Management into broad-based Microsoft Solutions focusing on ICT software-based solutions and services to our customers offering various products including (but not limited to) Microsoft-based software solutions offering 3D architecture design software solutions, Linux-based collaborative IT system development software, and multimedia and creativity design software, Robotic Process Automation software solution (RPA). RPA is a cutting-edge software technology that process automation streamlines workflows, which makes organisations more profitable, flexible, and responsive. The solution aims to increase employee satisfaction, engagement, and productivity by removing mundane tasks from their daily operation. Our consultants and sales personnel are being trained and actively involved in creating awareness among our customers for long-term business benefit.

Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW (CONTINUED)

Operations Overview (Continued)

MFINITY BY MLABS RESEARCH SDN BHD (Continued)

Our new products and services line-up:-

Network Integration

Provision of networking infrastructures of hardware and software -based that enable wired and/or wireless network connectivity and communication between users, devices, apps, and the internet.

Data Center Build & Solution

Provision of own physical data center covering design, purchasing, data security, data storage, and ongoing maintenance and monitoring which includes laptops, desktops, peripherals, routers, switches, firewalls, storage systems, servers, and software applications.

Cybersecurity

Software based protection of computer systems and networks from attacks by malicious actors that may result in unauthorised information disclosure, theft of, or damage to hardware, software, or data, as well as from the disruption or misdirection of the services they provide.

Collaboration

All collaborative solutions covering video and web conferencing, unified communication, and contact centre infrastructures that enables employees to present, share, engage customers and collaborate in real time anywhere, on any device.

Cloud Computing & Co-Location

We offer customisable Co-Location service (or CoLo) which is a data center facility in which a business can rent required space for servers. The server space and performance can be scalable depending on customer's financial and operation needs.

Microsoft Solutions

Provision of software based solutions and services covering Microsoft-based software solutions offering 3D architecture design software solution, Linux-based collaborative IT system development software, and multimedia and creativity design software, Robotic Process Automation software solution (RPA)

Performance Optimisation

Provision of product and service offering comprehensive networking technology that uses software-defined networking principles to manage and optimise the performance of wide area networks (WANs) of an organisation.

With the realignment of our business activities, we have also completed an internal review of our technical staff expertise and proficiency to cover the expanded segments to improve delivery results to our prospective customers. All our technical staff are required to be certified with Cisco Certified Network Association ("**CCNA**"), a fundamental international gold standard for IT service providers as a mark of professional competency and work quality assurance. This is a step in our journey through Cisco's Partnership Programme, aiming to secure improved commercial terms and enhance support coverage by Cisco. At the same time, we are enrolling our technical staff in Cybersecurity and Microsoft certification programme.

Furthermore, we have achieved "Gold" status with the Kaspersky channel sales partner programme after fulfilling their stringent requirements in both sales and technical know-how. We are the second company in Malaysia to achieve such status just below their highest tier "Platinum". This will allow us to transfer additional commercial and support benefits to our customers. Additionally, we have also partnered with Sangfor, and Acronis to offer both end-user and commercial-grade cyber protection solutions and services to protect our clients' data no matter where it might reside across physical, virtual, and cloud-based environments.

Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW (CONTINUED)

Operations Overview (Continued)

MFINITY BY MLABS RESEARCH SDN BHD (Continued)

As part of our market presence drive, we have organised a few customer engagement events from product knowledge and showcases to enlighten our existing and prospective customers with the latest tech hardware and solutions offerings that would scale up their business capabilities to improve operational efficiency. This dynamic approach has given us insight into pertinent customers' technology needs and allowed us to shift our business approach to fulfil them.

Moving forward, the Virtual and Hybrid Events Solutions and Services will be transferred to the digital marketing and event business segment, Inshub, beginning 1 July 2023, complementing their business direction, and expanding into handling virtual and physical events and other related programmes.

FACTORING SERVICES (IKHLAS AL DAIN)

This segment has been growing rapidly and benefited from steady government spending in procuring services and supplies for everyday operations. With the government approval of RM32.0 billion in the 2023 budget to procure recurring services and supplies, Ikhlas is presented with a significant opportunity to source for vetted government suppliers who require financing assistance to complete the delivery of their tenders.

Our target customer mainly focuses on MSMEs appointed contractors supplying various goods and services (e.g., agriculture, cleaning service, F&B, IT, security service, etc) to the federal government and agencies. These customers are perceived to be more credible and financially stable since they have been vetted by the government to provide the required goods and services. These contracts also have predefined payment schedules and deliverables, which make them easier for Ikhlas to evaluate and monitor the repayments, supported by direct payments that have already been assigned to Ikhlas through the e-Perolehan (eP) platform, thus minimising collection risk.

Our primary focus is on eP-awardees of the federal government contracts from major federal ministries which include the Ministry of Defence, Ministry of Education, Ministry of Home Affairs of Malaysia, Ministry of Health, Prime Minister's Office, and selected government agencies.

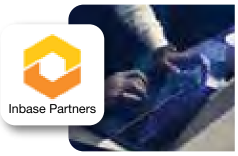
Moving forward, the team is studying non-eP-awarded contracts from selected Government-linked companies, public university institutions, state governments, and statutory bodies. Similar to the eP contracts, the team is targeting short-term (i.e. less than six (6) months) non-eP contract awardees that all have been approved and allocated yearly budgets for procurement of goods and services (i.e. Supply contracts entailing delivery of goods such as machinery and equipment, food, etc and service contracts involving provision of security and cleaning duties among many other recurring services.), thus ensuring that funds are readily available to pay us upon delivery of contacts. We will identify appropriate public institutions and government agencies that have a proper accounts payable system in place to secure our interest as the factoring house, thus minimising the potential collection and performance delivery risks.

Mlabs had on 28 June 2023 diversified and included this factoring service as one of the Group's core businesses after this business has contributed more than 25% of the net profits of the Group under Section 10.13 of Chapter 10 Ace Listing Requirements of Bursa Malaysia Securities Berhad. Furthermore, Mlabs had on 25 October 2023 announced a Rights Issue with Warrants exercise (refer to page 23) to bolster this segment expansion plan. We are also actively identifying suitable funding from other avenues to raise more working capital for the same purpose.

Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW (CONTINUED)

Operations Overview (Continued)



INBASE PARTNERS

In FYE 2023, Inbase Partners dealt with a few significant challenges including the adaptation to the client's transition from their original desire for a software platform to trade dory gold to Lithium. This switch required a considerable amount of time and effort especially to accommodate their preferences.

There were also delays from our client in initiating trading activities via our own developed "Catch Markets" commodity trading platform. Aside from the investment in developing and refining of our products, external factors such as client readiness and external dependencies also contributed to these delays. Furthermore, the ever-changing crypto market conditions pose constant risks and challenges. The volatility in the banking sector, specifically relating to the failures of Silicon Valley Bank and Signature Bank has had a direct impact on the client's activities with Inbase Partners.

With the demand for Lithium Ore, indicating strong growth potential for Inbase Partners, recent news has also highlighted a large transaction to secure this resource. The ongoing drive towards green energy has poised an early position and captured a substantial share of this market.

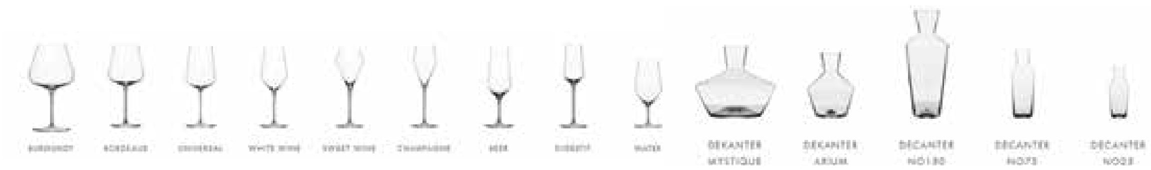
TRADING - WINELOUVRE AND PACIFICA2U

Our trading business segment has been proactively promoting its presence to increase its customer base by sourcing new wine labels and related products (e.g., artisan wine glasses and accessories) to offer to its clientele.

During the FYE 2023, Winelourvre organised various artisan wine tasting and pairing classes for guests showcasing the integral wine-making philosophy of each vineyard and final taste. These events have garnered positive responses from their attendees as many are interested in exploring wine characteristics from different regions of France. Currently, the team is carrying over 100 labels from France ranging from Champagne, Burgundy, Chardonnay, Sauvignon Blanc, Merlot, Pinot Noir, and many more.

Additionally, we have achieved significant milestones by being appointed by LG Electronics (M) Sdn. Bhd. as the product distributor for both commercial and consumer electronic products inclusive of remote meeting and video-telephony systems. The team is currently working to establish their distribution network with various resellers and corporate clients within the immediate Klang Valley.

Pacifica2u has been appointed as the sole distributor for both ZALTO Glass GMBH (Austria) and Lehmann Reims SA (France) to distribute artisan wine glass and decanter in Malaysia while extending its influence to encompass Singapore's market. These exquisite glasses and decanters are greatly sought-after wine accessories due to the limited production to ensure quality and are skilfully designed to elevate the wine-tasting experience. These products are available at our e-commerce store and our sales office.



We are currently exploring new services to be offered to our prospective customers by offering a wine storage renting service. This is a new market which will allow our customers to rent a temperature- (16° Celsius +/- 2°C), humidity-controlled (70% humidity) and secure storage space that is perfect for storing their wine stocks. Many wine lovers prefer to keep large wine collections before consuming them at their leisure or gathering and often lack adequate storage space resulting in wine quality deteriorating over time. Hence there is a growing demand for these professional storage services to safeguard their investment. Currently, there are only three other storage companies in Malaysia in offering such a unique services. This would enable us to capitalise on the growing demand by individuals and businesses to store their collections with peace of mind.

Management Discussion and Analysis

BUSINESS AND OPERATIONS OVERVIEW (CONTINUED)

Operations Overview (Continued)

MLABS ACADEMY

Being a certified HRDF training provider, Mlabs Academy is focused on providing required broad-based upskill training for the staff within the Group. The newly founded team during the second quarter of FYE 2023 is tasked to create and implement relevant professional and soft skill enhancement programmes aimed at improving the proficiency of our staff in their respective roles and competitiveness in the ever-changing macroeconomic environment.

The team is headed by Mr John Khaw, who has over 25 years of experience in F&B, training provider, and optical industries in various posts as a certified trainer, operations, and franchise network development.

During the year, we have conducted trainings and seminars covering various topics ranging from the Cisco Certified Network Associate certification programme, Microsoft Excel skills, KPI development, Office Occupational First Aid, 5G training and many more. At this juncture, the team is working to expand the panel of trainers and professional bodies to create a diversified training programme to upskill our staff especially our technical and sales departments. Moving forward, this business segment aims to provide the same service to external customers.

SWAPP ASIA

This business segment continues to focus on research and development of mobile applications and software platforms. Since the first phase of our "Let's Swapp" digital business card mobile applications relaunch, this mobile application has attracted about 1,000 active users replacing their traditional paper digital business cards.

With feedback received from these users, we began the next phase of upgrades to the User Interface (UI) and User Experience (UX) aimed at improving the usability and seamless business card exchange experience. One key feature which we are exploring is introducing an NFC-enabled business card to complement the Let's Swapp application. These NFC business cards can store additional information beyond what's printed on the physical card, such as website links and social media profiles. NFC business cards are a modern and innovative way to make a lasting impression on potential clients or partners. They are typically made from materials like plastic, PVC, and even metal. This makes them more resistant to wear and tear over time, as they are less likely to get bent, torn, or damaged in other ways.

INSHUB

Our digital marketing segment has been actively promoting the newly completed state-of-the-art broadcasting and live-streaming event space which was completed in the second half of the FYE 2023. The 5,000 square feet event space sectioned into three functional areas is equipped with various state-of-the-art conferencing, broadcasting and live-streaming capabilities that can handle various event needs. The main auditorium is equipped with immersive 360-degree wall image projection that could show contents of up to 12K image quality.

We have since brought in various events hosted at our venue ranging from television series shoots, virtual general meetings, festive open houses, wine fairs, beauty classes, product launches and training seminars. Additionally, we have successfully brought in an upcoming Malaysian-Swiss singer, Timur Schnyder with a digital marketing contract, in which Inshub is responsible for managing all official digital marketing assets and expanding her connections across various online platforms.

Besides promoting our event space, we have also secured various marketing projects involving F&B, tech, entertainment, beauty/personal care, and health/medical for their marketing, branding, and creative needs from offline to digital platforms. We are exploring a new business plan to boost our event space usage. Aptly named Ins.Talk, it focuses on all the inspirational talks by entrepreneurs or experts in the industry sharing all topics from business to technology with a public audience.

MLABS PROPERTIES

At present, the Group holds three properties strategically located within the Klang Valley consisting of two commercial properties and one residential property under rent/lease to generate additional recurring income for the Group.

Moving forward, Mlabs Properties will be investing in a 2-floors commercial unit located in Residensi Bandar Tun Razak which was completed in August 2023. Residensi Bandar Tun Razak consists of over 5,700 residential units presents an opportunity for us to increase our commercial presence in this area for one of our business units. Alternatively, we will rent this unit to a suitable tenant at the prevailing market rate.

CORPORATE DEVELOPMENT & EXERCISES

Variation

We had on 5 April 2023 announced that the Company intends to vary up to RM8.54 million of the unutilised proceeds raised from the Private Placement completed on 14 September 2021 intended for an animated series which did not materialise. The variation of the unutilised proceeds is intended to fund the working capital of its existing factoring and related business.

At end of FYE 2023, the proceeds have been fully utilised for its intended purpose.

Diversification

We had on 28 June 2023 held an Extraordinary General Meeting and obtained the shareholders' approval for the proposed diversification of the principal activities of Mlabs Systems Berhad and its subsidiary to include Factoring, Development Finance, Leasing, and Building Credit business as core business of the Group.

Share Consolidation & Rights Issue with Warrants

We had on 25 October 2023 announced a Share Consolidation and Rights Issue with Warrants exercise:-

(i) proposed consolidation of every 20 existing ordinary shares of the Company ("Shares") into 1 Share ("Consolidated Share") ("Proposed Share Consolidation"); and

(ii) proposed renounceable rights issue of up to 283,484,613 new Shares ("Rights Shares") on the basis of 3 Rights Shares for every 1 Consolidated Share held on an entitlement date to be determined later ("Rights Issue Entitlement Date"), together with up to 113,393,845 free detachable warrants in the Company ("Warrants D") on the basis of 2 Warrants D for every 5 Rights Shares subscribed for at an issue price to be determined later ("Proposed Rights Issue with Warrants").

The Group aims to raise between RM2.80 million under the minimum scenario and RM45.36 million under the maximum scenario. The proceeds from the Proposed Rights Issue with Warrants will be utilised for the following:

Purposes	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)	Utilisation timeframe (from listing date of the Rights Shares)
Factoring Business	2,180	34,166	44,738	Within 24 months
Estimated expenses for the Proposals	620	620	620	Immediately
Total	**2,800**	**34,786**	**45,358**	

The above proposals are subjected to the approval to be obtained from Bursa Malaysia Securities Berhad and the approval from the Shareholders at the Extraordinary General Meeting to be conveyed by the Company.

RISKS MANAGEMENT

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition, and liquidity. Our plans and strategies to mitigate these risks, if any, are disclosed below: -

Key Area	Risk Factors	Mitigation Measures
Competition Risk and Ability to Secure New Projects	Intense competition across all business segments remains inevitable. As the Group's revenue is derived mostly on contractual and projects basis, it is subject to competition from other market players.	• Continuous technical core competencies development for all personnel with the goal of providing world-class solutions and excellent services at competitive pricing that will consistently create value for our customers.
Recruitment and Retention of Experienced Personnel	Highly dependent on a diverse pool of skilled and experienced staff. As the digital technology industry is generally more globalised in nature, the Group faces competition from local and foreign companies in recruiting and retaining qualified and experienced staff.	• Ongoing monitoring of the organisational health of the Group and have various programme and perks in place to retain key employees. • Continuous communication is carried out to understand our employees' need and want so we could realign on a timely basis. Employees' Share Option Scheme is part of our incentive policy, both for the Directors as well as for our employees. It is intended to attract and retain key talent of the Group.

Management Discussion and Analysis

RISKS MANAGEMENT (CONTINUED)

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition, and liquidity. Our plans and strategies to mitigate these risks, if any, are disclosed below (continued): -

Key Area	Risk Factors	Mitigation Measures
Business Risk	Our Group's financial and business performance is susceptible to the constant change of preferences of our target customers that are usually situation or technological driven. These changes often require us to repackage or innovate new solutions and pricing model to suit the present demand of the customers.	• Continuous strategic review of Group business strategies and plans to ensure operational sustainability and cost-efficiency; • Strengthening our business segments to give greater focus on marketing, product development efforts to create our competitive advantage over others; • Ongoing engagement with existing and new clients or business partners to identify new markets and business opportunities; and • Prudent financial management to ensure the Group has the financial strength to withstand periods of uncertainty.
Credit Risk	Our financial services segment is exposed to certain degree of risk despite being secured by the Government's centralised procurement system, eP platform stemming from incomplete project delivery and delayed payment from the eP platform.	• Close monitoring of our pre-factoring (project financing) customers to ensure job completion to minimise risk of potential project abandonment • Prudent selection of customers that have good track records and only with government related contracts • Close monitoring in payment from e-Perolehan system in ensuring timely repayment.
Supply Chain Risk	Global shortages in technological hardware and alcohol goods have impacted respective business segments' ability in securing customer sales quickly.	• Close monitoring of the situation with all our distributors to manage the delivery time. • Constant communication and negotiation with our existing and potential customers of the expected and acceptable delivery lead time.
Governance and Compliance Risk	With the Group's rapid expansion and higher staff intake. Good governance and compliance are required amongst all business segments to minimise any potential risk of bad governance which may lead to any potential financial and operational mismanagement.	• Weekly management meeting with all business segment teams to discuss, plan, and strategies business directions. • Monthly review of financial performance of respective business segments.
Forex Risk	Some of our business segments are exposed to forex fluctuation as goods sourced locally are manufactured and/or produced overseas. Hence, any decline in MYR currency exchange could adversely affects the pricing of our goods and services.	• Close monitoring and constant communication with our panel distributors on potential pricing change due from forex fluctuation.
Impairment Risk	A percentage of our assets comprises intangible assets which by their nature are highly susceptible to obsolescence due to rapid change in technology and advent of competitive products in a fast-changing market driven by price, functionality and ease of replication. As a result, these assets are more prone to impairment on their carrying values resulting in erosion of asset value of the Group.	• Endeavor to develop applications that are upgradeable with multi-functions and can complement existing businesses of the Group.

MOVING FORWARD

Overall, we anticipate that the short and medium-term trend macro environment remains challenging as global economies continue to seek a sustainable and lasting solution in taming the inflation and rising interest rate and growing geopolitical tension stemming from ongoing Russo-Ukrainian and Isreali-Hamas conflicts. Coupled with additional concerns about Malaysia lower than expected gross domestic product results for the second and third quarters of 2023, coupled with a potential increase of Sales and Service Tax (SST) from 6.0% to 8.0% announced in the federal government's 2024 budget, businesses will continue to exercise prudence and selective spending which continues to put pressure towards several of our business segments namely on Enterprise Systems Integration, Trading, Distribution, Digital Marketing & Event Management business segments.

Nevertheless, we foresee that our Factoring Services, Enterprise System Integrator, Fintech Development, and investment businesses to remain our main revenue drivers for the Group in the financial year ending 30 June 2024 ("**FYE 2024**"). These three business segments have established their customer network and pursuing ongoing business strategies by exploring new opportunities to secure more projects and contracts.

Domestically, we expect more activities from our factoring services and enterprise system integrator businesses as the Country's drive to improve MSMEs and tech venture ecosystem. However, with the proposed increase in SST, we foresee direct products and services pricing pressure on our enterprise system integrator business due to the higher SST impacting directly on our software-based solutions and professional services which results in higher acquisition costs by our customers. Our factoring services will benefit from the federal government's 2024 budget proposal for the procurement of goods and services remains at an estimated RM38.2 million or about 9.7% of the total RM393.8 billion, which gives an avenue for our team to engage new government contractors in this area.

Whilst our overseas-based fintech development and investment business is in the early stage talks with prospective corporate clients to partner up with our own Catch Markets trading platform to be offered to their clientele.

Our training service and digital mobile application business segments are still in their infancy stage and both business heads have placed their emphasis on improving their product innovation and service quality while exercising prudence in their expenditures.

We will closely monitor the recent federal government's 2024 budget presentation and implementation to mitigate potential impacts against the Group's overall business activities. A potential areas for us to tap on are the government-approved contractors and suppliers for the Rumah Mesra Rakyat programme by Syarikat Pembangunan Nasional Berhad ("**SPNB**") to offer affordable housing to low monthly income groups of RM5,000, 5G technology enhancements, and maintenance and upgrade works for various public institutions.

The Group aims to continuously seek other growth opportunities within domestic markets and all business heads are endeavoured towards bolstering our market presence to increase sales and customer base in FYE 2024.

DIVIDENDS

The Board has not adopted any fixed dividend policy. The Board does not recommend payment of any dividend for FYE 2023.

ACKNOWLEDGEMENT & APPRECIATION

On behalf of the Board, we express our sincere gratitude to our shareholders, clients, suppliers, business associates, and bankers for their unwavering support and trust in our Group.

SUSTAINABILITY STATEMENT

At Mlabs Systems Berhad ("Mlabs" or "the Company"), sustainability is a key agenda in maintaining business continuity and in creating value for the Group's stakeholders. This report serves to provide readers with an understanding of how Mlabs impacts as an investment holding and management company that has long term interest in a portfolio of companies, comprising unlisted principal subsidiaries that are managed by their respective management team (collectively known as "portfolio companies").

Sustainability Statement

This report intends to better reflect how Mlabs addresses its current Environmental, Social, and Governance ("**ESG**") material topics and its ability as an engaged investor, to influence efforts affecting the ESG impacts of its portfolio companies that operate in the Enterprise Digitalisation Solution, Fintech Development and Investment, Trading, Digital Marketing and Financial Services.

As such, we are pleased to present our Sustainability Statement ("**Statement**") as we outline Mlabs' sustainability-related efforts undertaken throughout the reporting period. This statement provides a concise narrative of Mlabs' commitment to address the economic, environmental, and social ("**EES**") impacts across Mlabs and its subsidiaries (collectively "**Mlabs Group**").

REPORTING SCOPE AND GUIDELINES OF THE STATEMENT

This report covers the reporting period from 1 July 2022 to 30 June 2023, in line with Mlabs' financial year. The information presented encompasses the business operations and activities of Mlabs Group, where it has a majority of ownership unless otherwise stated.

Where possible, we aim to provide historical data for comparison to make our disclosure more meaningful for our stakeholders in accordance with Bursa Malaysia's Sustainability Reporting Guide and ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

LIMITATION AND DISCLAIMER

Mlabs recognises the limitations posed by the data compilation on a group-wide basis. Hence, the accuracy or comparability of some data reported may differ on a case-to-case basis and are highlighted where relevant.

Any plans, targets and other forward-looking statements discussed herein are made based on reasonable current assumptions and may not be inclusive. Actual plans and results may differ according to changes in the operating scenario. Readers are advised not to place excessive reliance on such statements.

Sustainability Statement

OUR SUSTAINABILITY APPROACH

The Board of Directors ("**Board**") recognises sustainability as an integral value in doing business, to balance long-term success with promoting sustainable practices for its business partners, employees, shareholders, communities, and the environment.

The Board is also accountable for overseeing sustainability across the Mlabs Group, supported by the Executive Director, Group CEO and Senior Management of respective business segments who are responsible for driving and managing the key EES matters across the various business segments and reporting this matter back to the Board.

SUSTAINABILITY ENGAGEMENT

We believe that engagement with our stakeholders is crucial to make our sustainability focus known. We recognise the importance of identifying and addressing sustainability issues with our stakeholders and making well-informed decisions to achieve our sustainability goals. The needs and expectations of our stakeholders can be met through open two-way communication, which subsequently enhances thrust from our stakeholders and promotes Mlabs Group's accountability.

Stakeholders	Focus Area	Engagement Platform
Shareholders	• Company performance • Profitability and growth • Business direction and strategy • Transparent reporting	• Annual and quarterly reports • Annual general meetings • Bursa Malaysia announcements • Company website
Employees	• Career growth and opportunity • Work-life balance • Competitive pay and benefits • Diversity and equality • Workplace health and safety	• Continuous trainings and education • Weekly management meeting sessions • Events such as annual dinner, festive celebrations, or monthly gathering programmes
Customers	• Efficacy and effectiveness • Innovative products • Reliable service and on-time delivery • Competitive pricing • Customer convenience	• Customer feedback surveys • Customer visits or meetings • Marketing campaigns • Digital and social media platforms • Brand websites • Virtual customer events
Suppliers	• Product quality and inventory/supply • Business opportunities • Shared growth through partnership • Licensing and certification • Procurement practices • Service coverage and capability	• Business meetings and suitable corresponding channels • Supplier and quality evaluations • Price negotiation • Relationship management
Government	• Regulatory compliance • Corporate governance	• Compliance with government legislative and regulatory framework
Communities	• Community engagement • Social and environmental concerns • Impact of operations on surrounding environment	• Corporate social responsibility activities • Provision of jobs and internships to graduates • Employment and business opportunities

Sustainability Statement

SUSTAINABILITY GOVERNANCE

A robust government system drives the success of Mlabs' sustainability efforts. Mlabs has produced a Corporate Social Responsibility ("**CSR**") group, which comprises employees from all levels, including Heads of Departments ("**HODs**") from different departments and business segments. The CSR group is tasked to explore ESG matters relevant to their respective operational areas according to the ESG guidelines issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and at the same time acts as a moving committee towards the company's sustainability goals.

Moreover, to cultivate openness and a responsible mindset amongst all levels, employees are encouraged to voice out their opinions to any potential findings that can lead to the enhancement of the three critical sustainability pillars of the Group. Additionally, we have organised a seminar on "Sustainability Governance, Management and Reporting", attended by selected CSR group members whereby a framework on ESG formula shall be developed and applied across the Group.

KEY EES COMMITMENTS

Mlabs Group contributes to global sustainable development through a robust framework that targets the main three pillars of sustainability: Economic, Environment and Social. The strategies for each of the three pillars focus areas are presented below.

Pillar	Key Material Matter	Why it Matters	Our Strategic Response	UNS DG Linkages
Pillar I - Sustainable Economic Performance	**Procurement Practices**	To support local businesses and create a sustainable partnership.	For all business segments, majority of our procurement orders are awarded to local distributors.	
	Product Delivery and Technology Enhancement	To keep abreast with latest technological changes and knowledge expansion.	Provision of adequate budget to undertake relevant product delivery and technology enhancement to ensure our Group is at the forefront of technology and capable of delivering innovative products and solutions. We have realigned our business activities at Mlabs Research to remain competitive in the digital age and technological landscape.	
	Customer Relationship Management	To understand customers' needs and maintain long term relationship.	Practicing a customer-centric approach to better understand, serve and retain our customers.	
	Corporate Governance	To regulate business risks and ensure compliance among laws and regulatory requirements.	Undertaking periodic enterprise risk assessment as part of internal control activities. Implementing appropriate internal control, policies, and procedures to minimise business sustainability risk.	
	Anti-Corruption Conduct	Operating businesses based on the highest standards of integrity, transparency, ethics, and accountability and is against all forms of corruption.	All employees and directors are to strictly adhere to our Code of Business Conduct and Ethics. A whistleblowing channel is available for reporting any potential misconduct.	

Sustainability Statement

KEY EES COMMITMENTS (CONTINUED)

Pillar	Key Material Matter	Why it Matters	Our Strategic Response	UNS DG Linkages
Pillar II - Environment Conservation	**Conservation of Energy and Water**	To reduce unnecessary energy and water wastage.	To monitor and track our energy consumption at company level by our business segments.	11 Sustainable Cities and Communities 12 Responsible Consumption and Production
	Carbon Emission	To foster climate change effects.	Mlabs Group Human Resources Department is in the midst of drafting a policy for to address and manage carbon emission associated with work related travel within the Group.	
	Material Consumption and Waste Management	To reduce resource consumption and minimise environmental impact.	Implementation of gradual digitalisation of our operations to reduce consumption	
Pillar III - Shared Economics and Social Values	**Diversity, Equality, and Inclusion**	To promote productivity, innovation, and workplace solidarity.	Human resources policies are in place to ensure fair treatment and equitable opportunities for all employees, regardless of their background.	3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities 16 Peace, Justice and Strong Institutions
	Talent Management	To ensure personal growth, business continuity and succession planning.	We allocate significant efforts in talent attraction, acquisition, engagement, retention, training, development, and succession efforts to ensure a stable and sustainable talent pool is available for the Group.	
	Employee Health and Well-being	To ensure a safe workplace environment where health and safety hazard are minimised.	Organise engagement events such as team building, seminars and trainings to nurture positive and healthy working environment.	
	Community Investment	To support the underprivileged and needy in our local communities.	We support our local communications through various forms that includes donations in cash and in-kind, employee volunteerism, fundraising events and other CSR projects where possible.	

ECONOMIC SUSTAINABILITY

Procurement Practices

We aim to procure products and services locally for all our business segments. We believe that responsible procurement practices such as local sourcing can help create a robust marketplace for local businesses to grow stronger. Local sourcing will also allow us to secure sources for products and services that fit our local consumer's needs. At present, our existing suppliers are reputable organisations that specialise in their respective businesses, assuring that the goods and services offered are of high quality and standards.

To support our local enterprises, we chose to source food and beverages from small local businesses for events like training sessions and meetings held at our event space.

In the financial year ended 30 June 2023 ("**FYE 2023**"), we were engaged with 94.9% of local suppliers as compared to 98.9% in the financial year ended 30 June 2022 ("**FYE 2022**"). The drop in engagement rate was due to the appointment of the Pacifica2u business segment as the sole distributor of wine glasses and decanters by ZALTO Glass GMBH from Austria and Lehmann Reims SA from France in Malaysia.

Product Delivery and Technology Enhancement

Our mission is to become an innovation partner for our clients, enabling them to achieve their digital transformation goals.

The team comprises of experienced technology analysts and solution engineers with diverse technology skills and experience. With the growing focus on the digital economy and industrial digitalisation pushed by the government, our team is always on the lookout for new business opportunities and technological trends to enrich offerings to our clients.

In FYE 2023, our services have expanded to include Performance Optimisation solutions and services to our customers, offering comprehensive networking technology that uses software-defined networking principles to manage and optimise the performance of wide area networks (WANs) of an organisation.

We have also realigned our existing business activities to a more specific and focused term. Through this, our customers can attain a more transparent grasp of our product range and effectively identify the right solutions to cater for their digital and technological requirements.

Customer Relationship Management

Mlabs Group understands that client satisfaction and engagements are important material issue that has a direct impact on the company's reputation, brand, and opportunities for future growth. Given that our digitalisation solutions and services are customisable to meet specific client conditions, we need to understand the market situation and customer sentiments within our engagement.

To maintain a good relationship with our customers, we are practising an after-sales service, such as having various sessions ranging from wine-tasting and pairing for the Winelouvre business segment and introductions of our latest digital technology offerings under Mfinity and Pacifica2u business segment.

These sessions are an integral part of our business strategy, contributing to higher customer satisfaction and brand loyalty.

Corporate Governance

Mlabs Group regards good corporate governance and ethics as fundamental aspects in all our businesses. We have an established whistleblowing process in place where any incidents or concerns can be independently brought to the attention of the Board. Additionally, it is our assurance that Mlabs Group does not participate in nor condone any form of corruption in our businesses.

Customer data and privacy is of utmost importance to Mlabs Group. All customers data are stored, managed, and maintained by our experienced in-house technical team at a third-party category three secured cloud server storage. In FYE 2023, Mlabs Group has not received any types of sustained complaints concerning breaches of customer privacy and losses of customer personal details and data.

Sustainability Statement

ECONOMIC SUSTAINABILITY (CONTINUED)

Anti-Corruption Conduct

Mlabs Group has established a culture of zero tolerance policy against all forms of bribery and corruption. The Group acknowledged and is committed to conducting business deals with integrity, ensuring professionalism, and strong moral principles, along with laws and regulations enacted to counter bribery and corruption. Our website, http://www.mlabs.com/corporate-governance contains various corporate governance policies which keep a check and balance within the organisation.

The Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy have been made known to the employees via internal circulation and embedded in the company's Handbook. The electronic version of the said policies is also available on the company's official website.

During FYE 2023, all Mlabs directors and management attended a seminar on Corporate Liability Provision on Corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Sustainability Governance, Management and Reporting: The ESG Agenda". The learning outcome of this seminar is to be apprised of the implications of corporate liability on corruption, and to understand sustainability and how it impacts the Company's future.

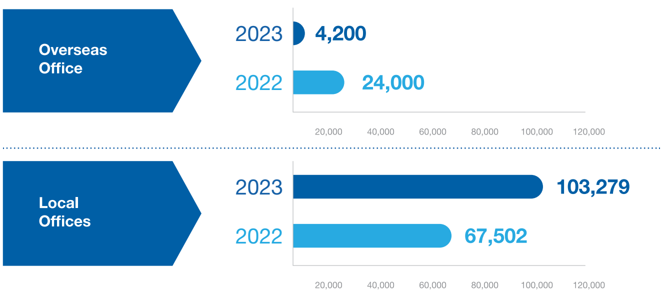
ENVIRONMENTAL SUSTAINABILITY

Conservation of Energy and Water

At Mlabs, our objective is to carefully minimise and manage our energy and water utilisation. In the previous year, we implemented an energy-efficient lighting system and upgraded our air-conditioning system to reduce energy consumption. To reinforce these actions, in FYE 2023, we strongly encourage our employees to promptly turn off any unnecessary energy sources, especially when they are not in use.

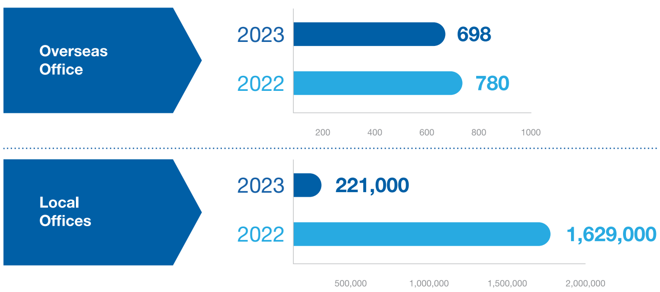
Our Taiwan-based business segment, Inbase Partners adopted an open glass design to maximise the utilisation of natural light, effectively illuminating the entire area, thus limiting the usage of energy resources.

Energy Consumption (KWH)



	Overseas Office	Local Offices
2023	4,200	103,279
2022	24,000	67,502

Water Consumption (M^3)



	Overseas Office	Local Offices
2023	698	221,000
2022	780	1,629,000

Sustainability Statement

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

Conservation of Energy and Water (Continued)

In FYE 2023, our local offices saw a rise in energy consumption attributed to the completion of renovation work. The office is divided into two segments: the primary office area and a 5,000-square-feet event space managed by the Inshub (digital marketing) team. Hence, due to numerous ongoing events hosted at the venue, it has inherently contributed to the surge in energy usage. In the preceding year, our water usage recorded a higher usage rate in comparison to FYE 2023, primarily attributed to renovation work at Level 4, Menara Lien Hoe, while occupying the Level 10 office. Our move to Level 4 office has significantly reduced water utilisation, especially with the installation of motion sensor water faucet in our washrooms.

Moving forward, the Group intend to implement energy and water saving action plan, while carefully monitoring into actual water and energy utilisation at Mlabs.

Carbon Emissions

The policy will encompass a range of measures aimed at reducing carbon emissions resulting from work travel purposes. These measures may include guidelines on the use of eco-friendly transportation or carpooling options and promoting video conferencing when possible.

Our primary goal is to strike a balance between meeting our business objectives and minimising our impact on the environment. We understand that business travel is often necessary for client meetings, collaborations, and other essential activities, but we are dedicated to doing so in the most eco-conscious manner.

Material Consumption and Management

We are committed to minimising our carbon footprint. Wherever possible, we source the materials, supplies and equipment required for our business operations from locations that offer the least impact on the environment. We also consolidate our back-office operations activities to ensure economies of scale both in terms of expenditure and logistics. We encourage employees to prioritise electronic means to share and store documents, otherwise, to use double-sided printing or to print on recycled paper.

SOCIAL SUSTAINABILITY

Diversity, Equality, and Inclusion

At Mlabs Group, we take pride in promoting a diverse and inclusive workforce as this will allow us to harness various skills, talent and experience that will promote an innovative culture and positively impact business growth. We believe that cultivating the right environment will encourage our employees to thrive and achieve their true potential.

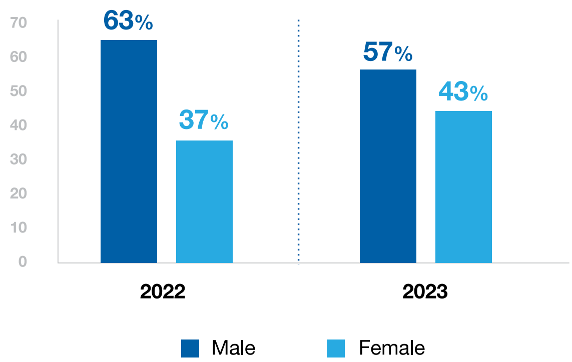
Recruitment and promotion are done based on merits, capabilities, and experiences. We provide opportunities to our employees regardless of their age, gender, identity, ethnicity, or religion. In FYE 2023, the Group has recruited seven additional employees to make up a total of 82 employees as compared to a total of 75 employees in FYE 2022. To uphold our principles of workplace equality and inclusivity, we have provided an opportunity to an employee with hearing impairment, assigned with administrative responsibilities.

Sustainability Statement

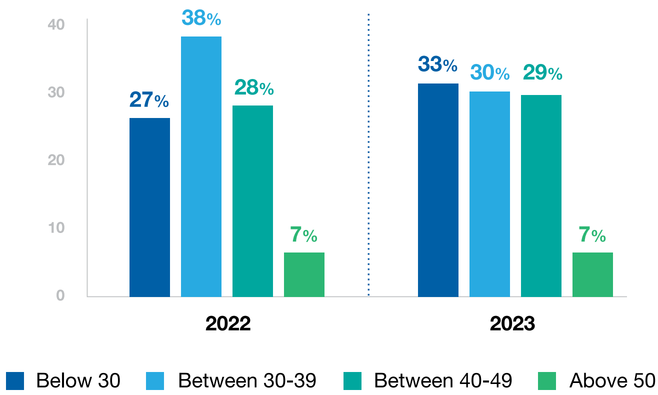
SOCIAL SUSTAINABILITY

Diversity, Equality, and Inclusion

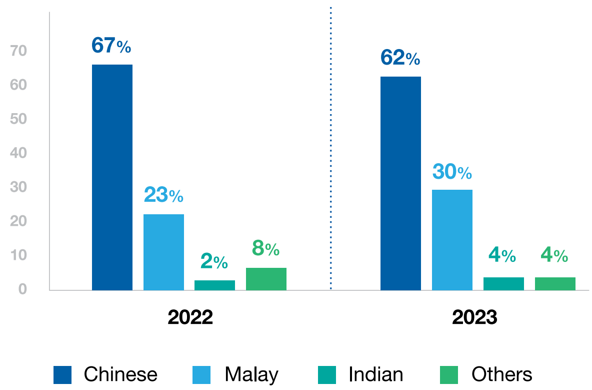
Employees by Gender



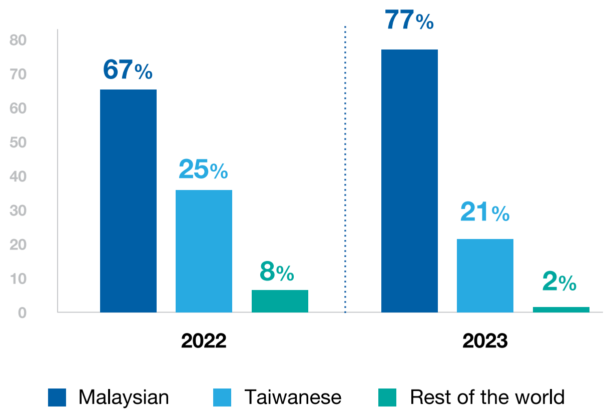
Employees by Age



Employees by Race



Employees by Nationality



Talent Management

People are our greatest assets and investing in human capital development at all levels will enable a continuous and sustainable growth of a high-performing workforce. With the digitalisation industry constantly evolving towards the latest ideas and technologies, we must constantly recognise our human capital by providing the right environment, opportunities, and experiences to encourage new skills, knowledge, and well-driven employees.

At Mlabs, relevant training and developments in professional and technical skills form an important component of employees' growth. Employees in all divisions of the Group are assigned to training in areas applicable to their function and/or technical disciplines. In FYE 2023, we have organised numerous trainings and seminars covering various topics ranging from Cisco Certified Network Association ("**CCNA**"), Kaspersky, Microsoft Excel, KPI Development training, 5G training, First Aid training and many others.

As of FYE 2023, one of our technical engineers is certified for CCNA, while four employees received certifications from Kaspersky Endpoint Security.

We are committed to ensuring fair employment practices, competitive remuneration and attractive benefit packages as part of our recruitment and retention strategy. Among the terms of hiring consideration taken include qualification, experience, aptitude, and attitude. We periodically perform market assessments to benchmark the adequacy and competitiveness of our benefits on a country-specific basis to formulate the appropriate mix of compensation and benefits to stay attractive.

In FYE 2023, a total of seven employees have earned promotions through their exceptional performance and dedication, which has not only boosted their morale but also improved team productivity. This is aligned with Mlabs' commitment to recognising and rewarding talent, fostering a culture of growth and excellence.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONTINUED)

Talent Management (Continued)

Mlabs Group key matters additionally tracks employee's movement:-

Key Matters Assessments	FYE 2022	FYE 2023
Total hours of training for employees	786 hours	1,132 hours
Total employee promotion	2	7
No. of employees for contract position	1	2
Percentage of employee turnover	35.29%	21.05%

Employee Health and Wellbeing

At Mlabs, we prioritise our employees' health, safety, and well-being. In addition to existing benefits covering health and well-being, time-off and insurance coverage, we have started a monthly gathering programme for all employees to participate in, with fun activities including karaoke competition, bowling, laser tag and many more. The purpose of organising this programme is to ensure all employees are given the opportunity to build team spirit, improve communication and enhance engagement, and act as a stress relief. Regular feedback and adjustments are essential to ensure that these gatherings remain engaging and beneficial.

We highly encourage our employees to further their interests and hobbies within the company. During FYE 2023, we have managed to collaborate with one of our subsidiaries, namely Mlabs Academy, to organise yoga and painting classes, instructed by our very own employees. With this program in place, we are allowing our employees to have a memorable experience aside from sharpening their skills by directing a large crowd.

Furthermore, incorporating elements of a safe working environment and implementing strict safety protocols can help us to mitigate risks to employee's physical health, making sure any future incidents can be taken care of in a rapid manner. In FYE 2023, a rehearsal for a fire drill has been exercised within the Group to ensure all employees are familiarised with evacuation procedures during an emergency. To cultivate a safe working space, 13 of our employees have successfully attended health and safety standards training.

Sustainability Statement

SOCIAL SUSTAINABILITY (CONTINUED)

Employee Health and Wellbeing (Continued)

Mlabs Group key matters additionally tracks; -

Key Matters Assessments	FYE 2022	FYE 2023
No. of Work-Related Fatalities	0 incident(s)	0 incident(s)
No. of Lost Time Incident	0 incident(s)	0 incident(s)
No. of employees trained on Health and Safety Standards	3 first aid trained employees	13 first aid trained employees
No. of substantiated complaints concerning human rights violations	0 incident(s)	0 incident(s)

Community Investment

Mlabs Group has maintained a strong connection with the community. This includes offering educational opportunities to Malaysian talent through internship programmes, supporting local and small businesses by purchasing food, beverages, and office supplies for events, and actively participating in community-oriented CSR initiatives. These efforts encompass activities such as organising blood donation drives and engaging in charitable work, such as providing meals to the homeless.

Additionally, with the expansion of Ikhlas Al Dain's services to cater to more micro, small and medium enterprises ("**MSMEs**") in Malaysia, we foresee this industry to be able to bring significant contributions to the nation, especially in terms of employment, inclusive growth, innovation, and entrepreneurship amongst youth.

Moreover, with the increased focus on governments to support more MSMEs in the country, Ikhlas Al Dain is committed to becoming one of the top choices in providing appropriate financial services to boost these businesses

CONCLUSION

For the upcoming financial year, Mlabs Group is committed to taking proactive steps to address non-financial factors that may impact the company's sustainability, reputation, and long-term growth. Additionally, the newly strengthened CSR group will develop a comprehensive framework encompassing all pertinent ESG-related issues as we strive to enhance the Company's sustainability objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Mlabs Systems Berhad ("**Mlabs**" or "**the Company**" or "**the Group**") presents this Statement to provide shareholders and investors with an overview of the corporate governance **("CG")** practices of the Group during the financial year ended 30 June 2023 **("FYE 2023")**. This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance **("MCCG")**.

This Statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Securities") ("Listing Requirements")** and is to be read in conjunction with the CG Report 2023 **("CG Report"**) which is available on the Group's website at www.mlabs.com.

The CG Report provides the explanations on how the Group applied each practice set out in the MCCG during FYE 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) Board Responsibilities

The Board acknowledges and fully supports the importance of corporate governance in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders' value and performance of the Group on a sustainable and long-term basis.

The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long-term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also set the Group's values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The above roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter also clearly sets all relevant governance matters and applicable limits of authority, including matters reserved for the Board and those which are expressly delegated to Board committees, the Chairman of the Board **("Chairman")**, the Executive Director ("**ED**") or a nominated member of Executive Management, subject always to the ultimate responsibility of the Directors under the Companies Act 2016 (**"the Act")**. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group's website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee **("AC")**
- Nominating Committee **("NC")**
- Remuneration Committee **("RC")**

All the Board Committees have its own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in terms of reference and report to the Board with the necessary recommendation.

The Board Committees terms of reference can be viewed on the Company's website at www.mlabs.com.

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and Chief Executive Officer ("**CEO**") were up to 30 June 2023 strictly separated. This was to maintain effective supervision and accountability of the Board and Executive Management. The Chairman was responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the CEO takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(a) Board Responsibilities (continued)

The Board has formalised a Code of Conduct and Ethics which reflects the Group's vision and core values of integrity, respect and trust. The core areas concerned include the following:

- Conflict of interest
- Confidential information
- The aims and purpose, capabilities and capacity of the Company
- Attendance of meetings and board requirement
- Business records and control
- Compliance with laws
- Effectiveness in corporate management
- Time management and effectiveness
- Access of the Secretary
- Access and appointment of independent adviser
- Contractual interests with the Company
- Relationship with shareholders, employees, creditors and customers
- Social responsibility and environment

The Code of Conduct and Ethics governs the conduct of the Directors and all officers and employees of the Group and provides guidance on the communication process and the duty to report whenever there are breaches of the same. In connection thereto, each Director is to communicate any suspected violations of this code to the chairman of the AC and all violations will be investigated by the Board or by persons designated by the Board, and appropriate action will be taken in the event of the said violations. This code is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

The Code of Conduct and Ethics is set out in the Board Charter and can be viewed on the Company's website at www.mlabs.com.

To maintain the highest standards of ethical conduct and integrity, the Group has adopted a formal Whistleblowing Policy. This policy establishes a framework where stakeholders can raise in confidence any possible corporate misdemeanours. The whistleblowing channel was created to help stakeholders raise their concerns without fear of retaliation and to provide protection from reprisals and victimisation provided that the whistleblowing was done in good faith.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to submit their report in a sealed envelop addressed or email to the chairman of the AC. All concerns raised will be investigated and addressed by the Board accordingly.

The Whistleblowing Policy can be viewed on the Company's website at www.mlabs.com.

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had adopted the Anti-Bribery and Corruption Policy ("ABC Policy"). The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABC Policy to foster commitment of the employees in instill the spirit of integrity and avoid all forms of corruption practices within the organisation. The ABC Policy has also been incorporated in the Employee Handbook.

The ABC Policy can be viewed on the Company's website at www.mlabs.com.

The Group is committed to adhere to all standards of upright business conduct through integrity, transparency with a constant and growing progression towards excellence in every area of business conduct. To this end, the Board in place a Sustainability Policy, to embed the principles of sustainability into the Group's business operations.

The policy outlines the general principles and structures the foundations that govern the sustainability strategy of the Group to ensure that all its corporate activities and businesses are carried out while enhance the sustainable creation of value for shareholders and taking into account the other stakeholders related to its business activities, natural resources, society and neighbouring communities, promoting the values of sustainability, integration and dynamism, favouring the achievement of the sustainable development goals.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(a) Board Responsibilities (continued)

The Board fulfils its responsibilities by delegating to the Executive Management. The Executive Management is responsible for implementing, overseeing and addressing all sustainability-related issues from stakeholders and update the Board on the Group's sustainability management performance, key material issues identified by stakeholders and planned follow-up measures.

The Sustainability Policy can be viewed on the Company's website at www.mlabs.com.

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in key management, in avoiding instability by helping to mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting diversity.

Given the current state of the Group's lifecycle, there is an informal succession plan for key management in place. Going forward and at the relevant and appropriate time, the Board shall look into a structured approach to the said plan for the Group.

The Company Secretaries of the Company have the requisite credentials and are competent and suitably qualified to act as company secretary under Section 235(2) of the Act. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and adhered to Board's policies and procedures, rules, relevant laws and best practices on CG and deliberations at the Board and Board Committee meetings as well as follow-up on matters arising are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Listing Requirements and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Board members have full and unrestricted access to the Company Secretaries. In addition to their corporate secretarial administrative responsibilities, they also advise the Board on its roles and responsibilities, corporate disclosures and compliance, corporate governance developments and practices.

The Directors also received updates from time to time on the Group's businesses, relevant new laws and regulations. Visits by the Non-Executive Directors to the Group's businesses were also arranged for enhancement of their knowledge in respect of the Group's businesses as well as better awareness of the risks associated with the Group's operations.

Prior to the Board meetings, the agenda for each meeting together with a full set of the board papers containing the information relevant to the business of the meetings are circulated to the Directors within an appropriate timeline before the meeting. The Directors may also interact directly with the Executive Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

When necessary, the Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

The Board schedules meeting on a quarterly basis and additional meetings which require the Board's deliberation and approval will be convened in between the scheduled meetings as and when necessary. A pre-scheduled meetings of the year will be circulated to all the Board members at the beginning of each calendar year to facilitate the Directors in planning ahead and incorporating the said meetings into their respective schedules. At the end of each Board and Board Committees meeting, the date of the next meeting is to be re-confirmed by the Directors.

In the intervals between Board meetings, for exceptional matters requiring urgent Board's decisions, approvals will be obtained via circular resolutions which are supported with information necessary for an informed decision.

The deliberations of the Board and Board Committees in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next meeting. The Directors may request clarification or make comments on the minutes prior to their confirmation.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(a) Board Responsibilities (continued)

The Board and Board Committees have discharged their roles and responsibilities by attending the Board and Board Committees meetings held in FYE 2023. The Board satisfied with the level of time commitment given by the Directors in carrying out their responsibilities which is evidenced by the attendance record of the Directors stated in the Profile of the Board of Directors of this Annual Report.

Notwithstanding that no specific quantum of time has been fixed, each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Each Board member is expected to achieve at least 50% attendance of total Board Meetings held in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. Prior to the acceptance of new Board appointment(s) in other companies and/or Public Listed Companies **("PLCs")**, the Directors are to notify the Chairman and/or the Company Secretaries in writing. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one criterion as agreed by the Board is that they must not hold directorships at more than five PLCs (as prescribed in Rule 15.06 of the Listing Requirements).

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors during the FYE 2023 were as follows:

	Training Programmes/Seminars/Conferences
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	• 5G Introduction for Management
Tan Sik Eek	• 2023 Budget Seminar • 5G Introduction for Management
Mejar Dato' Ismail bin Ahmad (R)	• 5G Introduction for Management
Ong Tee Kein	• An Overview of the MPERS – Practical approach to recognition and measurement principles including updates • Company Act 2016 Voluntary Winding Up, Judicial Management & Corporate Voluntary Arrangement
Professor Emeritus Dr. Sureswaran Radamass	• Human Exposure to Fifth Generation (5G) Electromagnetic Field: Guidelines, Measurement & Case Studies • IAICT & IoTaiS 2022, Bali, Indonesia • The Future of Digital Economy Through 5G, Kuala Lumpur
Chuah Hoon Hong	• Section 17A MACC (Amendments) Act 2018 • Practical Secretarial Workshop Series (Workshop 3) – Meetings, Minutes and Resolutions • Malaysia Budget 2023 and Transfer Pricing • Companies Act 2016: Analytical Studies Workshop 1 – Appointment, Resignation, and Removal of Directors
Karina binti Idris Ahmad Shah ***(Appointed on 1 June 2023)***	• Bursa Malaysia Immersive Session: The Board "Agender"

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(a) Board Responsibilities (continued)

During the FYE 2023, all the Director have attended the necessary training programmes as required under the Rule 15.08 of the Listing Requirements.

The Board (via the NC and with assistance of the Company Secretaries) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

In addition to the above, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, Internal Auditors and Company Secretaries during the Board and Board Committees meetings.

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions and/or potential conflict of interest situations (if any) will be submitted to the AC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

(b) Board Composition

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, diversity, mix of experience and expertise in area relevant to enhance the growth of Group's business. During the FYE 2023, our Board comprises of seven members, comprising of one Non-Independent Non-Executive Director/Chairman, one Executive Director, two Non-Independent Non-Executive Director and three Independent Non-Executive Directors. In this respect, the Company has complies with the requirement of the Listing Requirements for Independent Non-Executive Directors to make up at least 1/3 of the Board membership. In the event of any vacancy in the Board resulting in non-compliance with the Listing Requirements, the Board shall fill the vacancy within three months from the date of that event.

The Board views the present number of its Independent Directors as ideal to provide the necessary check and balance to the Board's decision-making process. Collectively, bring with them wide and varied technical, financial and corporate experience to enable the Board to lead and control the Group effectively. The Board is of the opinion that the existing three Independent Non-Executive Directors, with their extensive knowledge and experience would be able to represent the investment of the public and the minority shareholders. The Independent Non-Executive Directors on the Board helps to bring objective and independence judgements to facilitate a balanced leadership in the Group.

The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This evaluation which is done annually is facilitated by the Company Secretaries. The criteria used by the NC in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The Board did not engage any external party to undertake an independent assessment of the Directors.

From the annual assessment and review conducted for FYE 2023, the NC was satisfied that all the Directors possess sufficient qualification to remain on the Board. Save for the NC members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NC members view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(b) Board Composition (continued)

As for the Board evaluation, the NC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively. The NC further concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.

In addition, the NC will also conduct annual assessments on its Independent Directors and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements.

From the annual assessment and review conducted for FYE 2023, the NC was satisfied that all the Independent Directors are independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. Additionally, each of the Independent Directors has provided an annual confirmation of their independence to the NC and the Board.

As of FYE 2023, our Board comprises of one female Director, representing approximately 14.29% of total numbers of the Board. In line with the MCCG of at least 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective.

Before recommending an appointment to the Board, the NC will undertake a comprehensive evaluation and assessment of the candidates in accordance with the criteria as set out in the Directors' Fit & Proper Policy adopted by the Group. The NC also takes into accounts the Group's business and matches the capabilities and contribution expected for a particular appointment.

The Board is committed to provide fair and equal opportunities and nurturing diversity in the Group. The Board had adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment and promotion. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

The procedure on the re-election of Directors by rotation is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Company's Constitution also provides at least 1/3 of the remaining Directors are subject to re-election by rotation at each Annual General Meeting ("**AGM**"), and retiring Directors can offer themselves for re-election. All Directors shall retire from office at least once in every three years, but shall be eligible for re-election.

The NC also would identify the Directors to be retired ("**Retiring Directors**") by rotation in accordance with the Constitution of the Company and assess the Retiring Directors' eligibility for re-election by considering their competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective Retiring Director's performance and contributions to the Board, the NC will then recommend to the Board the re-election of the Retiring Directors at the AGM of the Company.

For the forthcoming AGM, the following Directors are standing for re-election as Directors of the Company pursuant to the following clauses of the Company's Constitution and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

(i) General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) (Clause 115);
(ii) Chuah Hoon Hong (Clause 115); and
(iii) Karina binti Idris Ahmad Shah (Clause 125).

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(b) Board Composition (continued)

The Board through the NC has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors who had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Committees meetings) 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, subject to the shareholders' approval at the forthcoming AGM.

In line with the MCCG, the Board has adopted the 9 years policy for Independent Directors. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of 9 years, the Board will justify the decision and seek annual shareholders' approval through a two-tier voting process. As of FYE 2023, none of the Independent Directors has reached 9 years of service since their appointment as Independent Directors.

The Board has established the NC which comprises majority of Independent Non-Executive Directors, with the responsibilities of identify and recommend the right candidate with necessary skills, experience and competencies to be filled in the Board and Board Committees on an ongoing basis.

The summary of activities of the NC during the FYE 2023 are as follows:

- Reviewed the composition, mix of skill and experience and other qualities of the Board.
- Reviewed the effectiveness of the Board as a whole, the Board Committees and the Directors.
- Reviewed the performance of the AC and their term of office.
- Reviewed and recommended the Company's Directors' retirement by rotation.
- Reviewed and recommended for any modification and/or amendment to the Terms of Reference of the NC.
- Reviewed and recommended the redesignation of General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) as Non-Independent Non-Executive Director/Chairman in compliance with the recommendation of the enhanced Listing Requirements, which limiting the tenure of an independent director to not more than a cumulative period of twelve years in a listed issuer.
- Reviewed and recommended for the appointment of Karina binti Idris Ahmad Shah as Independent Non-Executive Director of the Company.

(c) Remuneration

The Board has established the RC which comprises majority of Independent Non-Executive Directors. The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.

The RC's recommended remuneration for Directors and Senior Management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for the Non-Executive Directors, it will be presented at the AGM for shareholders' approval.

The summary of activities of the RC during the FYE 2023 are as follows:

- Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors for the shareholders' approval.
- Reviewed the remuneration packages of the Executive Director.
- Reviewed and recommended for any modification and/or amendment to the Terms of Reference of the RC.
- Reviewed and recommended the payment of additional Directors' fees.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(c) Remuneration (continued)

The details of the Group's remuneration policies and practices are included in the Board Charter which is available on the Group's website.

The detailed disclosure on a named basis for the remuneration of individual Directors for the FYE 2023 are as follows:

Received from the Company (RM):							
Directors	**Fees**	**Salaries**	**Bonus**	**Allowance**	**Benefits-in-kind**	**Other Emoluments**	**Total**
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	91,000	-	-	-	-	-	91,000
Mejar Dato' Ismail bin Ahmad (R)	91,000	-	-	-	-	-	91,000
Ong Tee Kein	91,000	-	-	-	-	-	91,000
Professor Emeritus Dr. Sureswaran Ramadass	70,000	-	-	1,566	-	-	71,566
Chuah Hoon Hong	70,000	-	-	-	-	-	70,000
Karina binti Idris Ahmad Shah *(Appointed on 01.06.2023)*	5,000	-	-	-	-	-	5,000
Tan Sik Eek *	-	-	-	-	-	-	-
Total	**418,000**	**-**	**-**	**1,566**	**-**	**-**	**419,566**

Received from the Group (RM):							
Directors	**Fees**	**Salaries**	**Bonus**	**Allowance**	**Benefits-in-kind**	**Other Emoluments**	**Total**
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	91,000	-	-	-	-	-	91,000
Mejar Dato' Ismail bin Ahmad (R)	91,000	-	-	-	-	-	91,000
Ong Tee Kein	235,000	-	-	-	-	-	235,000
Professor Emeritus Dr. Sureswaran Ramadass	70,000	-	-	1,566	-	-	71,566
Chuah Hoon Hong	70,000	-	-	-	-	-	70,000
Karina binti Idris Ahmad Shah *(Appointed on 01.06.2023)*	5,000	-	-	-	-	-	5,000
Tan Sik Eek *	226,800	496,317	-	-	-	-	723,117
Tay Ben Seng, Benson^	120,000	-	-	-	-	-	120,000
Carlos Luis Salas Porras^	-	263,073	-	-	-	-	263,073
Stephen Joseph Chor Lynch^	-	263,073	-	-	-	-	263,073
Huang Hsin Han^	161,820	-	-	-	-	-	161,820
Chiew Jia Chiun^	-	-	-	-	-	-	-
Chiew Jia Yee^	-	2,966	-	-	-	-	2,966
Chen Chee Peng^	-	-	-	-	-	-	-
Total	**1,070,620**	**1,025,429**	**-**	**1,566**	**-**	**-**	**2,097,615**

Note:
* The Executive Director is also the Key Senior Management of the Company
^ The Director of the subsidiaries of the Group

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

(c) Remuneration (continued)

The Company notes the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's Senior Management's remuneration who are not Directors of the Company.

The remuneration of the Senior Management personnel, which is a combination of annual salary, bonus and benefits-in-kinds, etc are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance and the overall performance of the Group. The aggregate remuneration of the top five Senior Management received for FYE 2023 was RM1,736,480 representing 21% of the total employees' remuneration of the Group.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top five Senior Management's total combined remuneration package should meet the intended objectives of the MCCG.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AC

The AC currently comprises of three members, majority of whom are Independent Directors. The AC chairman is Mr Chuah Hoon Hong.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors. Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 49 to 51 of this Annual Report.

The Company has established a transparent arrangement with the external auditors to meet their professional requirements. From time to time, the external auditors highlight to the AC and Board on matters that require their attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the external auditors. The AC has been explicitly accorded the power to communicate directly with both the external auditors and internal auditors. The terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the external auditors are reviewed annually by the AC.

To assess or determine the suitability and independence of the external auditors, the AC has taken into consideration, among others, the following:

(i) The adequacy of the experience and resources of the external auditors;
(ii) The external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
(iii) The nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee; and
(iv) Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

(a) AC (continued)

Annual appointment or re-appointment of the external auditors is via shareholders' resolution at the AGM on the recommendation of the AC and the Board. The external auditors are being invited to attend the AGM of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the AC will meet with the external auditors without the presence of Executive Director and members of Management to ensure that the independence and objectivity of the external auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries. In presenting the Audit Planning Memorandum to the AC, the external auditors will highlight their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the external auditors.

The AC had assessed the independence of CAS Malaysia PLT **("CAS")** as external auditors of the Company as well as reviewed the level of non-audit services rendered by CAS to the Company for FYE 2023. The AC also had obtained assurance from CAS confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

From the annual assessment and review conducted for FYE 2023, the AC was satisfied with CAS's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to CAS. Having satisfied itself with their performance and technical competency as well as received the assurance from CAS as stated above, the Board approved the AC's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the re-appointment of CAS as the External Auditors of the Company for the financial year ending 30 June 2024.

(b) Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through the AC via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the AC with assistance from the internal auditors. The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management. Internal audit reports which are issued have to be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FYE 2023 for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 52 to 53 of this Annual Report.

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

(a) Communication with Stakeholders

The Board is committed to ensuring that communications to shareholders and the investing public in general, regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis.

The release of announcements and information by the Group to Bursa Securities are handled by the ED or the Company Secretaries within the prescribed requirements of Listing Requirements.

Information is disseminated via annual reports, circulars/statements to shareholders, quarterly and annual financial statements, and announcements from time to time. As these announcements and information can be price-sensitive, they are only released after having been reviewed by the ED and/or the Board where necessary.

The Group's website also provides all relevant information to stakeholders and the investing community. Quarterly and annual financial statements, announcements, financial information, annual reports, and circular/statements to shareholders are uploaded onto the website for investors and the public.

Any shareholders' queries or concerns relating to the Group may be conveyed to our ED at as detailed below:

Executive Director	:	Mr. Tan Sik Eek
Add	:	Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan
Tel	:	603-7887 2896
Email	:	enquiry@mlabs.com

General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd), our Non-Independent Non-Executive Director/Chairman, is designated by the Board to be the contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the ED. He too can be contacted at the above address.

(b) Conduct of General Meetings

The AGM serves as a principal forum for the Group's dialogue with shareholders. All shareholders are encouraged to attend the AGM, during which they can participate and given the opportunity to ask questions and vote on important matters affecting the Group, including the election/re-election of Directors, business operations, and the financial performance and position of the Group.

At the AGM, the shareholders are encouraged to participate in the questions and answers session, where they will be given the opportunity to raise questions or seek more information during the AGM. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholders.

Under Rule 8.31A(1) of the Listing Requirements, a public listed company must, among others, ensure that any resolution set out in the notice of any general meeting is voted by poll. For this purpose, the share registrar will be appointed as the poll administrator and an independent scrutineer will be appointed to validate the votes cast at the AGM.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting. The outcome of the AGM will be announced to Bursa Securities on the same meeting day. In line with the recommendation of MCCG, the minutes of the general meeting will be posted on the Company's website for public viewing within thirty business days after the general meeting.

Corporate Governance Overview Statement

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

(b) Conduct of General Meetings (continued)

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM. Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the AGM to address shareholders' queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

In line with Practice 12.1 of the MCCG, the Company's notice of the forthcoming AGM shall be given to shareholders at least twenty-eight days prior to the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

COMPLIANCE STATEMENT

Other than as disclosed and/or explained in this Annual Report and CG Report 2023, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the CG Report 2023.

AUDIT COMMITTEE REPORT

The Audit Committee ("**AC**") was established to act as a committee of the Board of Directors ("**Board**") with the primary objective of assisting the Board in fulfilling its fiduciary duties in relation to:

- Assessing the processes in relation to the risk and control environment;
- Overseeing financial reporting and internal controls; and
- Evaluating the internal and external audit processes.

The AC is guided by its terms of reference which can be viewed on the Group's website at www.mlabs.com.

MEMBERSHIP AND MEETINGS

The members of the AC during the financial year ended 30 June 2023 ("**FYE 2023**") and as of the date of this Report together with their attendance record at meetings held during FYE 2023 are as follows:

Name	Designation	Status of directorship	Number of meetings attended/Number of meetings held [1]
Chuah Hoon Hong	Chairman	Independent Non-Executive Director	5/5
Professor Emeritus Dr. Sureswaran Radamass	Member	Independent Non-Executive Director	5/5
Mejar Dato' Ismail bin Ahmad (R)	Member	Non-Independent Non-Executive Director	3/5

[1] *Number of meetings (including adjourned meetings, if any) held during the respective member's tenure of office during FYE 2023*

The members of the AC of the Company had complied with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad of which at least one member with requisite accounting qualifications. No alternate director is appointed as a member of the AC.

Mlabs recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. As recommended by the Malaysian Code on Corporate Governance **("MCCG")**, the Company will observe a cooling-off period of at least three years in the event any potential candidate to be appointed as a member of the AC was a key audit partner of the external auditors of the Group. Currently, none of the members of the Board nor the AC of the Company was former key audit partners of the external auditors appointed by the Group.

Collectively, the members of the AC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the terms of reference of the AC. The qualification and experience of the individual AC members are disclosed in the Profile of the Board of Directors of this Annual Report.

During the FYE 2023, the AC members had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively. Further details on the external programme attended by the AC members are set out in this Annual Report on page 40.

Whilst the AC's terms of reference require the AC to meet at least four times in a financial year, it met five times during FYE 2023. The Company Secretaries who are also the Secretary to the AC were in attendance during the meetings. The Group Accountant and other officers, if necessary, were invited to the meetings to deliberate on matters within their purview.

After each meeting, the AC Chairman report to the Board on matters deliberated to the Board for their reference and notation. Matters reserved for the Board's approval are tabled at Board meetings. The Company Secretaries document the decisions made and actions required and forward them to Executive Management for their action.

Audit Committee Report

SUMMARY OF AC'S ACTIVITIES

The following activities were carried out by the AC in the discharge of its functions and duties to meet its responsibilities for FYE 2023:

(a) Financial Results

- Reviewed and recommended the quarterly financial results of the Group (including announcements) and the annual financial statements of the Group and Company for Board's approval.
- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgements made by Executive Management, significant and unusual events or transactions and management reports and updates on actions recommended by the external auditors for improvement.
- Deliberated on changes in or implementation of major accounting changes and compliance with accounting standards and other legal requirements.

(b) External Audit

- Reviewed and approved the external auditors' scope of work and audit plan prior to the commencement of the annual audit.
- Analysed and reviewed the proposed external audit fees for approval of the Board.
- Analysed and reviewed the non-audit fees and related costs in respect of non-audit services rendered by the external auditors to ensure that their independence is not impaired.
- Reviewed and discussed with the external auditors, the changes in or implementation of major accounting policies, significant matters arising from the audit, significant judgements made by Executive Management, significant and unusual events or transactions and compliance with accounting standards and other legal and regulatory requirements and how all these matters are dealt with and the audit report, and reported the same to the Board.
- Evaluated the performance, suitability and independence of the external auditors and recommended them to the Board for re-appointment.
- Met with the external auditors without the presence of the Management to have frank and candid dialogues, and to exchange free and honest views and opinions.

(c) Internal Audit

- Reviewed and recommended the proposed change of outsourced internal auditors from Wensen Consulting (Asia) Sdn. Bhd. to IA Prov Sdn. Bhd..
- Reviewed and approved the internal audit plan and the internal auditors' scope of work.
- Reviewed and discussed with the internal auditors, their audit findings and issues arising during the course of audit.
- Reviewed the adequacy and effectiveness of corrective actions taken by Executive Management on all significant matters raised by the internal auditors.

(d) Related Party Transactions/Conflict of Interest Situations

- Reviewed significant related party transactions (including recurrent related party transactions of a revenue or trade nature) to ensure that the said transactions are carried out at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and on terms not less favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.
- Reviewed any conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(e) Risk Management

- Reviewed the adequacy and effectiveness of the risk management process in identifying and assessing risks.
- Reviewed and assessed the adequacy of the risk management policies in place and ensured that the necessary infrastructure, resources and systems are in-place for implementing the risk management process.

SUMMARY OF AC'S ACTIVITIES (CONTINUED)

(f) Other Activities

- Reviewed and discussed with the Executive Management on the budget of the Group.
- Reviewed its terms of reference and made recommendation to the Board on revision, if necessary.
- Reviewed application of corporate governance principles and the extent of the Group's compliance with the best practices set out under with the MCCG.
- Reviewed the Management Discussion and Analysia, Corporate Governance Overview Statement, Corporate Governance Report, AC Report and the Statement on Risk Management and Internal Control for adoption by the Board.
- Reviewed and recommended to the Board for approval, the Circular to Shareholders in relation to the proposed new shareholders' mandate and renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature, for shareholders' consideration and approval.
- Reviewed and verified the allocation of Employee's Share Option Scheme options to the Directors and eligible employees.

INTERNAL AUDIT FUNCTION

During the financial under review, the Group has outsourced its internal audit function to IA Prov Sdn. Bhd. **("IA Prov")**, an independent professional consulting firm, to assist the AC in discharging their responsibilities and duties. The role of the internal audit function is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance to the AC that such systems continue to operate satisfactorily and effectively in the Group.

IA Prov is headed by Mr Yee Chun Lin, who is a Chartered Member of Institute of Internal Auditor. He is also a non-practising Certified Information System Auditor of ISACA. Mr Yee has close to 20 years of audit experience. IA Prov has assigned four staffs to provide internal audit services during the financial year under review.

The internal auditors present their audit reports which include their findings and recommendations for improvements to the AC for its review and deliberation. The AC also appraised the adequacy of the comments, actions and measures to be taken by the Executive Management in resolving the audit issues reported and recommended for further improvement.

The internal auditors also carried out follow-up reviews to monitor the implementation of the said action plans and measures for reporting to the AC.

For FYE 2023, the internal audit scope was to assess the adequacy and effectiveness of the system of internal control of the following processes of the Group's operations:

- Project billings and management cycle for Mlabs Research Sdn. Bhd.

The total cost paid or payable for the internal audit function for FYE 2023 was RM10,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control which has been prepared in accordance with the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) **("Guidelines")** is made pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Securities Malaysia Berhad **("Listing Requirements")**.

BOARD RESPONSIBILITY

The Board of Directors **("Board")** acknowledges that risk management and internal control are integral to corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The Board recognises that the Group's risk management framework and internal control system are designed to manage the Group's risks within its acceptable risk appetite, rather than to eliminate the risk of failure to achieve the Group's business 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 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")**.

RISK MANAGEMENT

The Group's Enterprise Risk Management Framework adopts a structured and integrated approach in managing key business risks with the aim of safeguarding the Group's assets and the shareholders' interests.

The AC is assisted by the Group Financial Controller **("GFC")** to identify and assess risks as well as to ensure that the risk management processes are adequate and effective. All policies and procedures formulated to identify, measure and monitor various risk components are reviewed and recommended by the GFC to the AC.

The risk management processes involve the key management staff in each functional/operating unit of the Group and is managed by the GA with assistance from the internal auditors. The risks identified remain the foundation in developing a risk profile and the action plans to assist key management to manage and respond to these risks.

The Group's risk management practices are business driven and the processes in identifying, evaluating and managing significant risks facing the Group are embedded into its culture and operations. These processes are driven by the Executive Director **("ED")** and are responsive to changes in the business environment and are clearly communicated to all levels, via management meetings (formal and informal) and discussions.

INTERNAL CONTROL SYSTEM

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 internal audit function has been outsourced to IA Prov Sdn. Bhd., an independent professional service provider, to assist the AC in discharging their responsibilities and duties. To ensure independence, the internal auditors report directly to the AC.

The internal audit of the Group was carried out in accordance with a risk-based audit plan approved by AC. 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 and where necessary, recommended improvements are presented to the AC for consideration. In addition, the internal auditors also carried out follow-up reviews to ensure their recommendations for improvements to internal controls are implemented.

In addition, AC has instructed the Executive Management to closely monitor the implementation status of the management action plans addressed by the Group's internal auditor and report directly to it on the status concerned during the quarterly meetings as and when necessary.

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM (CONTINUED)

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

(i) A management organisational structure with clearly defined lines of responsibilities, authority and accountability;
(ii) Approval and authority limits are imposed on key and senior management in respect of daily operations and major non-operating transactions;
(iii) The Board and AC meet every quarter to discuss financial performances, business operations and strategies and corporate updates.
(iv) Management financial statements and reports are prepared regularly for monitoring of actual performances by the ED and senior management;
(v) Corporate and regulatory matters are controlled centrally at Group level;
(vi) An AC comprising majority of Independent Directors with full and unrestricted access to both internal and external auditors;
(vii) The quarterly financial results and yearly audited financial statements are reviewed by the AC prior to their approval by the Board;
(viii) The Group has in place the Whistleblowing Policy to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential environment; and
(ix) The Group also established the Anti-Bribery and Corruption Policy **("ABC Policy")** prohibiting all forms of bribery and corruption practices. All employees are required to understand the ABC Policy laid out.

ASSURANCE

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and system of internal control for the financial year ended 30 June 2023 and up to the date of this Statement and is of the view that the risk management process and system of internal control are in place for the period covered by this Statement for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

The ED is accountable to the Board for identifying risks relevant to the business of the Group, implementing and maintaining sound risk management practices and internal controls and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's objectives and performance.

The ED has provided assurance to the Board that the Group's risk management process and internal control system were operating adequately and effectively, in all material aspects, and that there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

The Board and Executive Management will continuously improve and enhance the system of internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Rule 15.23 of the Listing Requirements, the external auditors, Messrs CAS Malaysia PLT **("CAS")** had reviewed this Statement. Their review procedures were performed in accordance with Audit and Assurance Practice Guide 3 **("AAPG 3")**: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants.

AAPG 3 does not require CAS to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on the procedures performed and evidence obtained, CAS had reported to the Board that nothing has come to their attention that causes them to believe that this Statement included in this Annual Report, is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

OTHER COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

(i) Rights Issue with Warrants

The Company has on 14 December 2020 completed the Rights Issue with Warrants exercise with the issuance of 755,123,220 new ordinary shares at an issue price of RM0.09 per rights share, together 440,488,340 free detachable warrants of the Company on the basis of 12 rights shares together with 7 free warrants C for every 2 existing shares held by the entitled shareholders of the Company.

Status of utilisation of proceeds derived from the Rights Issue with Warrants exercise by the Company as at 30 June 2022 was as follows:

	Proposed Utilisation (RM'000)	Utilisation up to 30 June 2023 (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Remote meeting and videotelephony enablers	23,000	-	23,000	Within 36 months
Broadcasting and livestreaming centre	7,600	7,600	-	Within 6 months
Acquisition and/or investments in complementary business and/or assets	25,000	25,000	-	Within 24 months
Working Capital	11,561	11,561	-	Within 24 months
Expenses in relation to the proposals	800	800	-	Immediate
	67,961	**44,961**	**23,000**	

(ii) 20% Private Placement of the total number of Issuance Shares

The Company has on 16 July 2021 announced to undertake a private placement of new ordinary shares up to 20% of the total number of issued shares of the Company ("**20% Private Placement**").

On 14 September 2021, the Company has raised total proceeds of RM8.7 million from the said 20% Private Placement by issuance of 241,568,000 new ordinary shares at an issue price of RM0.0360 per share.

As at 30 June 2023, the process raised from the 20% Private Placement has been fully utilised as follows:

	Proposed Utilisation (RM'000)	Variation (RM'000)	Revised Utilisation of Proceeds (RM'000)	Utilisation up to 30 June 2023 (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Development of animated series	8,538	(8,538)	-	-	-	Within 36 months
Capital for loan disbursement in relation to factoring business	-	8,538	8,538	8,538	-	
Expenses in relation to the proposals	158	-	-	158	-	Immediate
	8,696			**8,696**	**-**	

AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Group by the external auditors for the financial year ended 30 June 2023 **("FYE 2023")** amounted to RM279,376 of which RM115,100 was incurred by the Company.

The amount of the non-audit fees incurred for services rendered to the Company by the external auditors for FYE 2023 amounted to RM28,000. The services were for the review of Statement of Risk Management and Internal Control. There were no non-audit fees incurred by the subsidiaries.

Other Compliance Information

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

(i) Employees' Share Options Scheme

The Employees' Share Options Scheme ("**ESOS**") of the Company were approved by the shareholders at the Extraordinary General Meeting held on 8 June 2017 and is governed by the ESOS By-Laws.

The ESOS was implemented on 28 September 2017 and shall be in force for a period of five (5) years and may be extended to such further period, at the sole and absolute discretion of the Board upon the recommendation by the Option Committee, provided always that the initial scheme period and such extension of the scheme made pursuant to the ESOS By-Laws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authorities from the effective date of the ESOS. On 27 September 2022, the Board had approved the extension of the ESOS which is expiring on 27 September 2022 for another five (5) years until 27 September 2027 in accordance with the terms of the ESOS By-Laws.

As at 30 June 2023, the share option movements are as detailed below:

No of Share Options granted during the financial year ended 30 June 2023	Share Options Exercised during the financial year ended 30 June 2023	Share Options lapsed during the financial year ended 30 June 2023	No of Share Options outstanding during the financial year ended 30 June 2023
None	None	None	None

Directors and Chief Executive	Percentage
Aggregate options granted	None
Aggregate options exercised	None
Aggregate options outstanding	None

Directors and Senior Management	Percentage
Aggregate maximum allocation	12%
Actual percentage of options granted during the financial year	None
Actual percentage of options granted since the commencement of the ESOS	12%

During the financial year, there was no ESOS options granted to any of the Executive or Non-Executive Directors.

(ii) Warrants C (2020/2023)

As at 30 June 2023, the total numbers of Warrants C which remained unexercised were 440,488,340 and the expiry date on 7 December 2023.

MATERIAL CONTRACTS

Neither the Company nor any of its subsidiary companies have entered into any material contracts which involved the Directors' and/or major shareholders' interests, which were still subsisting at the end of FYE 2023, or which were entered into since the end of the previous financial year ended 30 June 2022.

Other Compliance Information

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The breakdown of the aggregate value of transaction of a revenue and trading nature conducted during the FYE 2023, is set out below:

Related Party and its Principal Activities	Mlabs Group - Transacting Party	Nature of Transaction with Mlabs Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
NetX Holdings Berhad ("**NetX**") and its subsidiary companies - Investment holding, research and development of software, system design, integration and installation and provision of information technology services	Mlabs Group	Provision of Enterprise Digitalisation Solution Intergrator, R&D, collaborative Conferencing Solutions & Services, Enterprise Mobile Application Solutions, Enterprise Infrastructure Hardware and Ralated Services and project consultation & managed services by Mlabs Group Provision of Blockchain & Digital Assets Advisory Services, Fintech Technology Research & Development, High-Frequency & Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal by Mlabs Group Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar & Training Organiser by Mlabs Group Provision of turnkey solutions on network infrastructure, security management, system security management, system design, system integration and installation including supply of related hardware and provision of related software and hardware maintenance and support services by NetX Group Provision of management services such as property management services, legal services or any shared services by/to Mlabs Group Provision of celebration events planning and gifting services to Mlabs Group Provision of advertisement to/by Mlabs Group	6,248,655	NetX is a Major Shareholder of Mlabs with a shareholding of 15.75%. Mr Tan Sik Eek is the Executive Director of Mlabs and NetX. He is also a shareholder of Mlabs and NetX with a shareholding of 0.05% and 4.32%, respectively.
		Leasing/renting/letting of office premises to / from Mlabs Group	130,000	

Other Compliance Information

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE (CONTINUED)

Related Party and its Principal Activities	Mlabs Group - Transacting Party	Nature of Transaction with Mlabs Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
Fintec Global Berhad (“**Fintec**”) and its subsidiary companies – Technology incubation, investment holding, manufacturing and sale of rubber gloves and sale and production of microbiology fertiliser and probiotic effective microorganisms	Mlabs Group	Provision of Enterprise Digitalisation Solution Intergrator, R&D, collaborative Conferencing Solutions & Services, Enterprise Mobile Application Solutions, Enterprise Infrastructure Hardware and Ralated Services and project consultation & managed services by Mlabs Group Provision of Blockchain & Digital Assets Advisory Services, Fintech Technology Research & Development, High-Frequency & Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal by Mlabs Group Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar & Training Organiser by Mlabs Group Sales of glove and fertiliser products to Mlabs Group Provision of advertisement to/by Mlabs Group	35,314	Mr Tan Sik Eek is the Executive Director amd shareholder of Mlabs with a shareholding of 0.05%. He is also the Managing Director and shareholder of Fintec with a shareholding of 0.01%.
XOX Bhd (“**XOX**”) and its subsidiary companies – Mobile telecommunication, fintech, mobile application, mobile cellular, wireless telecommunication	Mlabs Group	Provision of Enterprise Digitalisation Solution Intergrator, R&D, collaborative Conferencing Solutions & Services, Enterprise Mobile Application Solutions, Enterprise Infrastructure Hardware and Ralated Services and project consultation & managed services by Mlabs Group Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar & Training Organiser by Mlabs Group Provision of advertisement to/by Mlabs Group Provision of vending machine maintenance and support services and subscription package to Mlabs Group Provision of Logistics, Fulfilment, Warehousing and Storage Services to Mlabs Group Provision of advertisement to/by Mlabs Group	496,507	Mr Tan Sik Eek is the Executive Director of Mlabs and XOX. He is also a shareholder of Mlabs with a shareholding of 0.05%.

Other Compliance Information

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE (CONTINUED)

Related Party and its Principal Activities	Mlabs Group - Transacting Party	Nature of Transaction with Mlabs Group	Value of Transaction (RM)	Interested Director and Major Shareholders and nature of their relationship with Related Party
DGB Asia Berhad ("**DGB**") and its subsidiary companies – Digital scan equipment, vending machines, hotel operator, software customisation and developments	Mlabs Group	Provision of Enterprise Digitalisation Solution Intergrator, R&D, collaborative Conferencing Solutions & Services, Enterprise Mobile Application Solutions, Enterprise Infrastructure Hardware and Ralated Services and project consultation & managed services by Mlabs Group Provision of Blockchain & Digital Assets Advisory Services, Fintech Technology Research & Development, High-Frequency & Quant Trading Solutions, Investment Managed Account Services, Software Application Development and Trading of Precious Metal by Mlabs Group Provisioning of Branding, Digital Marketing, Online Media Portal, Offline Marketing, Business events organiser, and Seminar & Training Organiser by Mlabs Group	110,901	Mr Tan Sik Eek is the Executive Director and shareholder of Mlabs with a shareholding of 0.05%. He was the Executive Director of DGB until 16 December 2022. He is also a shareholder of DGB with a shareholding of 0.001% and a director of the subsidiaries of DGB.

STATEMENT OF DIRECTORS' RESPONSIBILITY

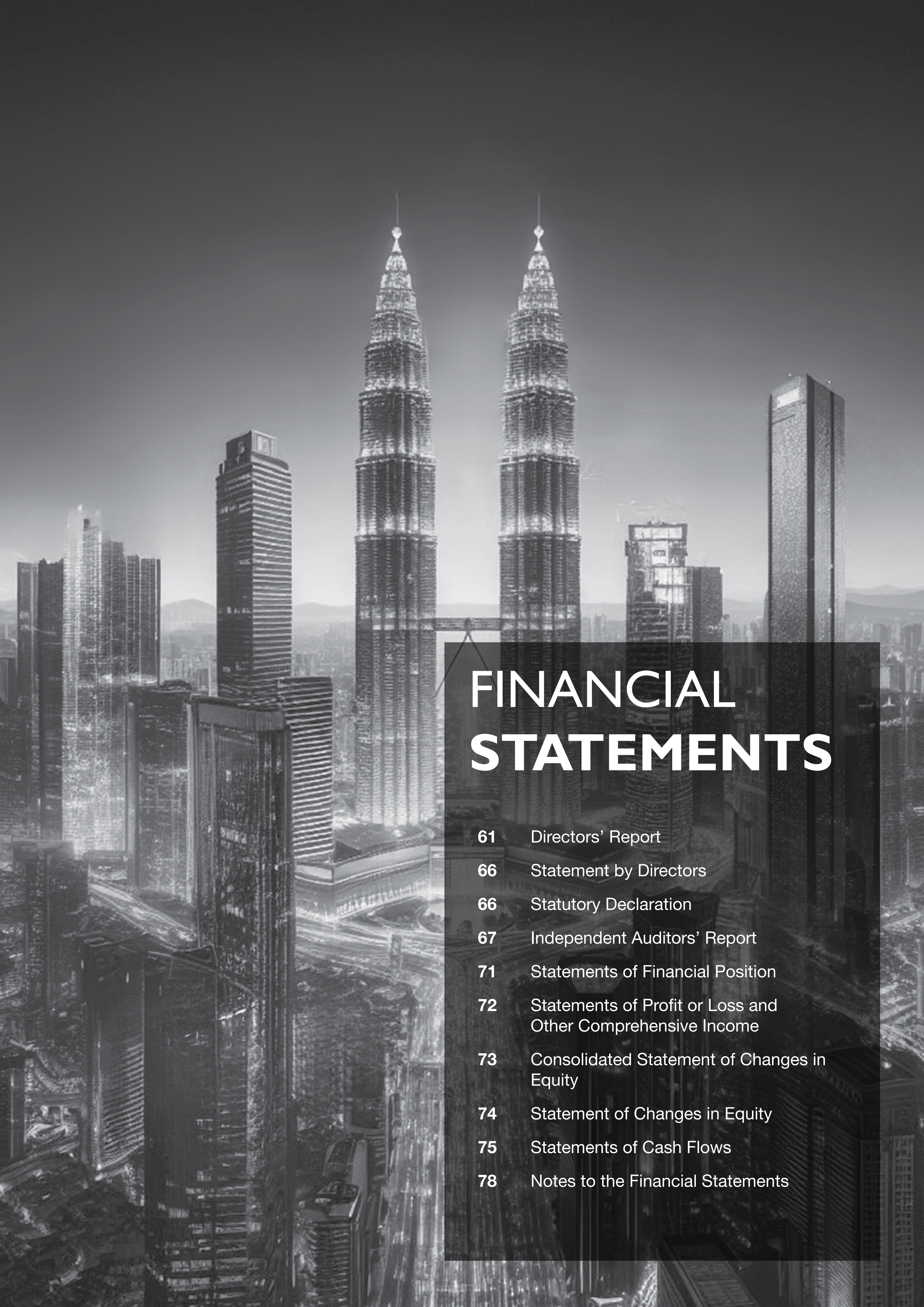
The Board of Directors ("**Board**") of the Company is required by the Companies Act 2016 ("**the Act**") to make a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements for the financial year ended 30 June 2023 have been drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards and the requirements of the Act.

In preparing the financial statements, the Directors have considered that:

- reviewed the accounting policies and ensured that they were consistently applied;
- in cases where judgements and estimates were made, the judgements and estimates concerned were based on reasonableness and prudence;
- The applicable approved accounting standards in Malaysia have been applied; and
- The preparation of the financial statements is on a going concern basis.

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

The Board has relied on the Group's system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.



FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and research and development of mobile application solutions.

The principal activities of the subsidiary companies are disclosed in Note 10 to the financial statements.

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

FINANCIAL RESULTS

	Group 2023 RM	Company 2023 RM
Loss for the financial year	(8,793,133)	(6,123,315)
Attributable to:		
Owners of the Company	(7,285,664)	(6,123,315)
Non-controlling interests	(1,507,469)	-
	(8,793,133)	(6,123,315)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in the notes to the financial statements.

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2023.

SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

Directors' report

WARRANTS

WARRANTS 2020/2023 ("WARRANTS C")

On 14 December 2020, the Company listed and quoted 440,488,340 free detachable Warrants 2020/2023 ("Warrants C") pursuant to the Rights Issue with Warrants Exercise on the basis of twelve (12) Rights Shares together with seven (7) free Warrants C for every two (2) Existing Shares held by the entitled shareholders.

The Warrants C were constituted under the Deed Poll C dated 28 October 2020.

The salient features of the Warrants C are as follows:

(i) On 14 December 2020, the Company issued renounceable rights of 755,123,220 new ordinary shares together with 440,488,340 free detachable Warrants on the basis of twelve (12) Rights Shares together with seven (7) free Warrants for every two (2) Existing Shares of the Company. The exercise price is subject to adjustment in accordance with the basis set out in the deed poll.

(ii) The Warrants may be exercised at any time commencing on the date of issue of Warrants on 8 December 2020 but not later than 7 December 2023. Any Warrants which have not been exercised at date of maturity, will lapse and cease to be valid for any purpose.

(iii) The Warrant holders will not have any voting rights in any general meeting of the Company unless the Warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

(iv) The movement of Warrants C is as follows:

		Number of warrants			
Date of offer	Exercise price	As at 01.07.2022	As at Issued	Exercised	30.06.2023
	RM	Units	Units	Units	Units
Warrants					
2020/2023	0.09	440,488,340	-	-	440,488,340
		440,488,340	-	-	440,488,340

DIRECTORS

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

General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)
Tan Sik Eek
Mejar Dato' Ismail bin Ahmad (R)
Ong Tee Kein
Professor Emeritus Dr. Sureswaran Ramadass
Chuah Hoon Hong
Karina binti Idris Ahmad Shah *(Appointed on 1 June 2023)*

The names of the directors of the subsidiary companies of the Company during the financial year and the period from the end of the financial year to the date of this report, not including those directors listed above are:

Carlos Luis Salas Porras
Chen Chee Peng
Chiew Jia Chiun
Chiew Jia Yee
Huang Hsin Han
Stephen Joseph Chor Lynch
Tay Ben Seng, Benson

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares and warrants of the Company during the financial year were as follows:

	Number of ordinary shares			
	As at		As at	
Shareholdings in the name of directors	**01.07.2022**	**Acquired**	**Sold**	**30.06.2023**
Direct interest				
Ong Tee Kein	836,100	-	-	836,100
Professor Emeritus Dr. Sureswaran Ramadass	33,513	-	-	33,513
Tan Sik Eek	700,000	-	-	700,000
Indirect interest				
Professor Emeritus Dr. Sureswaran Ramadass *	3,829	-	-	3,829

* Deemed interest by virtue of the shareholdings of his spouse.

	Number of warrants			
	As at	As at		
Shareholding in the name of director	**01.07.2022**	**Acquired**	**Sold**	**30.06.2023**
Direct interest				
Tan Sik Eek	350,000	-	-	350,000

By virtue of their interests in the shares of the Company, all the above directors are also deemed to have interests in the shares of the subsidiary companies to the extent the Company has an interest.

Other than disclosed above, the other directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 30 to the financial statements.

None of the directors of the Group and of the Company have received any other benefits otherwise than in cash from the Group and the Company during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Group and the Company by the directors of the Group and of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

No indemnity has been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

Directors' report

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 30 to the financial statements) 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.

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	Group 2023 RM	Company 2023 RM
Executive directors:		
Fees	226,800	-
Salaries and other emoluments	958,532	-
Defined contribution plan	52,927	-
Social security contributions	1,169	-
Others	12,800	-
	1,252,228	-
Non-executive directors:		
Fees	843,820	418,000
Others	1,566	1,566
	845,386	419,566
	2,097,614	419,566

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts has been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised at their book values 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 had been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render it necessary to write off for any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of the financial statements of the Group and of the Company; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

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

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

OTHER STATUTORY INFORMATION (continued)

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 in respect of the Group and of the Company which has arisen since the end of the financial year.

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

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

AUDITORS

The auditors, CAS Malaysia PLT, Chartered Accountants have indicated their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 were as follows:

	Group 2023 RM	**Company 2023 RM**
Statutory audit:		
- CAS Malaysia PLT:		
- Current year	194,000	110,000
- Prior year	6,960	5,100
- Other firms:		
- Current year	78,416	-
Non-statutory audit	28,000	28,000
	307,376	143,100

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 30 October 2023.

TAN SIK EEK
Director

ONG TEE KEIN
Director

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, TAN SIK EEK and ONG TEE KEIN, being two of the directors of MLABS SYSTEMS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 71 to 151 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 30 October 2023.

TAN SIK EEK
Director

ONG TEE KEIN
Director

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

I, TAN SIK EEK, being the director primarily responsible for the accounting records and financial management of MLABS SYSTEMS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 71 to 151 are in my opinion 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)
TAN SIK EEK)
at Puchong in the state of Selangor Darul Ehsan)
on 30 October 2023)

TAN SIK EEK

Before me,

TAN KAI YONG (B 653)
Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MLABS SYSTEMS BERHAD
(REGISTRATION NO.: 200401014724 (653227-V))
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MLABS SYSTEMS BERHAD, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and 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 71 to 151.

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 of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
1. Ownership and Valuation of Land Development Rights *Refer to Note 3.6 - Significant Accounting Policies, Note 4.12 - Significant Accounting Judgements, Estimates and Assumptions and Note 7 - Land Development Rights* As at 30 June 2023, the Group has a total amount of land development rights of RM11,215,289, representing approximately 8.3% of the Group's total assets. The land development rights were acquired through a debt settlement between a subsidiary company and its debtor. Subsequently, the subsidiary company entered into a joint venture agreement with a developer during the financial year. We determined the ownership and valuation of land development rights as key audit matter as it requires significant degree of judgements to justify that the control of the land rights still remain with the Group.	Our audit procedures included: i. Enquired the management to understand the timing and relationships of events occurred; ii. Reviewed the legal documents signed in relation to the debt settlement and joint arrangement; iii. Inspected the original title deeds of the lands and performed land searches; iv. Obtained and reviewed legal opinion in relation to the Group's ownership on the lands; v. Obtained and reviewed the updated valuation report in relation to the value of lands; and vi. Reviewed the adequacy of disclosure in the financial statements.

Independent Auditors' Report
To The Members Of Mlabs Systems Berhad
(Registration No.: 200401014724 (653227-V))
(Incorporated In Malaysia)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How the matter was addressed in the audit
2. Impairment of Trade Receivables *Refer to Note 3.12 - Significant Accounting Policies, Note 4.5 - Significant Accounting Judgements, Estimates and Assumptions and Note 15 - Trade Receivables* Trade receivables of RM11,780,800 are significant to the Group as these represent approximately 8.7% of the Group's total assets. The key risk is the recoverability of the trade receivables which requires management's judgement and estimation in determining the adequacy of the impairment losses associated with the trade receivables.	Our audit procedures included: i. Reviewed the receivables aging analysis and tested the reliability thereof; ii. Evaluated subsequent year end receipts and recoverability of outstanding trade receivables; iii. Made inquiries of management pertaining to the recoverability of significant and overdue debts; iv. Evaluated the basis and evidence used by management for the impairment test and adequacy of allowance for impairment made; v. Assessed the reasonableness of the Group's Expected Credit Loss ("ECL") model by reviewing the probability of default using historical data and forward-looking information adjustment applied by the Group; vi. Made inquiries of management to assess the rationale underlying the relationship between the forward-looking vii. Reviewed the adequacy of disclosure in the financial statements.

Information Other Than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the 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 do 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 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 Mlabs Systems Berhad
(Registration No.: 200401014724 (653227-V))
(Incorporated In Malaysia)

Report on the Audit of the Financial Statements (continued)

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:

(i) 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.

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

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(iv) 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.

(v) 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.

(vi) 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
Report on Other Legal and Regulatory Requirements

Independent Auditors' Report

To The Members Of Mlabs Systems Berhad
(Registration No.: 200401014724 (653227-V))
(Incorporated In Malaysia)

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 10 to the financial statements.

Other Matters

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

CAS MALAYSIA PLT
[201606003206 (LLP0009918-LCA) & (AF 1476)]
Chartered Accountants

KONG JUNE HON
[No. 03258/05/2024(J)]
Chartered Accountant

Date: 30 October 2023

Puchong

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	5	13,836,547	11,664,985	12,470	1,528
Right-of-use assets	6	2,590,042	3,545,154	-	-
Land development rights	7	11,215,289	11,215,289	-	-
Investment properties	8	18,423,841	18,656,582	-	-
Intangible assets	9	4,535,581	6,774,662	-	-
Investment in subsidiary companies	10	-	-	51,447,790	53,693,061
Investment in associate companies	11	-	-	-	-
Other investments	12	4,725,000	4,739,783	-	2,500,000
Finance lease receivables	14	1,387,304	-	-	-
Trade receivables	15	239,407	-	-	-
		56,953,011	56,596,455	51,460,260	56,194,589
CURRENT ASSETS					
Inventories	16	1,500,629	618,458	-	-
Finance lease receivables	14	958,566	-	-	-
Trade receivables	15	11,541,393	15,113,106	-	-
Other receivables	13	3,452,091	4,184,599	469,408	703,516
Amount due from subsidiary companies	17	-	-	36,127,179	8,254,493
Contract assets	18	-	222,585	-	-
Tax recoverable		-	42,085	-	-
Short-term investments	19	1,089,298	25,828,197	1,089,298	25,828,197
Cash and bank balances		59,793,515	41,140,356	2,389,848	6,693,597
		78,335,492	87,149,386	40,075,733	41,479,803
TOTAL ASSETS		135,288,503	143,745,841	91,535,993	97,674,392
EQUITY					
Share capital	20	110,048,856	110,048,856	110,048,856	110,048,856
Warrants reserve	21	44,797,664	44,797,664	44,797,664	44,797,664
Foreign translation reserve	21	3,591,519	1,395,267	-	-
Accumulated losses	21	(32,003,914)	(24,718,250)	(64,000,822)	(57,877,507)
Total equity attributable to owners of the Company		126,434,125	131,523,537	90,845,698	96,969,013
Non-controlling interests	10	1,470,392	540,509	-	-
TOTAL EQUITY		127,904,517	132,064,046	90,845,698	96,969,013
NON-CURRENT LIABILITIES					
Lease liabilities	6	1,843,174	2,636,187	-	-
Deferred taxation	22	197,516	-	-	-
		2,040,690	2,636,187	-	-
CURRENT LIABILITIES					
Trade payables	23	698,166	896,044	-	-
Other payables	23	3,416,409	5,587,765	600,701	136,896
Amount due to directors	24	3,368	916,335	-	-
Amount due to subsidiary companies	17	-	-	89,303	568,192
Lease liabilities	6	943,714	1,091,176	-	-
Contract liabilities	18	70,545	398,648	-	-
Provision for taxation		211,094	155,640	291	291
		5,343,296	9,045,608	690,295	705,379
TOTAL LIABILITIES		7,383,986	11,681,795	690,295	705,379
TOTAL EQUITY AND LIABILITIES		135,288,503	143,745,841	91,535,993	97,674,392

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	25	22,493,164	20,869,051	-	-
Cost of sales		(10,470,093)	(14,820,356)	-	-
GROSS PROFIT		12,023,071	6,048,695	-	-
Other income	26	7,302,897	4,576,121	961,225	1,187,312
Administrative expenses		(18,568,768)	(15,233,357)	(1,541,680)	(1,444,560)
Net impairment losses on trade and other receivables and amount due from subsidiary companies		(1,365,692)	(98,937)	(751,086)	(230,116)
Selling and distribution expenses		(1,558,931)	(2,754,858)	(10,396)	(23,076)
Other operating expenses		(5,870,770)	(5,870,420)	(4,781,378)	(661,108)
LOSS FROM OPERATIONS		(8,038,193)	(13,332,756)	(6,123,315)	(1,171,548)
Finance costs	27	(146,601)	(396,787)	-	-
LOSS BEFORE TAXATION	28	(8,184,794)	(13,729,543)	(6,123,315)	(1,171,548)
Taxation	29	(608,339)	(614,172)	-	-
LOSS AFTER TAXATION		(8,793,133)	(14,343,715)	(6,123,315)	(1,171,548)
Other comprehensive income, net of tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		2,256,986	1,822,557	-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR		(6,536,147)	(12,521,158)	(6,123,315)	(1,171,548)
LOSS AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		(7,285,664)	(13,036,404)	(6,123,315)	(1,171,548)
Non-controlling interests		(1,507,469)	(1,307,311)	-	-
		(8,793,133)	(14,343,715)	(6,123,315)	(1,171,548)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO:					
Owners of the Company		(5,089,412)	(11,310,442)	(6,123,315)	(1,171,548)
Non-controlling interests		(1,446,735)	(1,210,716)	-	-
		(6,536,147)	(12,521,158)	(6,123,315)	(1,171,548)
Basic loss per share attributable to owners of the Company (sen)	31	(0.50)	(0.93)		
Diluted loss per share attributable to owners of the Company (sen)	31	(0.50)	(0.93)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group		**Attributable to the owners of the Company**						
		Non-distributable			**Distributable**			
	Note	**Share capital RM**	**Warrants reserve RM**	**Foreign translation reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
2023								
Balance as at 1 July 2022		110,048,856	44,797,664	1,395,267	(24,718,250)	131,523,537	540,509	132,064,046
Loss for the financial year		-	-	-	(7,285,664)	(7,285,664)	(1,507,469)	(8,793,133)
Other comprehensive income, net of tax		-		2,196,252	-	2,196,252	60,734	2,256,986
Total comprehensive expense for the financial year		-	-	2,196,252	(7,285,664)	(5,089,412)	(1,446,735)	(6,536,147)
Transactions with owners:								
Deemed disposal of subsidiary companies	10(b)	-	-	-	-	-	2,376,618	2,376,618
Balance as at 30 June 2023		110,048,856	44,797,664	3,591,519	(32,003,914)	126,434,125	1,470,392	127,904,517

Group		**Attributable to the owners of the Company**						
		Non-distributable			**Distributable**			
	Note	**Share capital RM**	**Warrants reserve RM**	**Foreign translation reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
2022								
Balance as at 1 July 2021		101,401,679	44,797,664	(330,695)	(10,719,291)	135,149,357	888,670	136,038,027
Loss for the financial year		-	-	-	(13,036,404)	(13,036,404)	(1,307,311)	(14,343,715)
Other comprehensive income, net of tax		-	-	1,725,962	-	1,725,962	96,595	1,822,557
Total comprehensive expense for the financial year		-	-	1,725,962	(13,036,404)	(11,310,442)	(1,210,716)	(12,521,158)
Transactions with owners:								
Changes in ownership interests in a subsidiary company	10(a)	-	-	-	(962,555)	(962,555)	862,555	(100,000)
Ordinary shares issued pursuant to:								
- Private placement	20	8,647,177	-	-	-	8,647,177	-	8,647,177
Balance as at 30 June 2022		110,048,856	44,797,664	1,395,267	(24,718,250)	131,523,537	540,509	132,064,046

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

Company	Note	Share capital RM	Warrants reserve RM	Accumulated losses RM	Total equity RM
Balance as at 1 July 2021		101,401,679	44,797,664	(56,705,959)	89,493,384
Total comprehensive expense for the financial year		-	-	(1,171,548)	(1,171,548)
Transactions with owners:					
Ordinary shares issued pursuant to:					
- Private placement	20	8,647,177	-	-	8,647,177
Balance as at 30 June 2022		110,048,856	44,797,664	(57,877,507)	96,969,013
Total comprehensive expense for the financial year		-	-	(6,123,315)	(6,123,315)
Balance as at 30 June 2023		110,048,856	44,797,664	(64,000,822)	90,845,698

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(8,184,794)	(13,729,543)	(6,123,315)	(1,171,548)
Adjustments for:					
Amortisation of intangible assets	9	2,538,899	923,092	-	-
Depreciation of:					
- property, plant and equipment	5	2,875,331	680,269	1,081	1,615
- right-of-use assets	6	1,005,187	875,149	-	-
- investment properties	8	74,141	70,918	-	-
Gain on deemed disposal of subsidiary companies		(2,374,625)	-	-	-
Fair value (gain)/loss on:					
- other investments	26	(137)	(2,040,853)	-	-
- film investment fund from investors	23	-	(934,893)	-	-
- film investments	13	-	1,008,035	-	-
Gain on derecognition of leases	6	(150,553)	(1,106)	-	-
Loss on disposal of property, plant and equipment	28	21	502	-	-
Impairment losses on:					
- trade receivables	15	1,068,440	3,952	-	-
- other receivables	13	302,358	95,204	-	-
- investment in subsidiary companies	10	-	-	2,245,271	661,108
- amount due from subsidiary companies	17	-	-	751,086	1,183,000
- intangible assets	9	-	3,902,502	-	-
- investment properties	8	158,600	-	-	-
- other investments	12	2,500,000	-	2,500,000	-
Income distribution from short-term investments	26	(40,808)	(496,598)	(40,808)	(496,597)
Interest expense	27	146,601	396,787	-	-
Inventories written off	16	6,936	41,424	-	-
Interest income	26	(586,197)	(3,807)	-	-
Property, plant and equipment written off	5	507,448	30,243	-	-
Provision of slow-moving inventories	16	-	15,659	-	-
Preferences shares dividend income		(7,248)	-	-	-
Reversal of impairment on:					
- other receivables	13	(1,154)	(219)	-	-
- trade receivables	15	(3,952)	-	-	-
- amount due from subsidiary companies	17	-	-	-	(952,882)
Unrealised loss/(gain) on foreign exchange	28	344,443	1,125,850	(591,598)	(418,788)
Variable lease payments	6	-	(12,542)	-	-
Operating loss before working capital changes		178,937	(8,049,975)	(1,258,283)	(1,194,092)
Increase in inventories		(889,107)	(229,720)	-	-
Decrease/(Increase) in receivables		(61,310)	3,269,856	234,108	268,012
(Decrease)/Increase in payables		(832,188)	(2,309,556)	463,805	55,696
Decrease in contract assets		222,585	371,842	-	-
Decrease in contract liabilities		(328,103)	(657,812)	-	-
Cash used in operations		(1,709,186)	(7,605,365)	(560,370)	(870,384)
Income tax paid		(313,284)	(466,474)	-	-
Net cash used in operating activities		(2,022,470)	(8,071,839)	(560,370)	(870,384)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Cash Flow
For the Financial Year Ended 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
(Advances to)/Repayment from subsidiary companies		-	-	(28,511,063)	8,085,978
Withdrawal/(placement) of other investments		14,920	(940,571)	-	-
Income received from short-term investments	26	40,808	496,598	40,808	496,597
Interest received		586,197	3,807	-	-
Capital contribution to subsidiary companies	10	-	-	-	(46,778,644)
Acquisition of:					
- subsidiary companies	10	-	(4,996,354)	-	-
- additional equity interest in a subsidiary company	10	-	(100,000)	-	(100,001)
- investment properties	8	-	(9,912,500)	-	-
- intangible assets	9	-	(1,322,129)	-	-
- property, plant and equipment	5	(5,533,638)	(10,120,948)	(12,023)	(1,048)
- Redeemable Convertible Preference Shares	12	-	-	-	(1,000,000)
Net cash outflows from deemed disposal of subsidiary companies		(195,784)	-	-	-
Proceeds from disposal of:					
- property, plant and equipment		2,231	600	-	-
- right-of-use assets		270,000	-	-	-
Net cash used in investing activities		(4,815,266)	(26,891,497)	(28,482,278)	(39,297,118)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid	27	(146,601)	(396,787)	-	-
Advance from directors		34,918	93,648	-	-
Proceeds from issuance of shares pursuant to:					
- Private placement	20	-	8,647,177	-	8,647,177
Repayment of bank overdraft		-	(6,215,289)	-	-
Payment of lease liabilities	6	(1,113,041)	(703,349)	-	-
Net cash (used)/generated from financing activities		(1,224,724)	1,425,400	-	8,647,177
Net decrease in cash and cash equivalents		(8,062,460)	(33,537,936)	(29,042,648)	(31,520,325)
Effects of exchange rate changes		1,976,720	270,037	-	-
Cash and cash equivalents as at beginning of the financial year		66,968,553	100,236,452	32,521,794	64,042,119
Cash and cash equivalents as at end of the financial year		60,882,813	66,968,553	3,479,146	32,521,794
Cash and cash equivalents comprise of:					
Short-term investments		1,089,298	25,828,197	1,089,298	25,828,197
Cash and bank balances		59,793,515	41,140,356	2,389,848	6,693,597
		60,882,813	66,968,553	3,479,146	32,521,794

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Cash Flow
For the Financial Year Ended 30 June 2023

(a) Reconciliation of movement of liabilities to cash flow arising from financing activities

Group and Company

	At 1 July 2022 RM	Net changes from financing activities RM	Addition of lease liabilities RM	At 30 June 2023 RM
Lease liabilities	3,727,363	(1,113,041)	172,566	2,786,888

	At 1 July 2021 RM	Net changes from financing activities RM	Addition of lease liabilities RM	At 30 June 2022 RM
Lease liabilities	922,887	(703,349)	3,507,825	3,727,363

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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

The Company's registered office is located at 22-09, Menara 1MK, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur.

The principal place of business of the Company is located at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company and its subsidiary companies (together referred to as the "Group"). The financial statements of the Company as at and for the financial year ended 30 June 2023 do not include other entities.

The Company is principally engaged in the business of investment holding and research and development of mobile application solutions. The principal activities of its subsidiary companies are set out in Note 10 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 October 2023.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year.

2.2 Going concern

The Group's and the Company's management have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continues as a going concern. Therefore, the financial statemetns continue to be prepared on the going concern basis.

2.3 Adoption of Amendments to MFRSs and Annual Improvements

At the beginning of the financial year, the Group and the Company have adopted the following Amendments to MFRSs and Annual Improvements which are mandatory for the financial periods beginning on or after 1 January 2022:

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 141	Agriculture
Amendments to Annual Improvements to MFRS Standards 2018-2020	

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.4 Standards issued but not yet effective

The Group and the Company have not adopted the following Standards, Amendments and Annual Improvements that have been issued but are not yet effective by the Malaysian Accounting Standards Board (“”MASB””).

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 112	Income Taxes

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 7	Financial Instruments: Disclosures
Amendments to MFRS 16	Leases
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 107	Statement of Cash Flows

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates

Effective date to be determined by Malaysian Accounting Standards Board

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above mentioned Standards, Amendments and Annual Improvements, if applicable, when they become effective in respective financial periods. The directors do not expect any material impact to the financial statements of the upon adoption above pronouncements.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

2.6 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency. All financial information are presented in RM, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at 30 June 2023.

The financial statements of the Company’s subsidiary companies are prepared for the same reporting date as the Company, using consistent accounting policies to like transactions and events in similar circumstances.

Notes to the Financial Statements
for the financial year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiary companies and business combination

Subsidiary companies are entities over which the Company has control. The Company controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7 below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

The amounts due from subsidiary companies of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's net investments in the respective investees.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at fair value on the date of acquisition and any resulting gain or loss is recognised in profit or loss or OCI.

Any contingent consideration to be transferred by the acquirer will be 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 changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiary companies and business combination (continued)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A change in the ownership interest of a subsidiary company, without loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary company, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary company;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary company;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

(b) Non-controlling interests

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiary companies not owned, directly and indirectly by the Company. NCI are presented separately in the consolidated statements of profit or loss and OCI and within equity in the consolidated statements of financial position, but separate from parent shareholders' equity. Total comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Changes in the Company owners' ownership interest in subsidiary companies that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(c) Transactions eliminated on consolidation

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

(d) Investment in associate companies

An associate company 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.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiary companies.

The Group's investment in its associate companies are accounted for using the equity method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(d) Investment in associate company (continued)

Under the equity method, the investment in an associate company is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate companies since the acquisition date. Goodwill relating to the associate companies is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate companies. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate companies, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate companies are eliminated to the extent of the interest in the associate companies.

The aggregate of the Group's share of profit or loss of the associate companies is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non controlling interests in the subsidiaries of the associate companies.

The financial statements of the associate companies are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate companies. At each reporting date, the Group determines whether there is objective evidence that the investment in associate companies is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate companies and its carrying value, and then recognises the loss within 'Share of profit of associate companies' in the statement of profit or loss.

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

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

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property, plant and equipment (continued)

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

Depreciation on the property, plant and equipment are calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Renovation	10%
Motor vehicles	20%
Furniture, fittings, signboard and office equipment	20% - 33.33%
Computers	20%

Depreciation of an asset begins when it is ready for its intended use.

Capital work in progress in property, plant and equipment are not depreciated as the assets are not yet available for use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.7 on impairment of non-financial assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

3.3 Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or 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.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7 to the financial statements.

Buildings are depreciated on a straight-line basis to write off the cost over the estimated useful lives of 50 years. Investment properties under construction is stated at cost and is not depreciated until such time when the asset is available for use.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Intangible assets

An intangible asset shall be recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Film production cost capitalised includes direct production costs, production overheads and development costs. The costs are amortised using the individual-film-forecast method, whereby these costs are amortised in the proportion that current year's revenue bears to management's estimate of ultimate revenue expected to be recognised from the exploitation, exhibition or sale of the films.

Intangible assets that have been capitalised are amortised on a straight-line basis over the period of their expected benefit, when the intangible assets are available for use. Film production cost are amortised when the film is released. The estimated useful live for the intangible assets are as follows:

Film production	1 year
Website cost	5 years
Software development expenditure	3 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3.5 Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects relating to the design and testing of new or improved products or process are recognised as intangible assets if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably, the expenditure attributable to the assets under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are probable;
(iv) its ability to use or sell the developed asset; and
(v) the availability of adequate technical, financial and other resources to complete the assets under development.

Capitalised development expenditures are measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Research and development expenditure (continued)

Development expenditures are amortised on a straight-line basis over its useful life. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at the end of each reporting period. See accounting policy Note 3.7 on impairment of non-financial assets.

3.6 Land development rights

Land development rights are acquired through a debt settlement arrangement, and are stated at cost less accumulated impairment losses. The cost of land development rights are initially measured at the value equivalent to the debt.

Land development rights are reversed to investment properties under construction on progress billing basis, when the development has commenced.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.7 on impairment of non-financial assets.

A land development right is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss.

3.7 Impairment of non-financial assets

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

For goodwill, property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently, when indicators of impairment are identified.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value-in-use. 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 non-financial assets or cash-generating units ("CGU").

In assessing value-in-use, the estimated future cash flows expected to be generated by the assets 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 assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of that asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured using first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.9 Leases

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease based on whether the contract conveys to the user the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and servicing elements, the consideration is allocated to each of the lease and non-lease components and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

3.9.1 Leases in which the Group is a lessee

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Motor vehicle	5 years
Office	2 to 6 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Leases (continued)

3.9.1 Leases in which the Group is a lessee (continued)

(c) Short-term leases and leases of low-value assets (continued)

The Group and the Company elected to apply exemption to those short-term leases in which the lease term is 12 months or less from the commencement date and without purchase option. Besides, exemption is also applied for the lease of low-value assets. The lease payments incurred on the exempted leases are recognised as expenses on a straight-line basis over the lease term.

(d) Lease term

The lease term includes non-cancellable period of a lease together with periods covered by an option to extend or terminate the lease if the Group is reasonably certain to exercise that option.

Under some of the leases, the Group is offered with the option to extend the lease term for additional one to three years. The Group applies judgement in considering all relevant facts and circumstances that create an economic incentive to exercise the extension option or not to exercise the termination option, to evaluate whether it is reasonably certain that the option will be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or not to terminate.

3.9.2 Leases in which the Group is a lessor

As a lessor, the Group determines whether a lease is finance lease or operating lease. The assessments are based on if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to them. Examples of indicators for finance lease are:-

(i) Ownership is transferred at the end of lease term;

(ii) Purchase option is offered at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable;

(iii) The lease term is for the major part of the economic life of the underlying asset;

(iv) The present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and

(v) The underlying asset is of such a specialised nature that only the Group can use it.

<u>Operating lease</u>

Lease payments from operating lease are recognised as income by the Group on straight-line basis over the lease term of the lease. Initial direct costs incurred in obtaining the assets that are leased out are included in the carrying amount of the underlying assets, and the subsequent costs incurred is recognised as expense for the period of earning the income. Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short-term, 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, and are used by the Group and the Company in management of their short-term funding requirements.

Notes to the Financial Statements
for the financial year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial assets

(a) Classification

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 instruments.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI ("FVOCI"), and fair value through profit or loss ("FVTPL").

(b) Initial recognition and subsequent measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group's and the Company's business model for managing financial assets refer to how the Group and the Company manage their 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.

For the purpose of subsequent measurement under MFRS 9, financial assets are classified as follows:

(i) Financial assets at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met:

(a) the financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial assets 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 ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

(ii) Financial assets at FVOCI

Debt instruments

Debt instruments are measured at FVOCI if both of the following conditions are met:

(a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial assets (continued)

(b) Initial recognition and subsequent measurement (continued)

(ii) Financial assets at FVOCI (continued)

Debt instruments (continued)

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company did not hold any debt instrument at FVOCI in the current and previous financial year.

Equity instruments

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

The Group and the Company did not hold any equity instrument at FVOCI in the current and previous financial year.

(iii) Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category includes derivative instruments and listed equity investments which had not been irrevocably elected to be classified at FVOCI. Dividends on listed equity investments are also recognised as other income in the statements of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

(a) the economic characteristics and risks are not closely related to the host;
(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
(c) hybrid contract is not measured at fair value through profit or loss.

Notes to the Financial Statements
for the financial year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial assets (continued)

(b) Initial recognition and subsequent measurement (continued)

(iii) Financial assets at FVTPL (continued)

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Film investment represent funds advanced to external parties for the financing of production and marketing expenditures that are associated with specific film and drama that the Group invested in. The Group is entitled to a pre-agreed specified percentage of the proceeds from the sale of the specific film and drama associated with the financing provided.

Any gain or loss arising from changes in fair value of film investment are recognised in profit or loss. Fair value is determined as set out in Note 3.23.

If the share of the proceeds receivable from the external parties is higher than the equivalent film investment, the film made a profit and the proportionate profit to be received from the external parties is recognised as “fair value gain on film investment” in other income. If the film made a loss and the proportionate loss to be deducted against the film investment is recognised as “fair value loss on film investment” in other expense.

The Group’s financial assets at FVTPL include money market funds, equity investments, short-term investments, investment in film production and trust assets. The Company’s financial asset at FVTPL includes redeemable convertible preference shares.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the statements of financial position) when:

(i) the rights to receive cash flows from the asset have expired; or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate.

The Group and the Company measure loss allowance at an amount equal to lifetime ECL, except for debt securities 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-month ECL. For trade receivables and contract assets, loss allowances are measured based on lifetime ECL at each reporting date. The Group and the Company estimate the ECL on trade receivables using a provision matrix with reference to historical credit loss experience, adjusted for forward looking factor specific to the debtors and the economic environment.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset, while the 12-month ECL are the portion of the ECL that result from default events that are possible within the 12 months after the reporting date.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort.

An impairment loss in respect of the financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are recognised in profit or loss. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows of the financial asset.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities carried at fair value through other comprehensive income 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 that financial asset have occurred.

(a) Simplified approach for trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information such as:

- internal credit rating/assessment;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor (where available);
- significant increase in credit risk on other financial instruments of the same debtor;

Notes to the Financial Statements
for the financial year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of financial assets (continued)

(a) Simplified approach for trade receivables (continued)

Significant increase in credit risk (continued)

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

Grouping of instruments for ECL measured on collective basis

Collective assessment

To measure ECL, trade receivables are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group considers the expected loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Note 15 sets out the measurement details of ECL.

(b) General 3-stages approach for other receivables, contract assets and advances to subsidiary companies

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Note 13, 14 and 17 set out the measurement details of ECL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

3.13.1 Financial liabilities at FVTPL

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

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's and the Company's key management personnel; or

(c) if a contract contains one or more embedded derivative and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as FVTPL are subsequently measured at fair value with gains or losses, including any interest expense, being recognised in the profit or loss.

For financial liabilities which are designated as FVTPL upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

Film investment funds from investors represent funds received from third parties for the financing of production and marketing expenditures that are associated with specific film and drama that the Group produce. In accordance with the financing agreement, the film investment funds from investors are not guaranteed on principals by the Group. The third-party investors are entitled to a pre-agreed specified percentage of the proceeds from the sale of the specific film and drama associated with the financing provided.

Any gains or loss arising from changes in fair value of film investment funds from investors are recognised in profit or loss.

If the share of the proceeds payable to the investors is higher than the equivalent film investment funds from investors, the film made a profit and the proportionate profit to be repaid to the investors is recognised as "fair value loss on film investment funds from investors" in other expenses. If the film made a loss and the proportionate loss to be deducted against the film investment funds from investors is recognised as "fair value gain on film investment funds from investors" in other income.

For financing agreement where film investment funds investors are guaranteed on principals with fixed return by the Group, the financial liabilities were measured at amortised cost with interests on film investment funds from investors recognised in finance costs.

The Group's financial liabilities at FVTPL include film investment funds from investors.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial liabilities (continued)

3.13.2 Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

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

3.13.3 Financial guarantee contracts

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

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

(a) the amount of the loss allowance; and

(b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 Revenue from Contracts with Customers.

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

Derecognition

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

3.14 Contract assets and contract liabilities

A contract asset is the Group's right to consideration for goods or services transferred to a customer when the right is subject to conditions other than passage of time. Contract assets are reviewed for impairment on the same basis as financial assets in accordance with the Group's accounting policy on impairment of financial assets as disclosed in Note 3.12.

A contract liability is the Group's obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers for the consideration due under the contracts with customers.

3.15 Share capital

An equity instrument is any contract that evidences a residual interest in the assets 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve. This reserve is non-distributable and will be transferred to share capital upon the exercise of warrants. The warrants reserve in relation to unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Contingencies

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company in the current and previous financial year.

3.17 Foreign currency transactions and operations

3.17.1 Functional and presentation currency

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

3.17.2 Translation of foreign currency transactions

Transactions in currencies other than the Group's and the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on 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 translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

3.17.3 Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in OCI. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income tax

3.18.1 Current tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred tax

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

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

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

(ii) In respect of taxable temporary differences associated with investment in subsidiary companies, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

(i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

(ii) In respect of deductible temporary differences associated with investment in subsidiary companies, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income tax (continued)

3.18.2 Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.19 Revenue recognition and other income

The Group recognises revenue from contracts with customers for goods or services based on the five step model as set out in this standard:-

(i) Identify contracts with a customer;
(ii) Identify performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligation in the contract; and
(v) Recognise revenue when the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performances:-

(i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or
(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
(iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based on asset for the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at fair value of consideration received or receivable. The following describes the performance obligation in contracts with customers:-

3.19.1 Sale of goods

The Group sells a range of kitchen equipment and appliances to customers. As the performance obligation is satisfied at a point in time when the Group transfers control of the goods to the customers, whereby the goods are delivered to the customers, revenue is also recognised based on the selling price specified in the contract.

The sales of bulk made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present as the sales are made with cash term. The receivables is recognised when the customers obtained the controls of goods as the consideration is unconditional other than passage of time before payment is due.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Revenue recognition and other income (continued)

3.19.2 Rendering of services

Revenue is recognised over period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the percentage-of-completion method when the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue is recognised only to extend that contract costs incurred are likely to be recoverable.

3.19.3 License fee of film distribution rights

Revenue is recognised at the point in time upon delivery and acceptance of the final product by the customer as control of the film content is transferred so that the customer can direct the use and obtain the associated benefits.

3.19.4 Film distribution net receipts

The Group earns variable fees for such dramas and films, which is determined based on viewership for each episode of the drama or the film on the online video platforms or cinemas. Revenue is recognised based on the amount remitted to the Group which are net of taxes, other charges and deductions by film distributors of their respective share of box office sales, and to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

3.19.5 Sponsorship income

Revenue is recognised overtime when the Group delivers or renders services based on the stage of completion of the contracted performance obligations.

3.19.6 Profit income from debt factoring

Profit income from advances to customers through debt factoring, with normal term of 90 days, are recognised as income on accrual basis.

3.19.7 Fee income from debt factoring

Fee income from debt factoring comprise of administration and processing fee, which are generally recognised at point in time when the performance obligation has been fulfilled.

3.19.8 Income from debt leasing

Income from debt leasing comprised of processing fee and profit income from customers through leasing. Income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

3.19.9 Profit from term advance

Income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

3.19.10 Rental income

Rental income is recognised on a straight-line basis over the term of the tenancy agreement subject to revision of rental rate.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.19 Revenue recognition and other income (continued)

3.19.11 Interest income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

3.20 Employee benefits

3.20.1 Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expense in the financial year in which the associated services are rendered by employees of the Group and of 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 leave are recognised when the absences occur.

3.20.2 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The contributions are charged as an expense in the financial year in which the employees render their services. As required by law, the Group and the Company make such contributions to the Employees Provident Fund ("EPF").

3.20.3 Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group and the Company revise their estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

The fair value of the employee share options is measured using the Trinomial Option Pricing Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non market performance conditions attached to the transactions are not taken into account in determining fair value.

Equity-settled share-based payment with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the Group and the Company obtain the goods or the counterparty renders the service.

For cash-settled share-based payment, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in the fair value recognised in profit or loss for the financial year.

Notes to the Financial Statements
for the financial year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Provisions

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

Provisions are reviewed at each financial year end 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.

The Group and the Company typically provide warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

3.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services and the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

3.23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from convertible securities.

3.25 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
  - has an interest in the entity that gives its significant influence over the entity; or
  - has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

4.1 Depreciation of property, plant and equipment and investment properties

The cost of property, plant and equipment and investment properties are depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment and investment properties to be within a range of 3 to 50 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Group's and of the Company's property, plant and equipment and investment properties at the reporting date are disclosed in Note 5 and Note 8 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Amortisation of intangible assets

The costs of intangible assets are amortised on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these intangible assets to be not exceeding 5 years beginning from the period when the intangible assets are available for use. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future amortisation charges could be revised. The carrying amount of the Group's intangible assets at the reporting date are disclosed in Note 9 to the financial statements.

4.3 Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4.4 Write-down of obsolete or slow-moving inventories

The Group writes down their obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amount may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories are disclosed in Note 16 to the financial statements.

4.5 Provision for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, product type, customer type and rating).

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. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables are disclosed in Note 15 and Note 13 to the financial statements.

4.6 Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.7 Impairment of goodwill

The Group performs an annual assessment of the carrying value of its goodwill against the recoverable amount of the cash-generating units ("CGUs") to which the goodwill has been allocated. The measurement of the recoverable amount of CGUs are determined based on the value-in-use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGUs' ongoing operations. Management judgement is used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and reflect management's view of future performance.

4.8 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group 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 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiary companies 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 company's functional currency). The Group estimates 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 company's stand-alone credit rating).

4.9 Determining the lease term of contracts with renewal options – the Group as lessee

The Group determines the lease term as 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.

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

The Group included the renewal period as part of the lease term for leases of building with shorter non-cancellable period (i.e., one to three years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on profit if a replacement building for rent is not readily available.

4.10 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the tax losses, capital allowances and other deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group are disclosed in Note 29 to the financial statements.

4.11 Impairment loss on film production

Management carries out review on the film and drama production in progress and film and drama products on a project-by-project basis at the end of each reporting period, and make allowances for film and drama productions. The management estimates the recoverable amount for such film and drama productions based on their target market and business plan, taking into consideration of the current market conditions, the jurisdiction or region of the broadcast and/or release of the film or drama, the length of the distribution, the number of rounds of distribution, the industry practice for the credit terms extended to customers in that particular jurisdiction or region, as well as the overall number of films and dramas produced and/or co-produced by the Group which are distributed in that particular jurisdiction or region. The carrying amount of film production are disclosed in Note 9 to the financial statements.

Notes to the Financial Statements
for the financial year ended 30 June 2023

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.12 Ownership and valuation of land development rights

The land development rights have been accounted based on the assessment of the terms of the Settlement Agreement and Joint Venture Agreement. Significant judgement was exercised when assessing the overall substance of the transaction of the ownership and valuation of the land development rights.

The total cost of land development rights are estimated to be equivalent to debt value as set out in the Settlement Agreement.

4.13 Fair value estimation of the film investments

The Group has determined the fair value of the film investments by estimating the future economic benefits to be generated from the films. The management has considered exploitation of the films through incentives, licensing, theatrical and over-the-top (OTT) distributions to derived the estimated future economic benefits.

5. PROPERTY, PLANT AND EQUIPMENT

Group

2023	Capital work in progress RM	Renovation RM	Motor vehicles RM	Furniture, fittings, signboard, and office equipment RM	Computers RM	Total RM
Cost						
Balance as at 1 July 2022	8,397,479	1,513,114	375,114	1,762,003	2,117,316	14,165,026
Additions	362,280	321,908	44,450	231,611	4,573,389	5,533,638
Transfer	(8,819,954)	2,885,654	-	5,666,364	267,936	-
Foreign exchange translation	60,195	58,330	-	12,834	9,965	141,324
Written off/Disposal	-	(623,382)	-	(745,931)	(24,052)	(1,393,365)
Deemed disposal of a subsidiary	-	(22,550)	-	(142,158)	-	(164,708)
Balance as at 30 June 2023	-	4,133,074	419,564	6,784,723	6,944,554	18,281,915
Accumulated depreciation						
Balance as at 1 July 2022	-	419,367	375,114	680,000	1,021,316	2,495,797
Charge for the financial year	-	657,662	5,604	774,989	1,437,076	2,875,331
Foreign exchange translation	-	14,287	-	3,487	852	18,626
Written off/Disposal	-	(422,182)	-	(444,202)	(17,281)	(883,665)
Deemed disposal of a subsidiary	-	(8,929)	-	(35,832)	(20,204)	(64,965)
Balance as at 30 June 2023	-	660,205	380,718	978,442	2,421,759	4,441,124
Accumulated impairment losses						
Balance as at 1 July 2022 and 30 June 2023	-	-	-	-	4,244	4,244
Net carrying amount						
Balance as at 30 June 2023	-	3,472,869	38,846	5,806,281	4,518,551	13,836,547

5. **PROPERTY, PLANT AND EQUIPMENT** (continued)

Group

2022	**Capital work in progress RM**	**Renovation RM**	**Motor vehicles RM**	**Furniture, fittings, and office equipment RM**	**Computers RM**	**Total RM**
Cost						
Balance as at 1 July 2021	-	645,933	375,114	1,210,119	1,848,050	4,079,216
Additions	8,404,274	889,918	-	558,913	267,843	10,120,948
Foreign exchange translation	(6,795)	(1,203)	-	1,567	5,922	(509)
Written off/Disposal	-	(21,534)	-	(8,596)	(4,499)	(34,629)
Balance as at 30 June 2022	8,397,479	1,513,114	375,114	1,762,003	2,117,316	14,165,026
Accumulated depreciation						
Balance as at 1 July 2021	-	325,052	375,114	469,937	646,406	1,816,509
Charge for the financial year	-	95,631	-	208,850	375,788	680,269
Foreign exchange translation	-	-	-	2,129	172	2,301
Written off/Disposal	-	(1,316)	-	(916)	(1,050)	(3,282)
Balance as at 30 June 2022	-	419,367	375,114	680,000	1,021,316	2,495,797
Accumulated impairment losses						
Balance as at 1 July 2021 and 30 June 2022	-	-	-	-	4,244	4,244
Net carrying amount						
Balance as at 30 June 2022	8,397,479	1,093,747	-	1,082,003	1,091,756	11,664,985

Company

2023	**Office equipments RM**	**Computers RM**	**Total RM**
Cost			
Balance as at 1 July 2022	1,948	7,584	9,532
Additions	1,923	10,100	12,023
Balance as at 30 June 2023	3,871	17,684	21,555
Accumulated depreciation			
Balance as at 1 July 2022	899	7,105	8,004
Charge for the financial year	434	647	1,081
Balance as at 30 June 2023	1,333	7,752	9,085
Net carrying amount			
Balance as at 30 June 2023	2,538	9,932	12,470

Notes to the Financial Statements
for the financial year ended 30 June 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

2022	Office equipments RM	Computers RM	Total RM
Cost			
Balance as at 1 July 2021	900	7,584	8,484
Additions	1,048	-	1,048
Balance as at 30 June 2022	1,948	7,584	9,532
Accumulated depreciation			
Balance as at 1 July 2021	720	5,669	6,389
Charge for the financial year	179	1,436	1,615
Balance as at 30 June 2022	899	7,105	8,004
Net carrying amount			
Balance as at 30 June 2022	1,049	479	1,528

6. LEASES

(a) The Group as lessee

Right-of-use assets

2023	Motor vehicle RM	Office RM	Total RM
Cost			
Balance as at 1 July 2022	336,079	4,569,265	4,905,344
Addition	-	284,196	284,196
Derecognition	(336,079)	(846,346)	(1,182,425)
Deemed disposal of subsidiary	-	(173,255)	(173,255)
Foreign exchange translation	-	50,581	50,581
Balance as at 30 June 2023	-	3,884,441	3,884,441
Accumulated depreciation			
Balance as at 1 July 2022	173,642	1,186,548	1,360,190
Charge for the financial year	33,608	971,579	1,005,187
Derecognition	(207,250)	(731,192)	(938,442)
Deemed disposal of subsidiary	-	(160,679)	(160,679)
Foreign exchange translation	-	28,143	28,143
Balance as at 30 June 2023	-	1,294,399	1,294,399
Net carrying amount			
Balance as at 30 June 2023	-	2,590,042	2,590,042

6. **LEASES** (continued)

(a) **The Group as lessee** (continued)

Right-of-use assets (continued)

2022	**Motor vehicle RM**	**Office RM**	**Total RM**
Cost			
Balance as at 1 July 2021	336,079	2,267,966	2,604,045
Addition	-	3,564,411	3,564,411
Derecognition	-	(1,288,613)	(1,288,613)
Foreign exchange translation	-	25,501	25,501
Balance as at 30 June 2022	336,079	4,569,265	4,905,344
Accumulated depreciation			
Balance as at 1 July 2021	106,426	1,397,118	1,503,544
Charge for the financial year	67,216	807,933	875,149
Derecognition	-	(1,056,246)	(1,056,246)
Foreign exchange translation	-	37,743	37,743
Balance as at 30 June 2022	173,642	1,186,548	1,360,190
Accumulated impairment losses			
Balance as at 1 July 2021	-	202,876	202,876
Derecognition	-	(202,876)	(202,876)
Balance as at 30 June 2022	-	-	-
Net carrying amount			
Balance as at 30 June 2022	162,437	3,382,717	3,545,154

The Group's office leases terms are ranging from 1 to 3 years (2022: 1 to 3 years) that comes together with extension options for renewal of contract which are ranging from 1 to 3 years (2022: 1 to 3 years).

The Group leases a motor vehicle and the contract term is for five (5) years with no extension option for renewal of contract.

Certain office leases have been derecognised upon expiry of the tenancy agreement during the financial year. The Group has applied "short-term lease" exemptions on the subsequent monthly rentals until further agreements have been signed.

Notes to the Financial Statements
for the financial year ended 30 June 2023

6. **LEASES** (continued)

(a) **The Group as lessee** (continued)

Lease liabilities

	Motor vehicle RM	Office RM	Total RM
Carrying amount			
Balance as at 1 July 2021	178,668	744,219	922,887
Addition	-	3,566,242	3,566,242
Variable lease payment	-	(12,542)	(12,542)
Lease payment	(57,384)	(756,519)	(813,903)
Interest expense	8,584	101,970	110,554
Derecognition	-	(30,597)	(30,597)
Foreign exchange translation	-	(15,278)	(15,278)
Balance as at 30 June 2022 and 1 July 2022	129,868	3,597,495	3,727,363
Addition	-	284,196	284,196
Lease payment	(138,633)	(1,114,460)	(1,253,093)
Interest expense	3,676	136,376	140,052
Derecognition	5,089	(129,625)	(124,536)
Deemed disposal of subsidiary	-	(11,911)	(11,911)
Foreign exchange translation	-	24,817	24,817
Balance as at 30 June 2023	-	2,786,888	2,786,888

i. **Motor vehicle**

Lease liabilities - secured

	2023 RM	2022 RM
Represented by:		
Current liabilities	-	51,702
Non-current liabilities	-	78,166
	-	129,868
Minimum lease payment		
- Not later than one year	-	57,384
- Later than one year and not later than five years	-	81,249
	-	138,633
Future finance charges on lease liabilities	-	(8,765)
Present value of lease liabilities	-	129,868
Present value of lease liabilities are analysed as follows:		
Current liabilities		
- Not later than one year	-	51,702
Non-current liabilities		
- Later than one year and not later than five years	-	78,166
	-	129,868

6. **LEASES** (continued)

(a) **The Group as lessee** (continued)

Lease liabilities (continued)

ii. **Office**

Lease liabilities - unsecured

	2023 RM	2022 RM
Represented by:		
Current liabilities	943,714	1,039,474
Non-current liabilities	1,843,174	2,558,021
	2,786,888	3,597,495
Minimum lease payment		
- Not later than one year	1,085,112	1,169,250
- Later than one year and not later than five years	1,923,649	2,640,718
- Later than five years	-	120,988
	3,008,761	3,930,956
Future finance charges on lease liabilities	(221,873)	(333,461)
Present value of lease liabilities	2,786,888	3,597,495
Present value of lease is analysed as follows:		
Current liabilities		
- Not later than one year	943,714	1,039,474
Non-current liabilities		
- Later than one year and not later than five years	1,843,174	2,438,321
- Later than five years	-	119,700
	2,786,888	3,597,495

Rates of interest charged per annum:

	2023	2022
Lease liabilities owing to financial institutions	2.95%	2.95%
Lease liabilities owing to non-financial institutions	2.44% to 6.57%	2.44% to 5.90%

(i) The Group has certain leases of equipments with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.

Notes to the Financial Statements
for the financial year ended 30 June 2023

6. LEASES (continued)

(a) The Group as lessee (continued)

Lease liabilities (continued)

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

	2023 RM	2022 RM
Included in other income		
Gain on derecognition of leases	(150,553)	(1,106)
Included in administrative expenses		
Expense relating to lease of low-value assets	-	5,567
Expense relating to short-term leases	-	125,572
Included in administrative expenses		
Depreciation of right-of-use assets	1,005,187	875,149
Included in finance costs		
Interest on lease liabilities	140,052	110,554
	994,686	1,115,736

(iii) At the end of the financial year, the Group had total cash outflow for leases as follow:

	2023 RM	2022 RM
Variable lease payment	-	12,542
Payment of lease liabilities	1,253,093	813,903
Low-value assets	-	5,567
Short-term leases	-	125,572
	1,253,093	957,584

(b) The Group as lessor

The Group has entered into operating leases on its investment properties. These leases have terms of between two and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognised by the Group during the financial year is RM240,000 (2022: RM193,540).

As at the end of the reporting period, the future minimum lease receivables are as follows:

	2023 RM	2022 RM
Less than one year	24,000	256,000
One to two years	-	24,000
	24,000	280,000

Based on the Group's historical collection experience, the amounts of lease receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net lease receivables.

7. LAND DEVELOPMENT RIGHTS

	Group	
	2023 RM	2022 RM
Land development rights	11,215,289	11,215,289

The land development rights were acquired through the acquisition of a subsidiary company, Ikhlas Al Dain Sdn. Bhd. ("IADSB") on 14 December 2021.

Prior to the acquisition, IADSB has entered into a Settlement Agreement on 30 August 2021 with a third party ("Party A") in relation to a long-outstanding debt of RM11,215,289. The debt was settled in exchange of the development rights of 5 pieces of Malay-reserved lands located in Mukim Sungai Karang, Daerah Kuantan, Pahang, which are registered under the name of another third party ("Party B").

Thus, Power of Attorney was signed between IADSB and Party B for granting of the development rights. The original land title deeds were deposited with IADSB, solely for the purpose of the land development.

On 25 March 2022, the Group has entered into a Joint Venture Agreement with Seacera Builders Sdn. Bhd., as a developer, to jointly develop the above-mentioned lands into 137 holiday home villas. The gross development value of the project is estimated at RM156,462,000, of which the Group is entitled for RM11,500,000 as a compensation for granting the land rights and facilitating land matters. The entitlement shall be settled in exchange of the properties developed from the project.

IADSB and Seacera Builders Sdn. Bhd. had on 23 November 2022 mutually agreed to extend the Joint Venture Agreement for a further 3 years period till 22 November 2025.

8. INVESTMENT PROPERTIES

Group 2023	Buildings RM	Investment properties under construction RM	Total RM
Cost			
Balance as at 1 July 2022/30 June 2023	16,800,000	2,137,500	18,937,500
Accumulated depreciation			
Balance as at 1 July 2022	280,918	-	280,918
Charge for the financial year	74,141	-	74,141
Balance as at 30 June 2023	355,059	-	355,059
Accumulated impairment losses			
Balance as at 1 July 2022	-	-	-
Addition	158,600	-	158,600
Balance as at 30 June 2023	158,600	-	158,600
Net carrying amount			
Balance as at 30 June 2023	16,286,341	2,137,500	18,423,841
Fair value	16,600,000	2,137,500	18,737,500

Notes to the Financial Statements
for the financial year ended 30 June 2023

8. INVESTMENT PROPERTIES (continued)

Group

2022	**Buildings RM**	**Investment properties under construction RM**	**Total RM**
Cost			
Balance as at 1 July 2021	7,000,000	2,025,000	9,025,000
Addition	9,800,000	112,500	9,912,500
Balance as at 30 June 2022	16,800,000	2,137,500	18,937,500
Accumulated depreciation			
Balance as at 1 July 2021	210,000	-	210,000
Charge for the financial year	70,918	-	70,918
Balance as at 30 June 2022	280,918	-	280,918
Net carrying amount			
Balance as at 30 June 2022	16,519,082	2,137,500	18,656,582
Fair value	17,300,000	2,137,500	19,437,500

The fair value disclosure of the freehold properties is determined by the external independent property valuer, who is, a member of the Institute of Valuers in Malaysia, with appropriate recognised professional qualifications and experience in the location and category of property being valued. In estimating the fair value of the properties, comparison valuation method of the properties is their current use.

Level 2 Fair Value

The fair value references of freehold properties are categorised as Level 2, and have been generally derived from active markets that the Group can access at the measurement date.

	Group	
	2023 RM	**2022 RM**
Rental income derived from investment properties (Note 25)	240,000	193,540
Direct operating expenses generating rental income	(73,475)	(61,955)
Profit arising from investment properties carried at cost	166,525	131,585

Notes to the Financial Statements
for the financial year ended 30 June 2023

9. INTANGIBLE ASSETS

Group

2023	**Goodwill RM**	**Film production RM**	**Website cost RM**	**Software development expenditure RM**	**Total RM**
Cost					
Balance as at 1 July 2022	10,474,749	1,415,568	200,000	17,468,392	29,558,709
Written off	(10,474,749)	-	-	-	(10,474,749)
Deeemed disposal of a subsidiary	-	(1,415,568)	-	-	(1,415,568)
Foreign exchange translation	-	-	-	436,511	436,511
Balance as at 30 June 2023	-	-	200,000	17,904,903	18,104,903
Accumulated amortisation					
Balance as at 1 July 2022	-	442,997	160,000	4,693,735	5,296,732
Charge for the financial year	-	-	-	2,538,899	2,538,899
Deeemed disposal of a subsidiary	-	(442,997)	-	-	(442,997)
Foreign exchange translation	-	-	-	136,692	136,692
Balance as at 30 June 2023	-	-	160,000	7,369,326	7,529,326
Accumulated impairment losses					
Balance as at 1 July 2022	10,474,749	972,570	40,000	5,999,996	17,487,315
Written off	(10,474,749)	-	-	-	(10,474,749)
Deeemed disposal of a subsidiary	-	(972,570)	-	-	(972,570)
Balance as at 30 June 2023	-	-	40,000	5,999,996	6,039,996
Net carrying amount					
Balance as at 30 June 2023	-	-	-	4,535,581	4,535,581
2022					
Cost					
Balance as at 1 July 2021	10,467,946	328,483	200,000	16,890,047	27,886,476
Additions	6,803	1,167,085	-	155,044	1,328,932
Reclassification	-	(80,000)	-	-	(80,000)
Foreign exchange translation	-	-	-	423,301	423,301
Balance as at 30 June 2022	10,474,749	1,415,568	200,000	17,468,392	29,558,709
Accumulated amortisation					
Balance as at 1 July 2021	-	186,363	160,000	4,000,003	4,346,366
Charge for the financial year	-	256,634	-	666,458	923,092
Foreign exchange translation	-	-	-	27,274	27,274
Balance as at 30 June 2022	-	442,997	160,000	4,693,735	5,296,732
Accumulated impairment losses					
Balance as at 1 July 2021	7,544,817	-	40,000	5,999,996	13,584,813
Charge for the financial year	2,929,932	972,570	-	-	3,902,502
Balance as at 30 June 2022	10,474,749	972,570	40,000	5,999,996	17,487,315
Net carrying amount					
Balance as at 30 June 2022	-	1	-	6,774,661	6,774,662

Notes to the Financial Statements
for the financial year ended 30 June 2023

9. INTANGIBLE ASSETS (continued)

(i) Goodwill

Goodwill arised from the acquisition of the subsidiary companies as below and has been fully impaired in previous financial years and has been written off in current financial year:-

	RM
Inbase Partners Limited	9,993,199
Pacifica Direct Sdn. Bhd.	103,683
Longhouse Film Sdn. Bhd.	371,064
Ikhlas Al Dain Sdn. Bhd.	6,803
	10,474,749

(ii) Film production

In the previous financial year, the Group has produced a drama and capitalised a total of RM1,167,085 cost incurred in the production. The intangible asset has an estimated useful life of 1 year.

The management is of the view that there will be minimum future revenue generated from the intangible asset as at financial year end. As such, the remaining intangible asset of RM972,570 was impaired in the previous financial year.

(iii) Website cost

Website cost represents the cost incurred for E-commerce portal for the Group's online sales and treated as intangible asset with finite life and is amortised over its estimated useful life of five years.

(iv) Software development expenditure

During the financial year, the Group has carried out a review on the recoverable amount of its software development expenditures. The recoverable amount of the software development has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value-in-use calculations

(a) Catch Markets

Catch Markets is an electronic exchange trading platform for physical commodities bringing together physical (wholesale) commodity trading, price discovery and clearing facility into one standardised online environment. The intangible asset was launched in early of April 2022, with an estimated useful life of 3 years. The intangible asset is assigned an estimated useful life of 3 years, although it has the potential for extended utilisation.

Key assumptions and management's approach to determine the values assigned to each key assumptions are as follows:

i. Revenue growth

The revenue was projected based on the consulting, licensing and commission fees chargeable to the users of the platform.

ii. Discount rate

The discount rate used is the weighted average cost of capital of the Group of 12.3% (2022: 14.7%) per annum.

With regards to the assessment of the value-in-use of the CGU, no impairment loss was recognised for Catch Market platform in the current financial year as its recoverable amount was in excess of its carrying amount.

9. INTANGIBLE ASSETS (continued)

(iv) Software development expenditure (continued)

(b) Let's Swapp

Let's Swapp is a creative digital name card application that allow user to create own business card and also upload paper card as storage. The intangible asset was launched in January 2022, with an estimated useful life of 3 years. The intangible asset is assigned an estimated useful life of 3 years, although it has the potential for extended utilisation.

Key assumptions and managements approach to determine the values assigned to each key assumption are as follows:

i. Revenue growth

The revenue was projected based on the subscription fees chargeable to the users of the platform.

ii. Discount rate

The discount rate used is the weighted average cost of capital of the Group of 12.3% (2022: 14.7%) per annum.

With regards to the assessment of the value-in-use of the CGU, no impairment loss was recognised for Let's Swapp application in the current financial year as its recoverable amount was in excess of its carrying amount.

Sensitivity to changes in assumptions

Based on the sensitivity analysis, the directors concluded that no reasonable change in the assumptions above would cause the carrying amount of the CGUs to exceed its recoverable amount.

10. INVESTMENT IN SUBSIDIARY COMPANIES

	Group	
	2023 RM	**2022 RM**
Unquoted shares, at cost		
Balance as at beginning of the financial year	22,922,060	22,822,059
Additions	-	100,001
Reclassification	(200,000)	-
Balance as at end of the financial year	22,722,060	22,922,060
Capital contribution		
Balance as at beginning of the financial year	116,332,887	-
Capitalisation from amount due from subsidiary companies	-	116,332,887
Balance as at end of the financial year	116,332,887	116,332,887
Less: Accumulated impairment losses		
Balance as at beginning of the financial year	85,561,886	15,346,535
Impairment losses recognised during the financial year	2,245,271	661,108
Reclassification	(200,000)	69,554,243
Balance as at end of the financial year	87,607,157	85,561,886
Carrying amount	51,447,790	53,693,061

Notes to the Financial Statements
for the financial year ended 30 June 2023

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Capital contribution in subsidiary companies represent amount due from subsidiary companies which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary companies.

The details of subsidiary companies are as follows:-

Name of subsidiary companies	Effective equity interest 2023	Effective equity interest 2022	Country of incorporation and principal place of business	Principal activities
Mlabs Research Sdn. Bhd.	100%	100%	Malaysia	Business of research and development in multimedia video conferencing system as well as assembling and trading of multimedia video conferencing system and equipment.
Pacifica Direct Sdn. Bhd.	100%	100%	Malaysia	Trading of white goods such as kitchen equipment and appliances.
Mlabs Properties Sdn. Bhd.	100%	100%	Malaysia	Investment and holding of investment properties.
Mlabs Academy Sdn. Bhd.	100%	100%	Malaysia	Business as employment agency and to provide all types of training and provision of management consultancy services
Champagne Carbon Sdn. Bhd.	100%	100%	Malaysia	Distribution and supply of alcoholic beverage.
Mlabs Capital Sdn. Bhd.	100%	100%	Malaysia	Investment holdings.
Carbon International Sdn. Bhd.	100%	100%	Malaysia	Dormant, yet to commence business of retail sale of products over the internet.
Champagne Carbon Asia Limited *	100%	100%	Hong Kong	Trading of wine and investment holding.
Inbase Partners Limited *	51%	51%	Cayman Islands	Software engineering and development, financial technology legal consultant and digital crypto currency market analysis.
Longhouse Films Sdn. Bhd.	-	51%	Malaysia	Film entertainment, film investment, film production, film development and film distribution.
Linkodes International Limited *	60%	60%	Hong Kong	Dormant, yet to commence business activity on technology development and investment holding.
Subsidiary company of Mlabs Research Sdn. Bhd.				
Inshub Sdn. Bhd.	100%	100%	Malaysia	Business on provision of marketing and event services and investment holdings company.
Subsidiary company of Inbase Partners Limited				
Inbase Partners Taiwan Limited *	51%	51%	Taiwan	Financial technology related services and trade of precious metals.
Subsidiary company of Champagne Carbon Asia Limited				
Carbon Champagne Taiwan Limited *	100%	100%	Taiwan	Reseller of alcoholic beverage.
Shenzhen Carbon Champagne Development Limited *	100%	100%	China	Dormant, yet to commence commercial operations on reseller of alcoholic beverage.
Subsidiary company of Linkodes International Limited				
Swapp Asia Sdn. Bhd.	60%	60%	Malaysia	Business in technology service activities and retail sale of products over the internet

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The details of subsidiary companies are as follows:- (continued)

Name of subsidiary companies	Effective equity interest 2023	Effective equity interest 2022	Country of incorporation and principal place of business	Principal activities
Subsidiary company of Mlabs Capital Sdn. Bhd.				
Ikhlas Al Dain Sdn. Bhd.	100%	100%	Malaysia	Factoring and other finance business.
Mlabs Capital Limited *	100%	-	Hong Kong	Investment holding.
Subsidiary company of Longhouse Films Sdn. Bhd.				
Longhouse Animation Sdn. Bhd.	-	51%	Malaysia	Dormant, yet to commence business in motion picture, video and television programme production activities.

* Not audited by CAS Malaysia PLT.

(a) Acquisition and incorporation of subsidiary companies

Current financial year

(i) Mlabs Capital Limited

On 9 December 2022, the Company incorporated Mlabs Capital Limited through its subsidiary, Mlabs Capital Sdn. Bhd., with a paid-up share capital of RM1 comprising one ordinary share, for cash consideration of HKD$1.

Previous financial year

(i) Carbon International Sdn. Bhd.

On 10 September 2021, the Company incorporated Carbon International Sdn. Bhd., with a paid-up share capital of RM1, comprising one ordinary share, for cash consideration of RM1.

(ii) Swapp Asia Sdn. Bhd.

On 13 December 2021, the Company incorporated Swapp Asia Sdn. Bhd. through its subsidiary, Linkodes International Limited, with a paid-up share capital of RM1 comprising one ordinary share, for cash consideration of RM1.

(iii) Pacifica Direct Sdn. Bhd.

On 6 December 2021, the Company acquired additional 98,000 ordinary shares in Pacifica Direct Sdn. Bhd., for a cash consideration of RM100,000 from a non-controlling shareholder. The Company's effective ownership in Pacifica Direct Sdn. Bhd. increased to 100% after the acquisition.

Effect of acquisition on cash flows:

	RM
Fair value of non-controlling interest	862,555
Add: Post-acquisition accumulated losses	(962,555)
Net cash outflows on acquisition	100,000

Notes to the Financial Statements
for the financial year ended 30 June 2023

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(a) Acquisition and incorporation of subsidiary companies (continued)

Previous financial year (continued)

(iv) Ikhlas Al Dain Sdn. Bhd.

On 14 December 2021, the Company had acquired 2,500,000 ordinary shares through its wholly-owned subsidiary company, Mlabs Capital Sdn. Bhd., representing 100% equity interest of Ikhlas Al Dain Sdn. Bhd. for a total cash consideration of RM5,000,000.

Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Assets	
Land development rights (Note 7)	11,215,289
Tax recoverable	42,085
Cash and bank balances	3,646
	11,261,020
Liabilities	
Trade payables	159
Other payables	52,375
Bank overdraft	6,215,289
	6,267,823
Total identifiable net assets acquired	4,993,197

	RM
Goodwill arising on acquisition (Note 9)	6,803
Share capital and pre-acquisition retained earnings	4,993,197
Fair value of consideration transferred	5,000,000

Effect of acquisition on cash flows:

	RM
Fair value of consideration transferred	5,000,000
Less: Non-cash consideration	-
Consideration paid in cash	5,000,000
Less: Cash and cash equivalents of a subsidiary acquired	(3,646)
Net cash outflows on acquisition	4,996,354

Effect of acquisition in statements of comprehensive income:

From the date of acquisition, the subsidiary company's contributed revenue and loss net of tax are as follows:

	RM
Revenue	1,145,145
Loss for the financial year	(1,015,254)

The business operation of the subsidiary company has only commenced after the acquisition. As such, there will not be any material impact to the consolidated results if the acquisition had occurred on 1 July 2021.

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(b) Deemed disposal of subsidiary companies

Current financial year

(i) Longhouse Films Sdn. Bhd.

On 16 December 2022, the Company's equity interest in Longhouse Films Sdn. Bhd. ("LFSB") reduced from 51% to 49% due to subscription of additional shares in LFSB by the non-controlling interest. Subsequently, the Company losses control over LFSB and LFSB's wholly-owned subsidiary, Longhouse Animation Sdn. Bhd. ("Longhouse Group").

Summary of the effects of disposal:

	Note	RM
Recognised:		
Fair value of consideration received		-
Fair value of retained interest treated as an associate	11	-
		-
Unrecognised:		
Fair value of identifiable net assets at disposal date:		
- Property, plant and equipment	5	99,743
- Right-of-use assets	6	12,576
- Intangible assets	9	1
- Other receivables		536,915
- Cash and bank balances		195,784
- Other payables and accruals		(5,584,351)
- Lease liabilities	6	(11,911)
- Non-controlling interests		2,376,618
		(2,374,625)
Gain on deemed disposal		2,374,625

Effects of disposal on cash flows:

	RM
Fair value of consideration received	-
Less: Cash and cash equivalents of subisidiary diluted	(195,784)
Net cash outflows of disposal	(195,784)

(c) Non-controlling interests

Financial information of subsidiary companies that have material non-controlling interests is provided below:

	2023	2022
	%	%
Longhouse Films Sdn. Bhd.	-	49
Inbase Partners Group	49	49

Notes to the Financial Statements
for the financial year ended 30 June 2023

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(c) Non-controlling interests (continued)

Accumulated balances of material non-controlling interests:

	2023 RM	2022 RM
Longhouse Films Sdn. Bhd.	-	(1,793,543)
Inbase Partners Group	1,698,463	2,361,237

Loss allocated to material non-controlling interests:

	2023 RM	2022 RM
Longhouse Films Sdn. Bhd.	-	(833,527)
Inbase Partners Group	(728,902)	(338,196)

Other comprehensive income allocated to material non-controlling interests:

	2023 RM	2022 RM
Longhouse Films Sdn. Bhd.	-	-
Inbase Partners Group	66,353	96,586

The summarised financial information of the subsidiary companies that have non-controlling interests which are material to the Group before intra-group elimination are as follows:

i. Inbase Partners Group

	2023 RM	2022 RM
NCI percentage of ownership and voting interest (%)	49	49
Total comprehensive income allocated to NCI	(662,549)	(241,610)
Summarised statements of financial position		
Non-current assets	6,391,422	8,648,655
Current assets	9,709,157	9,321,793
Non-current liabilities	(598,650)	(1,126,712)
Current liabilities	(12,035,678)	(12,025,343)
Net assets	3,466,251	4,818,393
Summarised statements of profit or loss and other comprehensive income		
Revenue	7,309,192	4,497,194
Loss for the financial year	(1,487,556)	(690,195)
Total comprehensive expense for the financial year	(1,352,142)	(493,081)
Summarised statements of cash flows		
Cash flows used in operating activities	(1,062,321)	(2,682,735)
Cash flows used in investing activities	(519,459)	(2,971,725)
Cash flows generated from financing activities	1,092,455	8,733,904
Net (decrease)/increase in cash and cash equivalents	(489,325)	3,079,444

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(c) Non-controlling interests (continued)

ii. Longhouse Films Sdn. Bhd.

	2022 RM
NCI percentage of ownership and voting interest (%)	49
Total comprehensive income allocated to NCI	(833,527)
<u>Summarised statements of financial position</u>	
Non-current assets	142,009
Current assets	828,333
Non-current liabilities	(2,605,155)
Current liabilities	(1,905,635)
Net liabilities	(3,540,448)
<u>Summarised statements of profit or loss and other comprehensive income</u>	
Revenue	1,824,893
Loss for the financial year	(1,701,075)
Total comprehensive expense for the financial year	(1,701,075)
<u>Summarised statements of cash flows</u>	
Cash flows generated from operating activities	557,951
Cash flows used in investing activities	(1,209,562)
Cash flows generated from financing activities	647,309
Net decrease in cash and cash equivalents	(334)

11. INVESTMENT IN ASSOCIATE COMPANIES

	Group and Company	
	2023 RM	2022 RM
Unquoted shares, at cost		
Balance as at 1 July	-	-
Reclassification	200,000	-
Balance as at 30 June	200,000	-
Less: Accumulated impairment losses		
Balance as at 1 July	-	-
Reclassification	(200,000)	-
Balance as at 30 June	(200,000)	-
Carrying amount	-	-

Notes to the Financial Statements
for the financial year ended 30 June 2023

11. INVESTMENT IN ASSOCIATE COMPANIES (continued)

The details of associate companies are as follows:-

Name of associate companies	Effective equity interest 2023	2022	Country of incorporation and principal place of business	Principal activities
Longhouse Films Sdn. Bhd.	49%	-	Malaysia	Film entertainment, film investment, film production, film development and film distribution.
Subsidiary company of Longhouse Films Sdn. Bhd.				
Longhouse Animation Sdn. Bhd.	49%	-	Malaysia	Dormant, yet to commence business in motion picture, video and television programme production activities

(a) Summarised financial information of associate companies

Group 2023	Longhouse Group RM
Assets and liabilities:	
Current assets	603,547
Non-current assets	253,482
Current liabilities	(2,926,632)
Non-current liabilities	(2,821,536)
Net liabilities	(4,891,139)
Results:	
Revenue	-
Loss for the financial year	(1,423,727)

(b) Reconciliation

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associate companies are as follows:

Group 2023	Longhouse Group RM
Reconciliation of net assets to carrying amount:	
Cost of investment	200,000
Less: Accumulated impairment losses	(200,000)
Carrying amount in the statements of financial position	-
Group's share of results:	
Group's share of loss for the financial year	-

(i) The Group has not recognised losses relating to Longhouse Group where its share of losses exceeds the Group's interest in the associate companies. The Group cumulative share of unrecognised losses at the reporting date was RM114,216 (2022: NIL) of which RM114,216 (2022: NIL) was the share of the current year's losses. The Group has no obligation in respect of these losses.

12. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost				
Quoted investments:				
- Money market fund at fair value through profit or loss	-	14,783	-	-
- Equity investments at fair value through profit or loss	4,725,000	4,725,000	-	-
Unquoted investments:				
- Redeemable convertible preference shares	2,500,000	-	2,500,000	2,500,000
Total cost	7,225,000	4,739,783	2,500,000	2,500,000
Less: Accumulated impairment losses				
Balance as at 1 July 2022	-	-	-	-
Addition	2,500,000	-	2,500,000	
Balance as at 30 June 2023	2,500,000	-	2,500,000	-
Net carrying amount	4,725,000	4,739,783	-	2,500,000

(a) The fair value of quoted money market funds in Malaysia is determined by reference to exchange quoted price on the reporting date.

(b) The fair value quoted equity investments in a listed public company in Malaysia is determined by reference to the share price quoted on the stock exchange on the reporting date.

(c) On 10 June 2020, the Company has entered into a share subsciption of up to 3,000,000 units of Redeemable Convertible Preference Shares ("RCPS") in the associate company, Longhouse Films Sdn. Bhd., in tranches.

The Company has successfully subscribed 2,500,000 units of Redeemable Convertible Preference Shares during previous financial years.

As at 30 June 2023, the RCPS of RM2,500,000 were fully impaired as the associate company continuously incurred business losses.

(d) The fair value gain/(loss) on the other investments during the financial year are as follows:

Group 2023	**Money market funds at FVTPL RM**	**Equity investments at FVTPL RM**	**Trust assets at FVTPL RM**	**Total RM**
Fair value gain	137	-	2,361,781	2,361,918
	137	-	2,361,781	2,361,918
2022				
Fair value gain	276	105,000	2,352,119	2,457,395
Fair value loss	-	-	(416,542)	(416,542)
	276	105,000	1,935,577	2,040,853

Notes to the Financial Statements
for the financial year ended 30 June 2023

13. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables				
Non-current:				
- third parties	2,000,000	2,000,000	-	-
Current:				
- third parties	605,861	1,009,018	-	65,861
- related parties	1,095,329	637,211	2,462	-
	3,701,190	3,646,229	2,462	65,861
Deposits	2,839,439	2,947,131	1,500,400	1,500,400
Prepayments	1,030,364	1,084,704	466,546	637,255
Film investments	-	265,107	-	-
Other receivables - gross	7,570,993	7,943,171	1,969,408	2,203,516
Less: Allowance for impairment losses				
- Other receivables (non-current)	2,000,000	2,000,000	-	-
- Other receivables (current)	618,902	163,368	-	-
- Deposits	1,500,000	1,500,000	1,500,000	1,500,000
- Prepayments	-	95,204	-	-
	4,118,902	3,758,572	1,500,000	1,500,000
Total other receivables - net	3,452,091	4,184,599	469,408	703,516

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets at amortised cost	2,421,727	2,929,992	2,862	66,261
Financial assets at fair value through profit or loss	-	265,107	-	-

i. The movement in the allowance for impairment losses of other receivables during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at beginning of the financial year	3,758,572	3,663,587	1,500,000	1,500,000
Additions	302,358	95,204	-	-
Reversal of impairment losses	(1,154)	(219)	-	-
Deemed disposal of a subsidiary	59,126	-	-	-
Balance as at end of the financial year	4,118,902	3,758,572	1,500,000	1,500,000

13. OTHER RECEIVABLES (continued)

ii. Film investments

The film investments are measured at fair value through profit or loss. The movement of the film investments is as follows:

	Group 2023 RM	Group 2022 RM
Balance as at beginning of the financial year	265,107	1,000,000
Reclassification	-	380,000
Fair value loss on investments	-	(1,008,035)
Payment received from investments	-	(106,858)
Deemed disposal of subsidiary	(265,107)	-
Balance as at end of the financial year	-	265,107

The film investments are the funds advanced to external parties for the financing of production and marketing expenditures that are associated with specific films and dramas that the Group invested in.

For the previous financial year ended 30 June 2022, the fair value of investment was determined based on the estimated box office revenue and fees from licensing rights and a fair value loss of RM1,008,035 was recognised.

The fair value measurement is categorised in Level 3 of the fair value hierarchy.

14. FINANCE LEASE RECEIVABLE

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

	Group 2023 RM
(a) Gross investment in finance lease receivable:	
Within one year	1,350,954
Between one year and five year	1,553,528
	2,904,482
Less: Unearned finance income	(558,612)
	2,345,870
(b) Net investment in finance lease receivable:	
Within one year	958,566
Between one year and five year	1,387,304
	2,345,870

Lease receivable is related to the Advertising Panels Lease Arrangement with a third party. The lease is receivables through 36 fixed monthly instalments of RM112,579. The effective interest charged is 12% per year.

Notes to the Financial Statements
for the financial year ended 30 June 2023

14. FINANCE LEASE RECEIVABLE (continued)

Represented by	Group 2023 RM
Non-current assets	
Finance lease receivables	1,387,304
Current assets	
Finance lease receivables	958,566
Total finance lease receivables	
Finance lease receivables	2,345,870

15. TRADE RECEIVABLES

	Group 2023 RM	Group 2022 RM
Trade receivables		
Non-current:		
- third parties	239,407	-
Current:		
- third parties	14,819,318	17,376,758
- related parties	50,215	-
	15,108,940	17,376,758
Less: Allowance for impairment losses	(3,328,140)	(2,263,652)
Trade receivables - net	11,780,800	15,113,106
Analysed by:		
Non-current	239,407	-
Current	11,541,393	15,113,106
	11,780,800	15,113,106

Movement in the allowance for impairment losses

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in other operating expenses in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, then the amount considered irrecoverable is written off against the receivable directly.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

15. TRADE RECEIVABLES (continued)

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

Group

2023	**Lifetime ECL RM**	**Credit impaired RM**	**Total RM**
Balance as at beginning of the financial year	-	2,263,652	2,263,652
Allowance for impairment losses	-	1,068,440	1,068,440
Reversal of allowance for impairment losses	-	(3,952)	(3,952)
Balance as at end of the financial year	-	3,328,140	3,328,140
2022			
Balance as at beginning of the financial year	-	2,259,700	2,259,700
Allowance for impairment losses	-	3,952	3,952
Balance as at end of the financial year	-	2,263,652	2,263,652

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

During the current and previous financial years, the Group managed to collect from some of the trade receivables which have been impaired in previous financial years. As a result, the allowance for impairment losses on trade receivables had been reversed during the financial year.

Based on the Group's historical collection experience, the amount of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amount provided for collection losses is inherent in the net trade receivables.

The ageing of the receivables and allowance for impairment losses provided for above are as follows:

Group

		Allowance for impairment losses		
2023	**Gross carrying amount RM**	**ECL (Collectively assessed) RM**	**ECL (Individually assessed) RM**	**Net balance RM**
Neither past due nor impaired	10,015,104	-	-	10,015,104
Past due:				
Less than 3 months	1,106,934	-	-	1,106,934
Between 3 to 6 months	743,308	-	(84,546)	658,762
More than 6 months	60,676	-	(60,676)	-
	11,926,022	-	(145,222)	11,780,800
Credit Impaired				
More than 6 months	3,182,918	-	(3,182,918)	-
	15,108,940	-	(3,328,140)	11,780,800

Notes to the Financial Statements
for the financial year ended 30 June 2023

15. TRADE RECEIVABLES (continued)

Group

2022	Gross carrying amount RM	Allowance for impairment losses ECL (Collectively assessed) RM	Allowance for impairment losses ECL (Individually assessed) RM	Net balance RM
Neither past due nor impaired	4,313,978	-	-	4,313,978
Past due:				
Less than 3 months	10,302,827	-	-	10,302,827
Between 3 to 6 months	111,578	-	-	111,578
More than 6 months	384,723	-	-	384,723
	15,113,106	-	-	15,113,106
Credit Impaired				
More than 6 months	2,263,652	-	(2,263,652)	-
	17,376,758	-	(2,263,652)	15,113,106

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security.

The Group's normal trade credit term range from 30 to 90 days (2022: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

16. INVENTORIES

	Group 2023 RM	Group 2022 RM
At cost		
Finished goods	1,500,629	618,458
	1,500,629	618,458
<u>Recognised in profit or loss</u>		
Inventories recognised in cost of sales	4,913,155	6,654,880
Inventories for internal use	-	12,104
Inventories written off (Note 28)	6,936	41,424
Provision of slow-moving inventories (Note 28)	-	15,659
Reversal of write-down to net realisable value (Note 26)	(76,455)	-
	4,843,636	6,724,067

17. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company 2023 RM	Company 2022 RM
Amount due from subsidiary companies	36,964,772	8,341,000
Less: Allowance for impairment losses	(837,593)	(86,507)
Amount due from subsidiary companies - net	36,127,179	8,254,493
Amount due to subsidiary companies	(89,303)	(568,192)

17. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES (continued)

The movement in the allowance for impairment losses of amount due from subsidiary companies during the financial year are as follows:

	Company	
	2023	**2022**
	RM	**RM**
Balance as at beginning of the financial year	86,507	69,410,632
Allowance for impairment losses	751,086	1,183,000
Reversal of allowance for impairment losses *	-	(952,882)
Reclassification	-	(69,554,243)
Balance as at end of the financial year	837,593	86,507

* The allowance for impairment losses are reversed on the basis that the accumulated impairment losses on individual subsidiary companies have exceeded their gross carrying amount.

The amount due from/(to) subsidiary companies represented non-trade transactions which are unsecured, interest-free and repayable on demand.

18. CONTRACT ASSETS/(LIABILITIES)

	Company	
	2023	**2022**
	RM	**RM**
Contract assets - due within 1 year	-	222,585
Contract liabilities - due within 1 year	(70,545)	(398,648)

Contract assets represent cost incurred to date on research and development of multimedia video conferencing system, assembling and trading of multimedia video conferencing system and equipment as well as film product placement for specific performance obligations which are not satisfied at the reporting date.

The contract liabilities are primarily related to the Group's obligation to transfer goods or services to customer for which the Group has billed the customers for the consideration at the reporting date.

The Group does not have performance obligation that are unsatisfied for contracts that have an original duration of more than one year at the reporting date.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and accordingly, does not disclose information about remaining obligations that have original expected durations of one year or less.

19. SHORT-TERM INVESTMENTS

Short-term investments are in respect of investments in quoted unit trust funds placed with fund management companies and are redeemable with one (1) day notice. The short-term investments are subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Fund distribution income from this fund is tax exempted, is calculated daily and distributed on quarterly basis.

Notes to the Financial Statements
for the financial year ended 30 June 2023

20. SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of shares (units)		RM	RM
Issued and fully paid:				
Balance as at 1 July	1,449,409,090	1,207,841,090	110,048,856	101,401,679
Issuance of ordinary shares pursuant to:				
- Private placement	-	241,568,000	-	8,696,448
Share issuance expenses	-	-	-	(49,271)
Balance as at 30 June	1,449,409,090	1,449,409,090	110,048,856	110,048,856

In previous financial year, the ordinary share capital of the Company was increased from RM101,401,679 to RM110,048,856 by way of the following:

(i) issuance of 241,568,000 new ordinary shares for a total cash consideration of RM8,696,448 pursuant to the Company's Private Placement; and

(ii) an amount of RM49,271 was utilised out of the share capital for share issuance expenses.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

21. RESERVES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-distributable:				
Warrants reserve	44,797,664	44,797,664	44,797,664	44,797,664
Foreign translation reserve	3,591,519	1,395,267	-	-
	48,389,183	46,192,931	44,797,664	44,797,664
Distributable:				
Accumulated losses	(32,003,914)	(24,718,250)	(64,000,822)	(57,877,507)
	16,385,269	21,474,681	(19,203,158)	(13,079,843)

(a) Warrants reserve

<u>WARRANTS 2020/2023 ("WARRANTS C")</u>

On 14 December 2020, the Company listed and quoted 440,488,340 free detachable Warrants 2020/2023 ("Warrants C") pursuant to the Rights Issue with Warrants Exercise on the basis of twelve (12) Rights Shares together with seven (7) free Warrants C for every two (2) Existing Shares held by the entitled shareholders.

The Warrants C were constituted under the Deed Poll C dated 28 October 2020.

21. RESERVES (continued)

(a) Warrants reserve (continued)

WARRANTS 2020/2023 ("WARRANTS C") (continued)

The salient features of the Warrants C are as follows:

(i) On 14 December 2020, the Company issued renounceable rights of 755,123,220 new ordinary shares together with 440,488,340 free detachable Warrants on the basis of twelve (12) Rights Shares together with seven (7) free Warrants for every two (2) Existing Shares of the Company. The exercise price is subject to adjustment in accordance with the basis set out in the deed poll.

(ii) The Warrants may be exercised at any time commencing on the date of issue of Warrants on 8 December 2020 but not later than 7 December 2023. Any Warrants which have not been exercised at date of maturity, will lapse and cease to be valid for any purpose.

(iii) The Warrant holders will not have any voting rights in any general meeting of the Company unless the Warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

(iv) The total number of Warrants C which remained unexercised were 440,488,340.

	Number of warrants			
Date of offer	**As at 01.07.2022**	**Issued**	**Exercised**	**As at 30.06.2023**
	Units	**Units**	**Units**	**Units**
Warrants 2020/2023	440,488,340	-	-	440,488,340
	440,488,340	-	-	440,488,340

Warrants reserve represents the fair value assigned to Warrants C of RM0.1017 each.

22. DEFERRED TAXATION

	Group	
	2023 RM	**2022 RM**
Deferred tax liabilities, net		
As at beginning of the financial year	-	-
Recognised in profit or loss (Note 29)	197,516	-
As at end of the financial year	197,516	-
Deferred tax liabilities comprise of:		
Excess of capital allowances over corresponding depreciation	197,516	-
	197,516	-

Notes to the Financial Statements
for the financial year ended 30 June 2023

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	698,166	896,044	-	-
Other payables:				
- third parties	1,750,932	3,173,449	800	9,850
- related parties	881,420	396,720	450,186	-
Accruals	645,163	1,514,401	149,715	127,046
Refundable deposits	138,894	238,088	-	-
Film investment funds from investors	-	265,107	-	-
	3,416,409	5,587,765	600,701	136,896
Total trade and other payables	4,114,575	6,483,809	600,701	136,896
Total financial liabilities at amortised costs	4,114,575	6,218,702	600,701	136,896
Total financial liabilities at fair value through profit or loss	-	265,107	-	-

i. The trade payables are non-interest bearing and the normal trade credit terms received by the Group range from 30 to 45 days (2022: 30 to 45 days).

ii. Film investment funds from investors

The film investment funds from investors are measured at fair value through profit or loss. The movement of the investment funds is as follows:

	Group	
	2023 RM	2022 RM
Balance as at beginning of the financial year	265,107	1,200,000
Fair value gain	-	(934,893)
Deemed disposal of subsidiary	(265,107)	-
Balance as at end of the financial year	-	265,107

As at 30 June 2022, the film investment funds from an investor in relation to a film investment is carried at fair value through profit or loss with an equal sharing of revenue generated from that specific film. The fair value of film investment funds was determined based on the estimated box office revenue and fees from licensing rights and correspondingly, a fair value gain of RM934,893 was recognised. In addition to the revenue sharing, the investor is also entitled for a fixed return of 15% on its investment contribution.

The fair value measurement is categorised in Level 3 of the fair value hierarchy.

24. AMOUNT DUE TO DIRECTORS

The amount due to directors represented advance from directors which are unsecured, interest-free and repayable on demand.

25. REVENUE

	Group	
	2023 RM	2022 RM
Revenue comprises the following:		
Revenue from contract with customers	22,493,164	20,869,051

25. REVENUE (continued)

25.1 Disaggregation of revenue from contract with customers

The Group's revenue is disaggregated by principal geopraghical areas, major product and services line and timing of revenue recognition. This is consistent with the revenue information as disclosed in Note 34 Segment Information.

	Group	
	2023 RM	**2022 RM**
Principal geographical areas		
- Malaysia	14,702,438	16,076,506
- Cayman Islands	7,309,192	4,497,194
- Taiwan	481,534	295,351
	22,493,164	20,869,051
Major products and services line		
Sales of goods and services	15,270,725	17,705,473
Film distribution and license fee	-	1,281,527
Film production	105,787	80,000
Rental income	240,000	193,540
Profit from debt factoring	2,236,756	747,837
Fees income from debt factoring	1,428,159	397,308
Profit from term advance	2,633,470	-
Income from debt leasing	578,267	-
Sponsorship income	-	463,366
	22,493,164	20,869,051
Timing of revenue recognition		
At point in time	22,387,377	18,528,316
At overtime	105,787	2,340,735
	22,493,164	20,869,051

25.2 Revenue from remaining performance obligations

The Group does not have performance obligations that are unsatisfied for contract as at reporting date.

26. OTHER INCOME

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Income distribution from short-term investments	40,808	496,598	40,808	496,597
Interest income	586,197	3,807	-	-
Fair value gain on:				
- other investments (Note 12)	2,361,918	2,457,395	-	-
- short-term investments (Note 19)	292,712	266,960	292,712	266,960
- film investment funds from investors (Note 23)	-	934,893	-	-
Reversal of inventories written down (Note 16)	76,455	-	-	-
Realised gain on foreign exchange	47,911	-	-	-
Unrealised gain on foreign exchange	962,586	270,037	627,705	418,788
Preferences shares dividend income	7,248	-	-	-
Gain on deemed disposal of subsidiary companies (Note 10)	2,374,625	-	-	-
Gain on derecognition of lease (Note 6)	150,553	1,106	-	-
Others	401,884	145,325	-	4,967
	7,302,897	4,576,121	961,225	1,187,312

Notes to the Financial Statements
for the financial year ended 30 June 2023

27. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expenses on:		
- bank overdraft	-	286,233
- lease liabilities (Note 6)	140,052	110,554
- others	6,549	-
	146,601	396,787

28. LOSS BEFORE TAXATION

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Loss before taxation is arrived at after charging/(crediting):					
Auditors' remuneration:					
Statutory audit:					
- CAS Malaysia PLT:					
- Current year		194,000	193,000	110,000	100,000
- Prior year		6,960	-	5,100	-
- Other firms:					
- Current year		78,416	30,568	-	-
- Prior year		-	59,020	-	-
Non-statutory audit		28,000	8,000	28,000	-
Amortisation of intangible assets	9	2,538,899	923,092	-	-
Depreciation of:					
- property, plant and equipment	5	2,875,331	680,269	1,081	1,615
- right-of-use assets	6	1,005,187	875,149	-	-
- investment properties	8	74,141	70,918	-	-
Directors' remuneration	30	2,097,614	2,514,017	419,566	444,856
Employees benefit expenses:					
- Staff	30	5,847,358	3,017,537	12,044	1,147
- Key management personnel	30	2,398,318	1,434,182	-	-
Expense relating to lease of low-value assets	6	-	5,567	-	-
Expense relating to short-term leases	6	-	125,572	-	-
Fair value loss on:					
- film investments	13	-	1,008,035	-	-
- other investments	12	-	416,542	-	-
Gain on derecognition of leases	6	(150,553)	(1,106)	-	-
Impairment losses on:					
- trade receivables	15	1,068,440	3,952	-	-
- other receivables	13	302,358	95,204	-	-
- investment in subsidiary companies	10	-	-	2,245,271	661,108
- amount due from subsidiary companies	17	-	-	751,086	1,183,000
- intangible assets	9	-	3,902,502	-	-
- investment properties	8	158,600	-	-	-
- other investment	12	2,500,000	-	2,500,000	-
Inventories written off	16	6,936	41,424	-	-
Loss on disposal of property, plant and equipment	5	21	502	-	-
Penalty		12,501	240,601	-	-
Property, plant and equipment written off	5	507,448	30,243	-	-

28. LOSS BEFORE TAXATION

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Provision of slow-moving inventories	16	-	15,659	-	-
Reversal of inventories written down	16	(76,455)	-	-	-
Reversal of impairment on:					
- trade receivables	15	(3,952)	-	-	-
- other receivables	13	(1,154)	(219)	-	-
- amount due from subsidiary companies		-	-	-	(952,882)
Returns to film investors	23	-	180,000	-	-
Unrealised loss on foreign exchange		1,307,029	1,395,887	-	-
Unrealised gain on foreign exchange		(962,586)	(270,037)	(627,705)	(418,788)
Variable lease payments	6	-	(12,542)	-	-

29. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current income tax:				
Provision for current financial year	347,900	31,112	-	-
Real property gains tax	-	50,441	-	-
Under provision in the previous financial year	62,923	532,619	-	-
	410,823	614,172	-	-
Deferred taxation (Note 22)				
Recognised in profit or loss	195,067	-	-	-
Under provision in the previous financial year	2,449	-	-	-
	197,516	-	-	-
Tax expenses for the current financial year	608,339	614,172	-	-

Domestic current income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. Taxation for Taiwan jurisdiction is calculated at the rate prevailing in the respective jurisdiction which is at 20% (2022: 20%).

The reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before taxation	(8,184,794)	(13,729,543)	(6,123,315)	(1,171,548)
Tax at the statutory tax rate of 24% (2022: 24%)	(1,964,351)	(3,295,090)	(1,469,596)	(281,172)
Non-deductible expenses	4,393,156	4,193,811	1,700,030	794,430
Non-taxable income	(2,903,921)	(2,223,656)	(230,693)	(513,646)
Deferred tax assets not recognised during the financial year	939,362	1,393,147	259	388
Utilisation of deferred tax assets previously not recognised	-	(60,070)	-	-
Effect of tax rate in foreign jurisdictions	78,721	22,970	-	-
Real property gain tax	-	50,441	-	-
Under provision:				
- Current tax	62,923	532,619	-	-
- Deferred tax	2,449	-	-	-
Tax expenses for the current financial year	608,339	614,172	-	-

29. TAXATION (continued)

Unrecognised deferred tax assets

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Other temporary differences	3,603,996	3,123,681	(6,410)	(1,528)
Unabsorbed capital allowances	3,530,762	2,998,979	45,296	39,333
Unutilised tax losses	17,856,094	14,954,181	2,068,357	2,068,357
	24,990,852	21,076,841	2,107,243	2,106,162
Unrecognised deferred tax assets at 24% (2022: 24%)	5,997,804	5,058,442	505,738	505,479

The unabsorbed capital allowances can be carried forward indefinitely and unutilised tax losses can be carried forward for a maximum period of seven (7) consecutive years of assessment ("YA") effective from year 2019 and it can only be utilised against income from the same business source. Pursuant to Section 8 of the Finance Act 2021, the unutilised tax losses is allowed to be carried forward for a period of maximum of ten (10) consecutive years of assessment. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The availability of unabsorbed capital allowances and unutilised tax losses for offsetting against future taxable profits of the respective companies within the Group and the Company are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Utilisation period				
Indefinite	7,134,758	6,122,660	38,886	37,805
Expired by YA 2028	373,031	373,031	-	-
Expired by YA 2029	2,749,225	2,749,225	962,737	962,737
Expired by YA 2030	2,329,637	2,329,637	-	-
Expired by YA 2031	4,096,100	4,096,100	-	-
Expired by YA 2032	5,406,188	5,406,188	1,105,620	1,105,620
Expired by YA 2033	2,901,913	-	-	-
	24,990,852	21,076,841	2,107,243	2,106,162

30. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Staff costs (excluding Directors and key management personnel)				
Salaries, wages and bonus	5,418,010	2,782,472	12,044	1,147
Defined contribution plan	370,177	190,285	-	-
Social security contributions	38,062	26,643	-	-
Other employee benefits	21,109	18,137	-	-
	5,847,358	3,017,537	12,044	1,147

The details of directors' remuneration and other key management personnel during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors:				
Fees	226,800	226,800	-	29,700
Salaries and other emoluments	958,532	1,342,043	-	-
Defined contribution plan	52,927	97,488	-	-
Social security contributions	1,169	2,616	-	-
Others	12,800	13,626	-	-
	1,252,228	1,682,573	-	29,700
Non-executive directors:				
Fees	843,820	829,288	418,000	413,000
Others	1,566	2,156	1,566	2,156
	845,386	831,444	419,566	415,156
Total directors' remuneration	2,097,614	2,514,017	419,566	444,856
Other key management personnel:				
Salaries and other emoluments	2,126,001	1,266,009	-	-
Defined contribution plan	250,330	152,181	-	-
Social security contributions	10,751	6,771	-	-
Others	11,236	9,221	-	-
	2,398,318	1,434,182	-	-

Notes to the Financial Statements
for the financial year ended 30 June 2023

31. EARNINGS PER SHARE

(a) Basic loss per ordinary share

The basic loss per share amount is calculated by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023 **RM**	**2022** **RM**
Loss attributable to owners of the Company (RM)	(7,285,664)	(13,036,404)
Weighted average number of ordinary shares	1,449,409,090	1,399,771,830
Basic loss per ordinary share (sen)	(0.50)	(0.93)

(b) Diluted loss per ordinary share

Diluted loss per share is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares from exercise of Warrants into ordinary shares.

	Group	
	2023 **RM**	**2022** **RM**
Loss attributable to owners of the Company (RM)	(7,285,664)	(13,036,404)
Weighted average number of ordinary shares	1,449,409,090	1,399,771,830
Adjusted for:		
Assumed shares issued from the conversion of		
- Warrants 2020/2023 *	-	-
Adjusted weighted average number of ordinary shares on issue and issuable	1,449,409,090	1,399,771,830
Diluted loss per ordinary share (sen) ^	(0.50)	(0.93)

* The exercise price of the outstanding warrants has exceeded the average market price of ordinary shares during the financial year. Therefore, the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

^ The diluted loss per share for the current financial year is equal to the basic loss per share as the conversion of potential ordinary shares would decrease loss per share from continuing operations. Thus, the potential effect of the conversion of warrants would be anti-dilutive.

32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

i. Direct and indirect subsidiary companies as disclosed in Note 10 to the financial statements;
ii. Key management personnel, which comprises persons (including the directors of the Group) having authority and responsibility for planning, deciding and controlling the activities of the Group directly or indirectly; and
iii. Entities in which certain directors, who are also the substantial shareholders of the parent, have substantial shareholding interests.

(b) Transactions with related parties

	Group Transaction value		Company Transaction value	
	2023 RM	2022 RM	2023 RM	2022 RM
Transactions with Directors' related companies:				
- Sales	7,130,277	9,128,257	-	-
- Rental of office	(102,400)	(112,000)	-	-
Transactions with a Director:				
- Sales	13,620	68,509	-	-
Transactions with subsidiary companies:				
- Advances to	-	-	5,190,411	6,813,156
- Payment on behalf	-	-	23,496,938	33,166,973
- Services rendered by	-	-	(8,389)	(28,788)
- Redeemable Preference Shares	-	-	-	(1,000,000)
Transactions with associate company:				
- Payment on behalf	-	-	(10,353)	-

(c) The key management personnel comprised Executive and Non-Executive Directors of the Group and of the Company whose remuneration are disclosed in Note 30.

The directors of the Company are of the opinion that the related party transactions have been entered into the normal course of business, on an arm's length basis and established, on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

33. CAPITAL COMMITMENTS

As at the financial year end, the Group and the Company have the following capital commitments:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Approved and contracted for:				
Property, plant and equipment	-	2,020,732	-	-
Investment properties	112,500	112,500	-	-
RCPS subscriptions	-	-	-	500,000
	112,500	2,133,232	-	500,000

34. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group's chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services, which comprises the following:

(a) Research and development, and assembling;
(b) Factoring;
(c) Trading; and
(d) Film production

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, is measured differently from operating profit or loss in the consolidated financial statements.

Group 2023	Research and development, and assembling RM	Factoring RM	Trading RM	Film production RM	Others RM	Total segments RM	Eliminations RM	Total RM
Revenue								
External revenue	13,508,060	6,876,654	1,504,630	105,787	954,582	22,949,713	(456,549)	22,493,164
Results								
Segment results	(3,792,408)	1,610,261	(1,751,715)	(1,190,156)	(7,177,403)	(12,301,421)	4,116,627	(8,184,794)
Loss after taxation	(3,811,990)	1,156,927	(1,810,854)	(1,190,156)	(7,253,687)	(12,909,760)	4,116,627	(8,793,133)

Notes to the Financial Statements
for the financial year ended 30 June 2023

34. SEGMENT INFORMATION (continued)

Group 2023	Research and development, and assembling RM	Factoring RM	Trading RM	Film production RM	Others RM	Total segments RM	Eliminations RM	Total RM
Other information								
Segment assets	47,115,874	45,831,520	39,054,735	847,467	176,833,291	309,682,887	(174,394,384)	135,288,503
Segment liabilities	18,815,315	40,696,650	39,338,579	5,574,103	39,572,387	143,997,034	(136,613,048)	7,383,986
Amortisation of intangible assets	2,538,899	-	-	-	-	2,538,899	-	2,538,899
Depreciation on:								
- property, plant and equipment	916,701	1,005,976	158,339	9,779	784,673	2,875,468	(137)	2,875,331
- investment properties	-	-	-	-	74,141	74,141	-	74,141
- right-of-use assets	600,664	-	81,481	19,909	303,133	1,005,187	-	1,005,187
Fair value (gain)/ loss on:								
- other investments	137	-	-	-	-	137	-	137
- short-term investments	(2,361,781)	-	-	-	(292,712)	(2,654,493)	-	(2,654,493)
Impairment losses on:								
- trade receivables	294,428	569,957	192,574	-	11,481	1,068,440	-	1,068,440
- other receivables	17,100	-	-	-	20,000	37,100	265,258	302,358
- other investment	-	-	-	-	2,500,000	2,500,000	-	2,500,000
- investment properties	-	-	-	-	158,600	158,600	-	158,600
Income distribution from short-term investments	-	-	-	-	(40,808)	(40,808)	-	(40,808)
Interest income	(8,877)	-	(2,557)	-	(574,763)	(586,197)	-	(586,197)
Interest expenses	38,992	-	10,259	6,973	90,377	146,601	-	146,601
Inventories written off	-	-	6,936	-	-	6,936	-	6,936
Loss on disposal of property, plant and equipment	21	-	-	-	-	21	-	21
Property, plant and equipment written off	507,448	-	-	-	-	507,448	-	507,448
Reversal of inventories written down	-	-	(76,455)	-	-	(76,455)	-	(76,455)

Notes to the Financial Statements
for the financial year ended 30 June 2023

34. SEGMENT INFORMATION (continued)

Group 2022	Research and development, and assembling RM	Factoring RM	Trading RM	Film production RM	Others RM	Total segments RM	Eliminations RM	Total RM
2022								
Revenue								
External revenue	16,660,518	1,145,145	1,055,537	1,824,893	335,894	21,021,987	(152,936)	20,869,051
Results								
Segment results	(13,833,628)	(964,813)	(646,414)	(1,628,411)	(3,285,548)	(20,358,814)	6,629,271	(13,729,543)
Loss after taxation	(14,389,208)	(1,015,254)	(646,414)	(1,628,411)	(3,293,699)	(20,972,986)	6,629,271	(14,343,715)
Other information								
Segment assets	49,369,494	27,002,810	35,011,265	974,310	156,756,093	269,113,972	(125,368,131)	143,745,841
Segment liabilities	17,378,314	23,024,867	33,473,845	4,530,962	12,263,556	90,671,544	(78,989,749)	11,681,795
Amortisation of intangible assets	666,457	-	-	256,635	-	923,092	-	923,092
Depreciation on:								
- property, plant and equipment	583,196	-	65,722	22,068	9,295	680,281	(12)	680,269
- investment properties	-	-	-	-	70,918	70,918	-	70,918
- right-of-use assets	550,096	-	79,650	43,314	202,089	875,149	-	875,149
Fair value (gain)/loss on:								
- film investment	-	-	-	1,008,035	-	1,008,035	-	1,008,035
- film investment funds from investors	-	-	-	(934,893)	-	(934,893)	-	(934,893)
- other investments	(1,935,853)	-	-	-	(105,000)	(2,040,853)	-	(2,040,853)
- short-term investments	-	-	-	-	(266,960)	(266,960)	-	(266,960)
Impairment losses on:								
- intangible assets	2,929,932	-	-	972,570	-	3,902,502	-	3,902,502
- trade receivables	-	-	-	-	3,952	3,952	-	3,952
- other receivables	-	-	-	95,204	-	95,204	-	95,204
Income distribution from short-term investments	-	-	-	-	(496,598)	(496,598)	-	(496,598)
Interest income	(2,174)	-	(330)	-	(1,303)	(3,807)	-	(3,807)
Interest expenses	34,743	286,233	2,742	108,202	70,966	502,886	(106,099)	396,787
Inventories written off	-	-	41,424	-	-	41,424	-	41,424
Loss on disposal of property, plant and equipment	-	-	-	502	-	502	-	502
Property, plant and equipment written off	-	-	3,701	26,544	-	30,245	-	30,245
Provision of slow-moving inventories	-	-	15,659	-	-	15,659	-	15,659

34. SEGMENT INFORMATION (continued)

34.1 Geographical information

(a) Revenue information based on geographical location of customers are as follows:

	Group	
	2023 RM	**2022 RM**
Malaysia	14,702,438	16,076,506
Cayman Islands	7,309,192	4,497,194
Taiwan	481,534	295,351
	22,493,164	20,869,051

(b) Non-current assets based on where the assets of core businesses and geographical locations of the key operating companies, excluding financial instruments defined under MFRS 9, are as follows:

	Group	
	2023 RM	**2022 RM**
Malaysia	43,599,460	42,494,356
Taiwan	6,391,422	8,648,655
Hong Kong	610,418	713,661
	50,601,300	51,856,672

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its risks.

The Group and the Company are exposed to financial risk arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, foreign currency risk and liquidity and cash flow risk.

The main areas of the financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activities are set out as follows:

35.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

The excess funds of the Group and of the Company are invested in bank deposits and other short-term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income of the Group and of the Company for the financial year would both increase/decrease by RM1,089 (2022: RM25,828).

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest rate risk. The Company also reviews its debt portfolio to ensure favourable rates are obtained.

As at 30 June 2023, the Group and the Company do not account sensitivity analysis for floating rate financial liabilites as they did not have exposure to interest rate risk from floating rate borrowings.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk mainly arises from its receivables. Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis. For bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institutions.

The Group assessed ECL for trade receivables based on two different approaches, namely collective assessment and individual debtor assessment.

(a) Collective assessment

To measure the expected credit losses under the collective assessment, trade and other receivables and contract assets have been grouped based on shared credit risk characteristics and number of days past due. The expected loss rates are developed based on the historical credit loss rates. The historical loss rates are further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group has identified (i) internal credit rating and (ii) actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation to be the most relevant factors, and accordingly, adjust the historical loss rates based on expected changes in these factors.

(b) Individual debtor assessment

The Group applies individual debtor assessment for debtors with different risk characteristics, where the credit risk information of these debtors is obtained and monitored individually. The Group assesses the lifetime ECL while taking into consideration as follows:

- PD - Probability of default
  (The likelihood that the borrower cannot pay during the contractual period)
- LGD - Loss given default
  (Percentage of contractual cash flows that will not be collected if default happens)
- EAD - Exposure at default
  (Outstanding amount that is exposed to default risk)

The Group has taken into account the probability-weighted recoverable amount determined via the evaluation of a range of possible outcomes. In deriving the PD and LGD, the Group considers historical data of each debtor by category and adjusts for forward-looking macroeconomic data. The Group has identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly, adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

35.2.1 Trade receivables

Credit risk is minimised by monitoring the financial standing of the debtors on an ongoing concern basis through the review of receivables ageing. The maximum exposure to credit risk is disclosed in Note 15 to the financial statements, representing the carrying amount of the trade receivables recognised on the statements of financial position.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.2 Credit risk (continued)

35.2.2 Advances to subsidiary companies

The Company provides unsecured advances to its subsidiary companies and monitors the results of the subsidiary companies regularly. The maximum exposure to credit risk is represented by their carrying amount in the statements of financial position. As at 30 June 2023, the Company had made sufficient allowance for impairment loss on advances to its subsidiary companies. The Company does not specifically monitor the ageing of the advances to its subsidiary companies.

35.2.3 Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information.

The maximum exposure to credit risk is disclosed in Note 13 to the financial statements, representing the carrying amount of the other receivables recognised on the statements of financial position.

35.2.4 Lease receivables

The credit risk associated with lease receivables is mitigated by way of obtaining security over the lease equipment. At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount recognised in the statement of financial position.

As at the end of the reporting date, the Group did not recognise any loss allowance for impairment for lease receivables.

35.3 Foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk as the majority of the Group's and the Company's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and New Taiwan Dollar ("TWD").

Foreign currency exposures in transactional currencies other than functional currencies are kept to an acceptable level. The Group and the Company have not entered into any derivative financial instruments such as forward foreign exchange contracts.

The net unhedged financial assets/(liabilities) of the Group at year end that are not denominated in Ringgit Malaysia are as follows:

Group **2023**	**USD** **RM**	**TWD** **RM**	**Others** **RM**	**Total** **RM**
Cash and bank balances	36,577,271	420,385	511,425	37,509,081
Trade receivables	354,881	66,787	-	421,668
Other receivables	614,898	259,425	1,174,661	2,048,984
Trade payables	-	-	(61,689)	(61,689)
Other payables	(419,850)	(1,503,231)	(40,466)	(1,963,547)
	37,127,200	(756,634)	1,583,931	37,954,497

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.3 Foreign currency risk (continued)

The net unhedged financial assets/(liabilities) of the Group at year end that are not denominated in Ringgit Malaysia are as follows (continued):

Group 2022	**USD RM**	**TWD RM**	**Others RM**	**Total RM**
Cash and bank balances	28,962,920	1,172,316	524,254	30,659,490
Trade receivables	-	14,956	179,528	194,484
Other receivables	547,279	241,701	895,074	1,684,054
Trade payables	-	-	(55,404)	(55,404)
Other payables	-	(932,958)	(25,960)	(958,918)
	29,510,199	496,015	1,517,492	31,523,706

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's pre-tax profit to a reasonably possible change in the USD, TWD and others exchange rates against the respective functional currencies of the Group, with all other variables held constant.

Group		**2023 RM**	**2022 RM**
USD/RM	- strenghten 1%	3,712,720	2,951,020
	- weakened 1%	(3,712,720)	(2,951,020)
TWD/RM	- strenghten 1%	(75,663)	49,602
	- weakened 1%	75,663	(49,602)
Others/RM	- strenghten 1%	158,393	151,749
	- weakened 1%	(158,393)	(151,749)

35.4 Liquidity and cash flow risk

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

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintain bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows.

Group 2023	**Carrying amount RM**	**Contractual interest rate %**	**Contractual cash flows RM**	**Not later than 1 year RM**	**Later than 1 year but not later than 5 years RM**	**More than 5 years RM**
Trade payables	698,166	-	698,166	698,166	-	-
Other payables	3,416,409	-	3,416,409	3,416,409	-	-
Lease liabilities	2,786,888	2.44% - 6.57%	3,008,761	1,085,112	1,923,649	-
Amount due to directors	3,368	-	3,368	3,368	-	-
Contract liabilities	70,545	-	70,545	70,545	-	
	6,975,376		7,197,249	5,273,600	1,923,649	-

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.4 Liquidity and cash flow risk (continued)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on undiscounted contractual cash flows.

Group 2022	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Not later than 1 year RM	Later than 1 year but not later than 5 years RM	More than 5 years RM
Trade payables	896,044	-	896,044	896,044	-	-
Other payables	5,587,765	-	5,587,765	5,587,765	-	-
Lease liabilities	3,727,363	2.44% - 5.90%	4,069,589	1,226,634	2,721,967	120,988
Amount due to directors	916,335	-	916,335	916,335	-	-
Contract liabilities	398,648	-	398,648	398,648	-	-
	11,526,155		11,868,381	9,025,426	2,721,967	120,988
Company						
2023						
Other payables	600,701	-	600,701	600,701	-	-
Amount due to subsidiary companies	89,303	-	89,303	89,303	-	-
	690,004		690,004	690,004	-	-
2022						
Other payables	136,896	-	136,896	136,896	-	-
Amount due to subsidiary companies	568,192	-	568,192	568,192	-	-
	705,088		705,088	705,088	-	-

35.5 Classification of financial instruments

	Group		Company	
Financial assets	**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**
Fair value through profit or loss				
Money market funds	-	14,783	-	-
Equity investments	4,725,000	4,725,000	-	-
Redeemable convertible preference shares	-	-	-	2,500,000
Film investments	-	265,107	-	-
Short-term investments	1,089,298	25,828,197	1,089,298	25,828,197
	5,814,298	30,833,087	1,089,298	28,328,197
At amortised costs				
Finance lease receivables	2,345,870	-	-	-
Trade receivables	11,780,800	15,113,106	-	-
Other receivables	2,421,727	2,929,992	2,862	66,261
Amount due from subsidiary companies	-	-	36,127,179	8,254,493
Contract assets	-	222,585	-	-
Cash and bank balances	59,793,515	41,140,356	2,389,848	6,693,597
	76,341,912	59,406,039	38,519,889	15,014,351

Notes to the Financial Statements
for the financial year ended 30 June 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.5 Classification of financial instruments (continued)

Financial liabilities	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Fair value through profit or loss				
Film investment funds from investors	-	265,107	-	-
	-	265,107	-	-
At amortised costs				
Trade payables	698,166	896,044	-	-
Other payables	3,416,409	5,322,658	600,701	136,896
Amount due to directors	3,368	916,335	-	-
Amount due to subsidiary companies	-	-	89,303	568,192
Contract liabilities	70,545	398,648	-	-
Lease liabilities	2,786,888	3,727,363	-	-
	6,975,376	11,261,048	690,004	705,088

35.6 Fair value of financial instruments

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

The table below analyses financial instruments that are carried at fair value.

	Financial instruments that are carried at fair value			
Group 2023	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Financial assets				
Equity investments	4,725,000	-	-	4,725,000
Short-term investments	1,089,298	-	-	1,089,298
	5,814,298	-	-	5,814,298
2022				
Financial assets				
Money market funds	14,783	-	-	14,783
Equity investments	4,725,000	-	-	4,725,000
Film investments	-	-	265,107	265,107
Short-term investments	25,828,197	-	-	25,828,197
	30,567,980	-	265,107	30,833,087
Financial liability				
Film investment funds from investors	-	-	265,107	265,107
Company 2023				
Financial asset				
Short-term investments	1,089,298	-	-	1,089,298
2022				
Financial asset				
Short-term investments	25,828,197	-	-	25,828,197

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.6 Fair value of financial instruments (continued)

The table below analyses financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

	Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value			
Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2023	**RM**	**RM**	**RM**	**RM**
Financial asset				
Finance lease receivables	-	-	1,387,304	1,387,304
Trade receivables	-	-	239,407	239,407
	-	-	1,626,711	1,626,711
Financial liabilities				
Lease liabilities	-	-	2,786,888	2,786,888
Contract liabilities	-	-	70,545	70,545
Amount due to directors	-	-	3,368	3,368
	-	-	2,860,801	2,860,801
2022				
Financial asset				
Contract assets	-	-	222,585	222,585
Financial liabilities				
Lease liabilities	-	-	3,727,363	3,727,363
Contract liabilities	-	-	398,648	398,648
Amount due to directors	-	-	916,335	916,335
	-	-	5,042,346	5,042,346
Company				
2023				
Financial asset				
Amount due from subsidiary companies	-	-	36,127,179	36,127,179
Financial liability				
Amount due to subsidiary companies	-	-	89,303	89,303
2022				
Financial asset				
Amount due from subsidiary companies	-	-	8,254,493	8,254,493
Financial liability				
Amount due to subsidiary companies	-	-	568,192	568,192

Notes to the Financial Statements
for the financial year ended 30 June 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

35.6 Fair value of financial instruments (continued)

Policy on transfer between levels

The fair value of an asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2022: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets or liabilities.

Amount due from/(to) subsidiary companies, amount due to directors, trade receivables, finance lease receivables, contract assets/(liabilities) and lease liabilities

The fair value of these financial instruments which is determine for disclosure purposes, are estimated by discounting expected future cash flows at market increment lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The responsibility for managing the above risks is vested in the directors.

36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

(a) Incorporation of subsidiary companies

On 9 December 2022, Mlabs Capital Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a 100% owned foreign subsidiary, Mlabs Capital Limited, comprising 1 ordinary share for a cash consideration of HK$1.

(b) Deemed disposal of subsidiary companies

On 16 December 2022, the Company's equity interest in Longhouse Films Sdn. Bhd. ("LFSB") reduced from 51% to 49% due to subscription of additional shares in LFSB by the non-controlling interest. Subsequently, the Company losses control over LFSB and LFSB's wholly-owned subsidiary, Longhouse Animation Sdn. Bhd. ("Longhouse Group").

(c) The Board of Directors of the Group had on 27 September 2022 announced that the Company has resolved to extend its existing ESOS, which was due for expiry on 27 September 2022, for another five (5) years until 27 September 2027 in accordance with the terms of the ESOS By-Laws.

36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR (continued)

(d) The Board of Directors of the Group had on 05 April 2023 announced that the Company intends to vary up to RM8.54 million of the unutilised proceeds raised from the Private Placement completed on 14 September 2021 intended for an animated series which did not materialise. The variation of the unutilised proceeds is intended to fund the working capital of its existing factoring and related business.

At the end of the financial year ended 30 June 2023, the proceeds have been fully utilised for its intended purpose.

(e) The Board of Directors of the Group had on 28 June 2023 held an Extraordinary General Meeting and obtained the shareholders' approval for the proposed diversification of the principal activities of Mlabs Systems Berhad and its subsidiary to include Factoring, Development Finance, Leasing, and Building Credit business as core business of the Group.

(f) The Board of Directors of the Group had on 25 October 2023 announced a Share Consolidation and Rights Issue with Warrants exercise:-

(i) proposed consolidation of every 20 existing ordinary shares of the Company ("Shares") into 1 Share ("Consolidated Share") ("Proposed Share Consolidation"); and

(ii) proposed renounceable rights issue of up to 283,484,613 new Shares ("Rights Shares") on the basis of 3 Rights Shares for every 1 Consolidated Share held on an entitlement date to be determined later ("Rights Issue Entitlement Date"), together with up to 113,393,845 free detachable warrants in the Company ("Warrants D") on the basis of 2 Warrants D for every 5 Rights Shares subscribed for at an issue price to be determined later ("Proposed Rights Issue with Warrants").

The above proposals are subjected to the approval to be obtained from Bursa Malaysia Securities Berhad and the approval from the Shareholders at the Extraordinary General Meeting to be conveyed by the Company.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's debts include total liabilities less cash and cash equivalents.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total liabilities	7,383,986	11,681,795	690,295	705,379
Less: Cash and bank balances	(59,793,515)	(41,140,356)	(2,389,848)	(6,693,597)
Short-term investments	(1,089,298)	(25,828,197)	(1,089,298)	(25,828,197)
	(53,498,827)	(55,286,758)	(2,788,851)	(31,816,415)
Equity attributable to owners of the Company	126,434,125	131,523,537	90,845,698	96,969,013
Capital and net debt	72,935,298	76,236,779	88,056,847	65,152,598
Gearing ratio	-*	-*	-*	-*

* The Company is in a cash positive position. Therefore, gearing ratio does not apply.

LIST OF PROPERTIES

Location	Description/ Existing use	Built-up area	Tenure	Net book value as at 30 June 2023 (RM'000)	Date of acquisition
43-2, Storey 43, Geran 70444, Lot 230, Section 58, Bandar Kuala Lumpur	Private Residence/ Investment Property	228 Square Metres	Freehold	6,725	24 September 2018
G04, Mont Kiara Damai, Jalan Kiara 2, Mont' Kiara, Kuala Lumpur	2 storey annexed building	283 Square Meters	Freehold	4,559	6 September 2021
41547, No. PT 6093, Mukim Sg. Buloh, Daerah Kuala Lumpur	4 storey shop lot	160 Square Meters	Freehold	5,162	17 September 2021
Block D-G-9 & Block D-1-9 Residensi Bandar Razak, No.1, Jalan Razak Mansion, Sungai Besi, Kuala Lumpur	2 storey shop lot	259 Square Meters	Leasehold	2,138	17 April 2019

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023

SHARE CAPITAL

Total Number of Issued Shares	:	1,449,409,090
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Holders	Total Holdings	% of Holdings
Less than 100	291	8,705	0.00
100 - 1,000	736	361,394	0.03
1,001 - 10,000	1,529	8,013,136	0.55
10,001 - 100,000	2,161	102,705,745	7.09
100,001 to less than 5% of issued shares	1,569	1,013,615,210	69.93
5% and above of issued shares	1	324,704,900	22.40
Total	**6,287**	**1,449,409,090**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(as per the Register of Substantial Shareholders)

	No. of Shares			
Name	Direct Interest	%	Indirect Interest	%
First United Technology Limited	333,335,150	23.0	-	-
NetX Holdings Berhad	-	-	333,335,150*	23.0

Note:

* *Deemed interested by virtue of its interest in First United Technology Limited pursuant to Section 8 of the Companies Act, 2016*

DIRECTORS' SHAREHOLDINGS
(as per the Register of Substantial Shareholders)

	No. of Shares			
Name	Direct Interest	%	Indirect Interest	%
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	-	-	-	-
Professor Emeritus Dr. Sureswaran Radamass	33,513	-	3,829*	*Negligible*
Mejar Dato' Ismail bin Ahmad (R)	-	-	-	-
Ong Tee Kein	836,100	0.06	-	-
Tan Sik Eek	700,000	0.05	-	-
Chuah Hoon Hong	-	-	-	-
Karina binti Idris Ahmad Shah	-	-	-	-

Note:

* *Deemed interested through shares held directly by spouse.*

Analysis of Shareholdings
As at 29 September 2023

LIST OF TOP 30 HOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder)

NO.	NAME	HOLDINGS	%
1.	M&A NOMINEE (ASING) SDN BHD EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED (A/C CLIENTS)	324,704,900	22.40
2.	TAN YOUNG TAT	21,789,900	1.50
3.	SU HOW GIONG	20,000,000	1.38
4	LIAN FONG CHEE	14,000,000	0.97
5.	CHAN TIN WAI	11,700,000	0.81
6.	AU SHIUN CHOUR	11,540,000	0.80
7.	WONG AH YONG	11,456,800	0.79
8.	SOO OON LAM	11,000,000	0.76
9.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	10,000,000	0.69
10.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (GCHK-LAZARUS)	9,000,000	0.62
11.	CHUNG KIN CHUAN	7,500,000	0.52
12.	NG KIM HUAT	6,961,300	0.48
13.	BAN BOON SENG	6,900,000	0.48
14.	CHIN CHEE KEONG	6,389,900	0.44
15.	TA SECURITIES HOLDINGS BERHAD IVT (P06)	6,199,000	0.43
16.	LIEW SWEE MIN	6,000,000	0.41
17.	OOI KOON CHUAN	6,000,000	0.41
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN POH MUN	5,850,000	0.40
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	5,750,000	0.39
20.	TEOH HIN HENG	5,750,000	0.39
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN LEONG CHOY	5,700,000	0.39
22.	EE KIM CHENG	5,500,000	0.38
23.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	5,000,000	0.35
24.	ROBERT TANG ENG HUI	5,000,000	0.35
25.	TING KWONG KEONG	5,000,000	0.35
26.	SEE CHII WEI	4,999,700	0.35
27.	CHIA GIN FOOK	4,500,000	0.31
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD FOR TAN SUN PING	4,500,000	0.31
29.	SOO KEE HIN	4,400,000	0.30
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD CHIN KIAM HSUNG	4,200,000	0.29
	TOTAL	**556,068,200**	**38.45**

ANALYSIS OF WARRANT HOLDINGS - WARRANT C
AS AT 29 SEPTEMBER 2023

WARRANTS C 2020/2023

Total Number of Warrants Issued	:	440,488,340
Exercise Price of Warrants	:	RM 0.09
Exercise Period of Warrants	:	8 December 2020 to 7 December 2023
Exercise Rights	:	Each warrants entitles the holders to subscribe for one new ordinary share in the Company

DISTRIBUTION OF WARRANT C HOLDINGS

Size of holding	No. of Holders	Total Holdings	% of Holdings
Less than 100	185	8,639	0.00
100 - 1,000	49	23,144	0.00
1,001 - 10,000	157	834,032	0.19
10,001 - 100,000	735	33,628,908	7.63
100,001 to less than 5% of issued warrant	578	405,993,617	92.17
5% and above of issued warrant	-	-	-
Total	**1,704**	**440,488,340**	**100.00**

DIRECTORS' WARRANT C HOLDINGS
(as per the Register of Directors' Warrant holdings)

	No. of Warrant C			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd)	-	-	-	-
Professor Emeritus Dr. Sureswaran Radamass	-	-	-	-
Mejar Dato' Ismail bin Ahmad (R)	-	-	-	-
Ong Tee Kein	-	-	-	-
Tan Sik Eek	350,000	0.08	-	-
Chuah Hoon Hong	-	-	-	-
Karina binti Idris Ahmad Shah	-	-	-	-

Analysis of Warrant Holdings - Warrant C
As at 29 September 2023

LIST OF TOP 30 WARRANT C HOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder

NO.	NAME	HOLDINGS	%
1.	CHONG HOI YONG	15,411,700	3.50
2.	MD NOR BIN MANSOR	14,700,000	3.34
3.	SU HOW GIONG	8,000,016	1.82
4	EE KIM CHENG	8,000,000	1.82
5.	MUHAMMAD 'IZZAT AFIQ BIN ZAINUDDIN	7,950,000	1.80
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ‘IZZAH IMAN MAISARAH	7,900,000	1.79
7.	FOO FOOK MIN	6,500,000	1.48
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN POH MUN	6,500,000	1.48
9.	YAP SWEE SANG	5,250,000	1.19
10.	POH SIN EE	5,043,500	1.14
11.	ONG CHAI HOCK	5,000,000	1.14
12.	CHIN CHEE KEONG	4,727,441	1.07
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHOY SEN @ CHIN KIM SANG (SMART)	4,472,300	1.02
14.	LIM CHIA YAT	4,402,000	0.99
15.	TEO TIEW	4,376,425	0.99
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD ‘IZZAT	3,677,800	0.83
17.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,658,458	0.83
18.	KOH KING CHIEW	3,500,000	0.79
19.	NG CHOOI POH	3,400,000	0.77
20.	LAM AH CHOI	3,378,000	0.77
21.	LEE KWANG PENG	3,090,000	0.70
22.	TAM SHIN SHIN	3,045,000	0.69
23.	LIAN FONG CHEE	3,000,000	0.68
24.	CHAN TIN WAI	2,800,000	0.64
25.	KHOR GAIK SIM	2,800,000	0.64
26.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	2,630,500	0.60
27.	AU SHIUN CHOUR	2,500,000	0.57
28.	GAN FOO YEW	2,500,000	0.57
29.	PANG JOON HAU	2,500,000	0.57
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEU THIAM SUN (E-SS2)	2,500,000	0.57
	TOTAL	**153,213,140**	**34.78**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth (19th) Annual General Meeting of MLABS Systems Berhad (**"MLABS"** or **"the Company"**) will be conducted on a virtual basis and entirely via the Remote Participation and Voting (**"RPV"**) Facilities from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan via online meeting platform at https://rebrand.ly/MLABS-AGM on Wednesday, 29 November 2023 at 2.30 p.m. or any adjournment thereof, for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Directors' and Auditors' Reports thereon. — **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' fees of up to RM600,000.00 from 29 November 2023 until the next Annual General Meeting of the Company. — **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits (excluding Directors' fees) of up to RM50,000.00 to the Non-Executive Directors with effect from 29 November 2023 until the next Annual General Meeting of the Company. — **Ordinary Resolution 2**

4. To re-elect the following Directors who retires pursuant to Clause 115 of the Company's Constitution:

   (a) General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) — **Ordinary Resolution 3**

   (b) Chuah Hoon Hong — **Ordinary Resolution 4**

5. To re-elect Karina binti Idris Ahmad Shah who retires pursuant to Clause 125 of the Company's Constitution. — **Ordinary Resolution 5**

6. To re-appoint Messrs CAS Malaysia PLT as External Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 6**

SPECIAL BUSINESSES :

To consider and, if thought fit, to pass the following Resolution:

7. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — **Ordinary Resolution 7**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("**the Act**") and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT notwithstanding the provisions provided in the Company's Constitution and Section 85 of the Act, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders and empowered the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Act without offering them to the existing members to maintain their relative voting and distribution right and such new shares shall rank pari passu in all respects with the existing class of ordinary shares."

Notice of Annual General Meeting

8. **Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Ordinary Resolution 8**

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 31 October 2023 for the purposes of Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad **("Listing Requirements")**, subject to the following:

(i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

(a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or

(b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

(a) the type of the Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with MLABS Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

9. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

CHONG VOON WAH (SSM PC No. 202008001343) (MAICSA 7055003)
THAI KIAN YAU (SSM PC No. 202008001515) (MIA 36921)
Company Secretaries

Kuala Lumpur
31 October 2023

Notice of Annual General Meeting

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 22 November 2023 shall be regarded as members and entitled to participate, speak and vote at the Nineteenth (19th) Annual General Meeting **("AGM").***

2. *A member entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy needs not be a member of the Company and a member may appoint any persons to be his proxy. A proxy appointed to participate and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.*

3. *A member shall be entitled to appoint more than two (2) proxies to participate and vote at the AGM. Where a member appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*

4. *Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

6. *The instrument appointing a proxy and the power of attorney or other authority (if any), which it is signed or a notarially certified copy thereof, must be deposited at the Poll Administrator's office of the Company, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*

7. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.*

8. *The AGM will be conducted virtually at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 30 June 2023

The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolutions 1 & 2: Proposed Payment of Directors' Fees and Proposed Payment of Directors' Benefits to Non-Executive Directors

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Nineteenth (19th) AGM on the Directors' fees and benefits in 2 separate resolutions as below:

- Ordinary Resolution 1 on payment of Directors' fees from 29 November 2023 until the next AGM.
- Ordinary Resolution 2 on payment of Director's benefits (excluding Directors' fees) from 29 November 2023 until the next AGM.

The Directors' benefits payable to the Directors is essentially includes meeting allowance for Board/Board Committee meeting attended/to be attended for the period from 29 November 2023 until the conclusion of the next AGM and is estimated not to exceed RM50,000.00. The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/Board Committee meetings and increase in Board size.

Details of the Directors' fees and benefits of the Non-Executive Directors for the financial year ended 30 June 2023 are disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2023.

Notice of Annual General Meeting

EXPLANATORY NOTES (CONTINUED)

3. Ordinary Resolutions 3 to 5: Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to the provision of the Company's Constitution at the Nineteenth (19th) Annual General Meeting of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

(i) General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) (Clause 115);
(ii) Chuah Hoon Hong (Clause 115); and
(iii) Karina binti Idris Ahmad Shah (Clause 125).

*(collectively referred to as "**Retiring Directors**")*

The Board of Directors through the Nominating Committee **("NC")** has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors who had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Committees meetings) 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.

Further, the NC has considered and affirmed, and the Board has endorsed that Chuah Hoon Hong and Karina binti Idris Ahmad Shah, who are seeking re-election at the forthcoming Nineteenth (19th) Annual General Meeting of the Company comply with the independence criteria as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and remained independent in exercising their judgment and in carrying out their duties as Independent Non-Executive Directors.

4. Ordinary Resolution 6: Re-appointment of External Auditors

The Board, through the Audit Committee, had conducted an assessment on the suitability, objectivity and independence of Messrs CAS Malaysia PLT in respect of the financial year ended 30 June 2023. The Board was satisfied with the performance of Messrs CAS Malaysia PLT and recommended the re-appointment of Messrs CAS Malaysia PLT as External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company in accordance with Section 271 of the Companies Act 2016.

5. Ordinary Resolution 7: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7, if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company ("**General Mandate**"). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

Pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 70 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company:

<u>Section 85(1) of the Companies Act 2016 states:</u>

Subject to the constitution, where a company issues 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.

EXPLANATORY NOTES (CONTINUED)

5. **Ordinary Resolution 7: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 (continued)**

Clause 70 of the Company's Constitution provides as follows:

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The 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 that time, or 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 those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 7, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the General Mandate.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Eighteenth (18^{th}) Annual General Meeting held on 29 November 2022 and which the said General Mandate will lapse at the conclusion of the Nineteenth (19^{th}) Annual General Meeting.

6. **Ordinary Resolution 8: Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company. For more information, please refer to the Company's Circular to Shareholders dated 31 October 2023.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29 (2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the Nineteenth (19^{th}) Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Rule 6.04 (3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of Nineteenth (19^{th}) Annual General Meeting of the Company for the details.

ADMINISTRATIVE GUIDE

Day, Date and time of our Nineteenth (19th) Annual General Meeting	**Wednesday, 29 November 2023 at 2.30 p.m. or at any adjournment thereof**
Broadcast Venue	**Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan**
Meeting Platform	**https://rebrand.ly/MLABS-AGM**

1. MODE OF MEETING

The Nineteenth (19th) Annual General Meeting **("AGM")** of MLABS Systems Berhad (**"MLABS"** or **"Company"**) will be conducted on a virtual basis held on a virtual basis and entirely via the Remote Participation and Voting (B) Facilities from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

The broadcast venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, whereby the main venue of the meeting shall be in Malaysia and the Chairman of the Meeting shall be present at the main venue of the Meeting. Shareholders/proxy(ies) from the public **NOT ALLOWED** to attend the AGM in person at the broadcast venue on the day of the meeting.

2. SHAREHOLDERS' PARTICIPATION AT THE AGM VIA REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the AGM using the RPV facilities via https://rebrand.ly/MLABS-AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at https://rebrand.ly/MLABS-AGM.

Shareholders are strongly encouraged to take advantage of the RPV Facilities to participate and vote remotely at the AGM. With the RPV Facilities, you may exercise your right as a member of the Company to participate *(including to pose questions to the Board of Directors **("Board")** and/or Management of the Company)* and vote at the AGM. Alternatively, you may also appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the AGM.

Details of the RPV Facilities are set out below.

3. PROCEDURES FOR RPV VIA RPV FACILITIES

Please read and follow the requirements and procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities:

Procedures		**Action**
Before AGM		
a.	Register as participant in Virtual AGM	• Using your computer, access the website at **https://rebrand.ly/MLABS-AGM**. Click on the **REGISTER** link to register as a participant for the AGM. • If you are using mobile devices, you can also scan the QR code provided on the left to access the registration page. Click **REGISTER** and enter your email, followed by **NEXT** to fill in your details to register for the AGM. • Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. • The event is powered by **Cisco Webex**. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android, and iOS).

Administrative Guide

3. PROCEDURES FOR RPV VIA RPV FACILITIES

Procedures		Action
b.	Submit your online registration to participate the AGM remotely	• Registration for the AGM is **open from Tuesday, 31 October 2023 at 5.00 p.m. and the registration will be closed on Tuesday, 28 November 2023 at 2.30 p.m.** Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV facilities. • Clicking on the link will redirect you to the AGM event page. Click on the **REGISTER** link for the online registration form. • Complete your particulars in the registration page. Your name **MUST** match your CDS account name *[not applicable to proxy(ies) or corporate representative(s) or attorney(s)].* • Kindly fill in the CDS account number and indicate the number of shares you hold. If you have more than one CDS account, please state the CDS account number and indicate the number of shares held separately with a comma (,). • Read and agree to the Terms & Conditions and confirm the Declaration. • Please review your registration and ensure all information given is accurate before you proceed to click **SUBMIT** to register for your remote participation. Failure to do so will result in your registration being rejected. • System will send an e-mail to notify that your registration for remote participation is received and pending verification. • After verification of your registration against the Record of Depositors as at 22 November 2023, the system will send you an e-mail **after 23 November 2023** to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of the registration for the RPV.)*
On the day of AGM		
a.	Participating the **Virtual AGM**	• Two reminder e-mails will be sent to your inbox. First reminder will be sent one day before the AGM day, while the second reminder will be sent an hour before the commencement of the AGM. Click **JOIN EVENT** in the reminder email for remote participation at the AGM at any time from **1.30 p.m.**, i.e. an hour before the commencement of the AGM on Wednesday, **29 November 2023 at 2.30 p.m.** • Please ensure you have downloaded and installed Cisco Webex Meetings application before attending the Virtual AGM.
b.	Participate through Live Streaming	• You will be given a short briefing on the RPV facilities. • Your microphone will be muted throughout the whole session. • If you have any question for the Chairman/ Board of Directors, you may use the **Q&A PANEL** to transmit your questions. The Chairman/ Board of Directors will endeavour to respond to relevant questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting. • The meeting session will be recorded. • Please note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
c.	Online Remote Voting	• The Chairman of the Meeting will announce the commencement of the voting session and the end of the voting session of the AGM. • A link to vote for the resolution(s) will be posted at the right-hand side of your computer screen under “chat”. You are required to access the link and to indicate your votes for the resolutions within the given stipulated time frame. • Confirm and click the SUBMIT button upon completion to submit your votes. • The decision of votes cannot be changed once it is submitted.
d.	End of remote participation	• Upon the announcement by the Chairman on the closure of the AGM, the live streaming will end.

Administrative Guide

4. ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only members whose names appear on the Record of Depositors as at 22 November 2023 shall be eligible to participate in the AGM or appoint proxy(ies) or corporate representative(s) or attorney(s) and/or the Chairman of the Meeting to participate and vote on his/her behalf.

The hard copy of the proxy forms and/or documents relating to the appointment of proxy(ies) or corporate representative(s) or attorney(s) for the AGM must be deposited by hand or post with the Company's Poll Administrator office at ShareWorks Sdn. Bhd. of No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, not later than **Tuesday, 28 November 2023 at 2.30 p.m.**

All members are strongly encouraged to participate and vote remotely at the AGM using the RPV facilities. The procedures and requisite documents to be submitted by the respective members to facilitate remote participation and voting are summarised below:

(I) <u>For Individual Members</u>

If an individual member is unable to participate the AGM, he/she is encouraged to appoint proxy(ies) or the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

(II) <u>For Corporate Members</u>

Corporate members [through the appointment of Corporate Representative(s) or proxy(ies)] who wish to participate and vote remotely at the AGM, please contact the Company's Poll Administrator with the details set out below for assistance and is required to deposit the following documents to the Company's Poll Administrator no later than **Tuesday, 28 November 2023 at 2.30 p.m.:**

(a) Certificate of appointment of its Corporate Representative or Proxy Form under the seal of the corporation;
(b) Copy of the Corporate Representative's or proxy's MyKad (front and back)/Passport; and
(c) Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, the Company's Poll Administrator will respond to your remote participation request.

If a corporate member [through the appointment of Corporate Representative(s) or proxy(ies)] is unable to participate the AGM, the corporate member is encouraged to appoint the Chairman of the Meeting as its proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

(III) **<u>For Institutional Members</u>**

The beneficiaries of the shares under a Nominee Company's CDS account ("Institutional member(s)") who wish to participate and vote remotely at the AGM may request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. The Nominee Company can contact the Company's Poll Administrator with the details set out below for assistance and is required to deposit the following documents to the Company's Poll Administrator no later than **Tuesday, 28 November 2023 at 2.30 p.m.**:

(a) Proxy Form under the seal of the Nominee Company;
(b) Copy of the proxy's MyKad (front and back)/Passport; and
(c) Proxy's email address and mobile phone number.

Upon receipt of such documents, the Company's Poll Administrator will respond to your remote participation request.

If an institutional member is unable to participate the AGM, the institutional member is encouraged to appoint the Chairman of the Meeting as its proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

5. REVOCATION OF PROXY

Please note that if a Shareholder has submitted his/her Proxy Form prior to the AGM and subsequently decides to personally participate in the AGM via RPV facilities, the Shareholder must contact the Company's Poll Administrator to revoke the appointment of his/her proxy no later than **Tuesday, 28 November 2023 at 2.30 p.m.**

Administrative Guide

6. VOTING AT MEETING

The voting at the AGM will be conducted on a poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Securities")**. The Company has appointed ShareWorks Sdn. Bhd. as the Poll Administrator to conduct the poll voting electronically. SharePolls Sdn. Bhd. as Independent Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the voting session announced by the Chairman of the Meeting. Kindly refer to the **"Procedures for RPV via RPV Facilities"** provided above for guidance on how to vote remotely via the RPV facilities.

The Independent Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution tabled for voting is duly passed or otherwise.

7. RESULTS OF THE VOTING

The resolutions proposed at the AGM and the results of the voting for the same will be announced at the AGM and subsequently via an announcement made by the Company through Bursa Securities at www.bursamalaysia.com.

8. NO RECORDING OR PHOTOGRAPHY

By participating at the AGM, you agree that no part of the AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

9. NO DOOR GIFT/ ANY VOUCHER

There will be NO distribution of door gifts or any vouchers.

10. ENQUIRY

If you have any enquiries on the above, please contact the following designated persons during normal business hours on Mondays to Fridays (except on public holidays):

(i) For Registration, logging in and system related:

Mlabs Research Sdn. Bhd.
Name : Ms Eris/ Mr. Calvin
Contact No. : 03-7688 1013
Email : vgm@mlabs.com

(ii) For Proxy Form and other matters:

ShareWorks Sdn. Bhd.
Name : Mr. Kuo / Mr. Taufiq
Contact No. : 03-6201 1120
Email : ir@shareworks.com.my

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CDS Account No.
No. of Shares held

MLABS SYSTEMS BERHAD
Registration No. 200401014724 (653227-V)
(Incorporated in Malaysia
under the Companies Act, 1965)

PROXY FORM

*I/We ______________________________ NRIC. No. / Registration No.: ______________________
(Please Use Block Capitals)

of ____
(Address)

Contact No. ______________________ Email Address ______________________

being a member/members of **MLABS SYSTEMS BERHAD** hereby appoint

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address : Contact No. : Email Address :			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address : Contact No. : Email Address :			

of failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Nineteenth (19th) Annual General Meeting of the Company to be conducted on a virtual basis and entirely via the Remote Participation and Voting **("RPV")** Facilities from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor via online meeting platform at https://rebrand.ly/MLABS-AGM on Wednesday, 29 November 2023 at 2.30 p.m. or at any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolutions	FOR	AGAINST
1.	To approve the payment of Directors' fees	Ordinary Resolution 1		
2.	To approve the payment of Directors' benefits	Ordinary Resolution 2		
3.	To re-elect General Tan Sri Dato' Sri Hj. Suleiman bin Mahmud RMAF (Rtd) as Director	Ordinary Resolution 3		
4.	To re-elect Chuah Hoon Hong as Director	Ordinary Resolution 4		
5.	To re-elect Karina binti Idris Ahmad Shah as Director	Ordinary Resolution 5		
6.	To re-appoint Messrs CAS Malaysia PLT as External Auditors	Ordinary Resolution 6		
7.	To approve the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 7		
8.	To approve the proposed new shareholders' mandate and renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Ordinary Resolution 8		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this ______________________

____
Signature*
Member
(if shareholder is a corporation, this form should be executed under seal)

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 22 November 2023 shall be regarded as members and entitled to participate, speak and vote at the Nineteenth (19th) Annual General Meeting **("AGM").***
2. *A member entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy needs not be a member of the Company and a member may appoint any persons to be his proxy. A proxy appointed to participate and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.*
3. *A member shall be entitled to appoint more than two (2) proxies to participate and vote at the AGM. Where a member appoints more than two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*
4. *Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), which it is signed or a notarially certified copy thereof, must be deposited at the Poll Administrator's office of the Company, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.*
7. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.*
8. *The AGM will be conducted virtually at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.*

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AFFIX
STAMP

MLABS SYSTEMS BERHAD
Registration No. 200401014724 (653227-V)

c/o ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur
Malaysia

Please fold here

MLABS SYSTEMS BERHAD
200401014724 (653227-V)

Lot 4.1, 4th Floor, Menara Lien Hoe,
No.8, Persiaran Tropicana, Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor, Malaysia.
Tel: 03-7887 2896