

8. INDUSTRY OVERVIEW

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Date: 13 DEC 2023

The Board of Directors
Master Tec Group Berhad
 RM 1299-A
 Kawasan Perindustrian Rembia
 78000 Alor Gajah
 Melaka, Malaysia

Dear Sirs and Madams,

INDEPENDENT MARKET RESEARCH REPORT (“IMR REPORT”) FOR MASTER TEC GROUP BERHAD (“MTG” OR THE “COMPANY”)

This report has been prepared for inclusion in the Prospectus pursuant to the listing of MTG on the ACE Market of Bursa Malaysia Securities Berhad.

Mr Leow Hock Bee is the Research Director of Infobusiness Research & Consulting Sdn Bhd (“**Infobusiness**”). He has more than 30 years of experience in market research, starting his career at Ban Hin Lee Bank Berhad where he spent 10 years. He has been involved in the research of a wide range of industries such as electronics, engineering supporting, furniture, rubber gloves, retreaded tyres, plastics packaging, oil and gas, oil-palm based, construction and property development, predominantly in corporate exercises for public listed companies.

This research is undertaken with the purpose of providing a strategic and competitive analysis of the wires and cables industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

The report contains information supplied by and analysis based on public and private sources. To the extent such sources have been cited herein, we hereby confirm that we are allowed to make reference to such sources. We believe that they are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

Infobusiness has prepared the IMR Report in an independent and objective manner and has taken all reasonable consideration and care to ensure its accuracy and completeness. This IMR Report should not be taken as recommendation to buy or not to buy the shares of any company.

for and on behalf of
INFOBUSINESS RESEARCH & CONSULTING SDN BHD



Leow Hock Bee
 Research Director

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IMR REPORT ON THE WIRES AND CABLES INDUSTRY IN MALAYSIA

1.0 INTRODUCTION TO WIRES AND CABLES

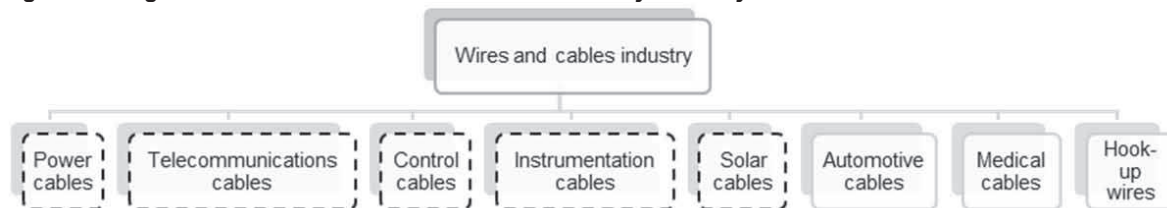
The basic function of a wire or cable is to transmit electricity or signals to the intended device or location. Although the terms “wires” and “cables” are used interchangeably, a key difference is that a wire is a single conductor whereas a cable is comprised of a group of two or more conductors, made of a common material of either copper or aluminium. Both wires and cables are wrapped in a layer of insulators. Compared to wires, cables are thicker, have a more complicated structure, and are enclosed in a jacket (also known as a sheath).

Essentially, a cable is an insulated electrical conductor consisting of either aluminium or copper wires held together with a jacket. The insulation is provided to isolate the conductor from other parts or surfaces through which the current might flow, while the jackets serve as a layer of mechanical protection for the underlying cables from the external environment.

2.0 SEGMENTATION OF THE WIRES AND CABLES INDUSTRY

Basically, there are eight major types of cables, depending on the applications intended, as illustrated and discussed in the diagram below (Figure 1). The main type of cables in use are power cables and telecommunications cables, as they are vital to conduct businesses in a modern civilisation, in addition to homes.

Figure 1: Segmentation of the Wires and Cables Industry in Malaysia



Note:

The MTG Group is involved in power cables, telecommunications cables, control cables, instrumentation cables and solar cables, as indicated by the dotted boxes above.

Source: Infobusiness

- Power cables – they are utilised for capacity and grid network expansion (transmission and distribution cables). Building cables are categorised under power cables as well;
- Telecommunications cables – using either copper or fibre optics, they are the link between the emitting and receiving points, transferring voices, data and images;
- Control cables – they are cables used to transmit signals in controlling or regulating a system in an industrial environment. Control cables are typically shielded against crosstalks from electromagnetic interference and radiofrequency interference;
- Instrumentation cables – they are unshielded cables used to transmit signals in measuring or detecting various parameters of a system in controlled environments such as laboratories and test facilities;
- Solar cables – they are used to connect the various components of a solar photovoltaic system, such as the solar panel, the inverter, the charge controller and the batteries;
- Automotive cables – also known as automotive wiring harnesses, they are used to relay information and electric power for various systems in an automotive such as power window systems, lighting systems, ignition, alarms, air conditioning, among others;
- Medical cables – they are used to transmit power and signals in medical equipment; and
- Hook-up wires – also known as appliance wiring materials, they are commonly used in a variety of applications such as general purpose wiring circuits, control circuits and internal wiring of appliances.

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3.0 POWER CABLES

Power cables are used to transmit and distribute electricity. Various kinds of power cables are manufactured, each of which varies in specifications and purpose of use. Depending on the technical requirements, the power cables manufacturers will manufacture power cables with voltage specifications that fulfil the needs of different markets.

Power utility companies make decisions to utilise underground power cables or overhead power cables based on factors such as the topographies, environmental conditions, service requirements and costs. An underground transmission and distribution power cable refers to a cable that is used underground for the purpose of transmission and distribution of electricity. On the other hand, overhead power cables (also known as aerial bundled cables) line city streets or traverse vast expanses of undeveloped land, linking power generating plants to substations, and from substations to individual homes and businesses.

Power cables can be classified into LV, MV and HV power cables (Table 1).

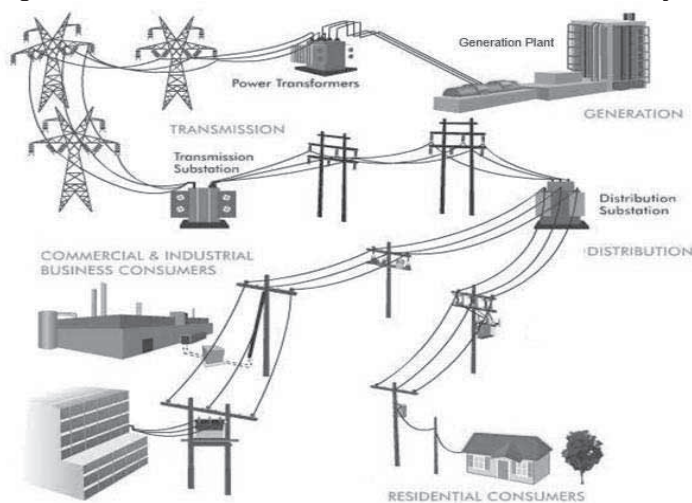
Table 1: Classification of Power Cables in Malaysia

Classification	Examples of Products	Examples of end users in power grids
LV	Distribution cables between substations and consumers 1 kV and below.	From distribution substations to residential areas and commercial buildings.
MV	Distribution cables between substations 6.6 kV – 33 kV (6.6 kV, 11 kV, 22 kV and 33 kV).	From transmission substations to distribution substations.
HV	Underground and overhead cables in transmission lines 66 kV and above (132 kV, 275 kV and 500 kV).	From generation plants to transmission substations.

Source: Energy Commission and TNB

Electricity is transported to the general area of use by the transmission power cables and distributed to the end users at lower voltages by the distribution power cables (Figure 2). Substations form vital parts of the electrical power system. They comprise large collections of electrical devices and equipment such as transformers, relays, isolators, circuit breakers and switches. The substations are the installations that transmit the electricity from the generation plants and transform it from higher to lower voltage.

Figure 2: A Generalised Illustration of an Electrical Power System



Source: Infobusiness

In general, in an electrical power system, transmission refers to the system of HV power cables that transport the electricity from the generation plants to the transmission substations. The HV transmission lines must often be terminated in a bulk power substation some distance away as HV power stations are not allowed in populated areas. The MV power cables are the lines deployed for connections of the electricity network to the distribution substations, while the LV cables serve to connect the electricity network from the distribution substations to end users in various buildings.

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LV power cables serve to connect buildings and carry power over short distances of not more than several hundred metres and in applications such as fixed wirings. They comprise the bundles of wires and cables that run over ceilings and behind walls in buildings; and are often used for powering electrical and electronic equipment and gadgets such as doorbells, garage door controls, air conditioning, landscape lightings, alarm systems and audio-visual wirings.

Although both LV and MV power cables represent the distribution system in a power grid, there are differences in the way the cables are manufactured and the raw materials employed. Given the critical nature of the infrastructure connection created for MV power cables, factors such as reliability, quality and compliance are vital. For instance, the insulation in MV power cables must be able to withstand higher voltage levels through the use of different and thicker insulation materials. Testing is even more critical for MV power cables than their LV power cables counterparts, due to the design's complexity and the need to ensure a higher level of safety. They require in-depth testing to assess the individual components and cable integrity, such as their electrical, mechanical, material, chemical and fire functionalities. These will assist to reduce downtime and keep the facilities running smoothly. As such, every MV power cable should be semi-customised (standard wires and cables with some modifications) to the installation for efficiency and longer life spans.

The MV power cables are also utilised by capital-intensive manufacturing facilities such as automotive plants, pulp and paper mills, semiconductor fabrication plants, steel mills and chemical plants. They involved major investments in plant, machinery and equipment, as well as other costly assets. Large electrical equipment such as cranes or conveyor systems also require MV power cables to supply power due to higher energy requirements. Such facilities that require MV supply from the power utility companies may have dedicated substations which step down the voltages levels and distribute them to buildings throughout the manufacturing facilities. MIDA defines capital-intensive projects as those valued at RM100 million and above. Between 2018 and 2022, 464 projects worth RM472.78 billion were approved in this capital-intensive category by MIDA in Malaysia. In addition, MV power cables are also used in hospitals and commercial buildings, as well as infrastructure projects such as railway networks and ports.

4.0 GENERAL STRUCTURE OF A CABLE

There are different types of cables based on their intended applications, conductor materials, insulation materials, jacketing materials and cross-sectional areas. The basic elements of a cable are as follows:

- cable conductor - determines base current ratings;
- cable insulation - determines voltage and/or stress levels; and
- cable jacket (sheath) - determines protection level and installation condition.

The conductors in cables are usually made from copper due to their excellent conductivity, although aluminium is also used at times due to their different attributes. The selection of insulation material is a direct function of the intended application. The higher the cable voltage, the thicker the insulation required. Jackets are used over the cable to impart abrasion resistance and to protect the cable from the local environment. An optional armour made of either aluminium wire or steel wire can be used to provide enhanced mechanical protection for the cables, underlaid under the jacket and overlaid over a bedding (also known as the inner sheath). In turn, the bedding overlies the insulator.

5.0 INDUSTRY STANDARDS

Many industry standards play an important role in the design and production of wires and cables. The main standards used in the wires and cables industry are as follows:

- MS - a national standard developed by Standards Development Committee within the Malaysian Standards Development System and approved by MITI; and

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- BS EN - a new series of mandatory European standards (EN) created since 1988, to standardise and replace national standards throughout the 18 countries in Western Europe. BS ENs are the British standard implementations of the English language versions of EN.

The IEC, of which Malaysia is also a member, is the world's leading organisation for the preparation and publication of international standards for all electrical, electronic and related technologies. The Energy Commission also regulates the production of wires and cables (non-armoured) with cross-sectional area of conductors between 0.35 mm² and 0.50 mm² designed for LV uses. In addition, the power utility companies in Malaysia imposed their own product specifications. For instance, TNB's product specification for MV single core XLPE insulated power cables requires compliance to BS 6622 and/or IEC 60502-2 from its approved vendors. SIRIM is also involved in the certification, testing and inspection of various industrial and consumer products, including wires and cables.

6.0 PAST PERFORMANCE

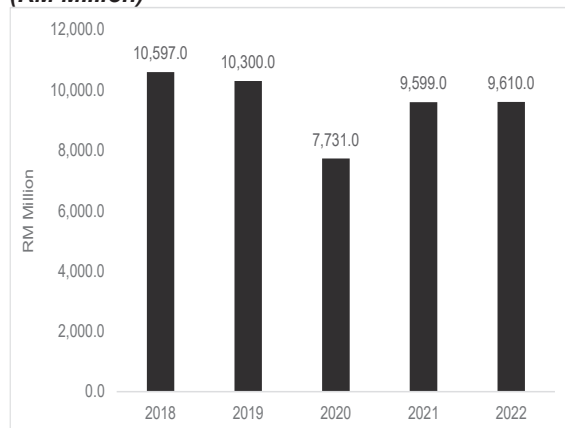
6.1 EX-FACTORY SALES OF WIRES AND CABLES

The ex-factory sales of wires and cables in Malaysia recorded an average annual figure of RM9,567.40 million between 2018 and 2022 (sales recorded by the wires and cable manufacturers, and not electrical wholesalers). There was a decline of 24.94% in the ex-factory sales of wires and cables in Malaysia in 2020, due to the effects of the economic lockdowns imposed by various iterations of the MCOs; before it subsequently recovered and stabilised in 2021 and 2022. (Figure 3). The ex-factory sales in 2021 and 2022 had not recovered to the pre-pandemic years yet as the economy was still in a recovery mode. The ex-factory sales encompass insulated wires and cables made of copper and aluminium, as well as steel (used in armoured cables and to increase the tensile strength of overhead power cables with aluminium conductors), but excludes fibre optic cables, computer and computer accessory cables and automotive cables.

6.2 NATIONAL TRADE IN WIRES AND CABLES

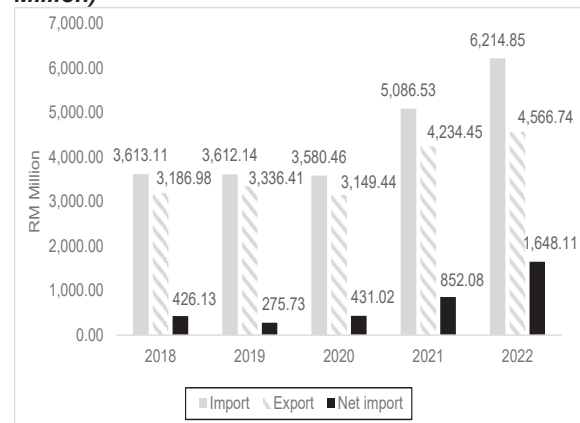
The imports of wires and cables into Malaysia expanded at a faster CAGR of 14.52% between 2018 and 2022, from RM3.61 billion to RM6.21 billion, as opposed to the export CAGR of 9.41%, from RM3.19 billion to RM4.57 billion (Figure 4). The net imports of wires and cables recorded between 2018 and 2022, from RM426.13 million to RM1.65 billion, indicate that there is still scope for import substitution through domestic manufacturing, through the replacement of imports.

Figure 3: Ex-factory Sales of Wires and Cables (RM Million)



Source: Department of Statistics

Figure 4: National Trade in Wires and Cables (RM Million)



Source: Department of Statistics

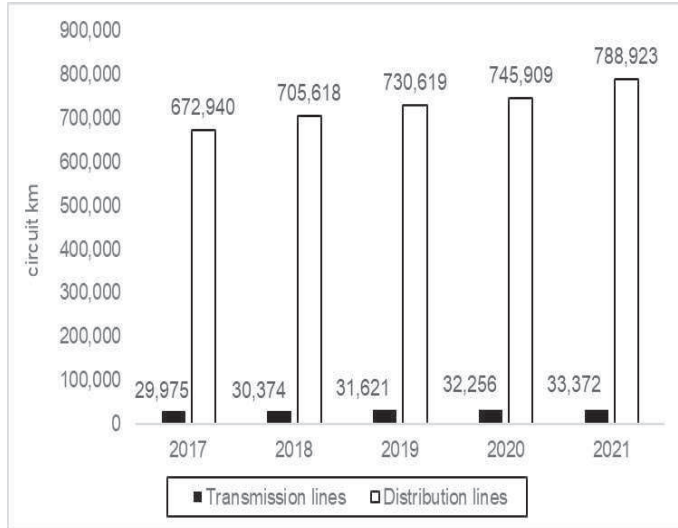
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7.0 Demand Conditions

7.1 An Expanding National Grid

Figure 5: Distance of National Grid (circuit km) in Malaysia



Notes:
 The national grid encompasses Peninsular Malaysia, Sabah and Sarawak.
 Figures for 2022 are not available.
 Source: Energy Commission, TNB, SESB and SEB

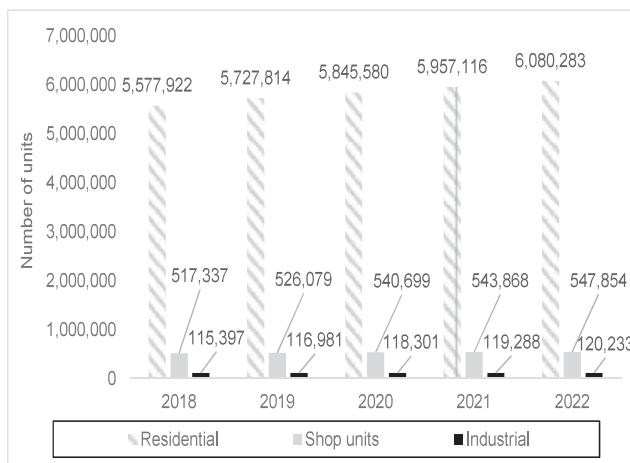
In line with both economic and population growths, the distance of the national grid encompassing both transmission and distribution lines has steadily expanded in Malaysia over the years. The distance of the transmission lines and distribution lines in the national grid between 2017 and 2021 expanded by CAGRs of 2.72% and 4.06%, respectively (Figure 5).

Both economic and population growths generated additional consumption of electrical power, and new transmission lines and distribution lines in the national grid are needed to connect new population, commercial and industrial centres. In turn, they had increased the demand for power cables from the wires and cables manufacturers.

As the coverage of electricity supply was relatively lower in Sabah and Sarawak as compared to Peninsular Malaysia, most of the electricity supply projects were undertaken in East Malaysia over the past few years.

7.2 RISING DEMAND FOR BUILDING CABLES

Figure 6: Supply of Selected Properties in Malaysia (Number of Units)



Source: Valuation and Property Services Department

Building cables, categorised under power cables, are also known as branch circuit wiring in homes and businesses. They carry electrical current to all end users of power in a building or dwelling and are used in the construction of almost every residential, commercial, industrial and hospitality properties. They are usually installed by M&E contractors in the property development industry. They are involved in the installation, testing and commissioning of air conditionings, building automation systems, fire alarms, fire detections, security systems (such as access control and close circuit television), power distributions, switchgears, generators, transformers, lighting control systems, lightning protections, lifts and travelators.

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The number of residential, shop units and industrial units in the property market in Malaysia had expanded from 5,577,922, 517,337 and 115,397 units, respectively, in 2018 to 6,080,283, 547,854 and 120,233 units, respectively, in 2022, recording CAGRs of 2.18%, 1.44% and 1.03%, respectively (Figure 6). As at end 2022, there was a total planned supply of 387,955 residential units, 30,526 shop units and 6,700 industrial units in Malaysia. These buildings represent a market for building cables.

7.3 RISING URBANISATION AND INFRASTRUCTURE SPENDING DRIVE DEMAND FOR WIRES AND CABLES

The urbanisation rate in Malaysia increased from 74.3% in 2015 to 78.2% in 2022 (source: Twelfth Malaysia Plan 2021-2025; Infobusiness) and is anticipated to further increase to 79.8% in 2025 (source: Ministry of Local Government Development). During the process of urbanisation, more offices, shopping malls, education institutions and healthcare facilities, along with residential homes, will be built, creating the need for more electricity networks by the power utility companies and demand for more wires and cables. Existing population, commercial and industrial centres will be further expanded as well. In turn, more infrastructure projects need to be undertaken to cater to the needs of the expanding population in the towns and cities. These infrastructure projects will need more electricity networks for their power needs, ultimately driving up the demand for wires and cables. The major infrastructure projects currently undertaken, or in the pipeline in Malaysia, are listed in the table below (Table 2).

Table 2: Major Infrastructure Projects Undertaken, or in the Pipeline, in Malaysia

Projects	Location	Expected completion year	Estimated costs (RM Billion)
Rail			
East Coast Rail Link	Tumpat-Kuantan-Mentakab-Jelebu-Port Klang	2026	74.9
Electrified Double Track Project	Gemas-Johor Bahru	2023	9.6
Rapid Transit System	Bukit Chagar-Woodlands, Singapore	2026	10.0
Light Rail Transit Line 3	Bandar Utama-Klang	2024	16.6
Mass Rapid Transit 3	Kuala Lumpur	2030	45.0
Bayan Lepas Light Rail Transit	Penang	Between 2030 and 2032	9.5
Others			
West Port Expansion	West Port, Port Klang	2040	10.0
Kuching Urban Transport System	Samarahan Line and Serian Line	2025/2026	6.0

Source: Infobusiness

7.4 POWER CABLE REPLACEMENT SPURS DEMAND

The economic lifespan of power cables ranges between 20 years and 40 years, and power cable failures are due to a wide range of causes such as manufacturing defects, damages caused by shipping and installations, and exposures to electrical transients or abnormal environmental conditions during operations. The likelihood of failure from any of these factors increases over time as the cable insulation degrades. For instance, the number of residential, shop and industrial units in the property market in Malaysia had increased from 3,287,733, 282,143 and 83,838 units, respectively, in 2003, to 6,080,283, 547,854 and 120,233 units, respectively, in 2022, registering CAGRs of 3.3%, 3.6% and 1.9%, respectively. Most of the older buildings require the replacements of wires and cables during the renovation phase. Hence, there is constant demand for power cables in the replacement market.

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7.5 PROMOTION OF ELECTRIC VEHICLE INFRASTRUCTURE

In order to support the development and growth of the electric vehicle industry, the Malaysian government has proposed incentives under Budget 2023 for the imports and assembly of electric vehicles until the end of December 2027. This is anticipated to spur the demand for electric vehicles among the motoring public in Malaysia. However, there needs to be a ramp-up in the installations of LV and MV power cables in the electric vehicle infrastructure. From the 900 charging points for electric vehicles in early 2023, MITI is targeting to install 10,000 charging points by 2025. MV power cables are needed for the connections from the transmission substations to distribution substations. Subsequently, LV power cables are utilised for the connections from the distribution substations to the individual charging points to charge electric vehicles.

7.6 GROWING DEMAND FOR CONTROL CABLES AND INSTRUMENTATION CABLES

Both control cables and instrumentation cables are utilised widely for obtaining and transmitting data and communications from various instruments, machinery and equipment. They used multiple conductors to convey low electrical signals to control, regulate, measure and detect signals in industrial environments and controlled environments such as laboratories and test facilities. This includes diverse industries such as oil and gas installations (onshore and offshore), chemical plants, food and beverage manufacturing plants, steel mills, water and waste treatment plants, among others.

Between 2018 and 2022, 4,262 projects with total investments of RM540.73 billion were approved by MIDA in Malaysia. An increase in the industrialisation process of a country will inevitably lead to a higher demand generated in tandem for control cables and instrumentation cables, in addition to power cables. Machines, which are highly reliant on electricity, are widely used in factories. Also, as the Malaysian government is promoting more automation processes in industries in a bid to reduce reliance on foreign labour and to move up the value chain, this is anticipated to further boost the demand for control and instrumentation cables.

8.0 SUPPLY CONDITIONS

8.1 SUPPLY CHAIN DISRUPTIONS

The COVID-19 pandemic generated a supply shock which subsequently, induced an amplified demand shock in a domino effect. The stay-at-home orders, lockdown measures and social distancing, both enforced and voluntary, had brought economic activities to a sudden stop, with production disruptions also affecting global supply chains. Due to the need to be on-site operating machineries and equipment, most manufacturing activities cannot be undertaken based on the work-from-home model. This had caused supply chain disruptions across many economic sectors, including the wires and cables industry.

8.2 SUPPLY OF MACHINERY

The wires and cables industry in Malaysia is dependent on major machinery such as wire drawing machines, wire stranding machines, cable extrusion machines and armouring machines, which are imported from countries such as the PRC, Taiwan, Germany, Italy and Belgium. During the COVID-19 pandemic, imports of machinery (and their spare parts for replacements due to wear and tear) from overseas were also severely disrupted, due to factors such as increases in freight costs, shortages of containers, port congestions, closures of international borders and reductions in air flights that inhibit the movements of skilled engineers and technicians from machinery suppliers overseas for consultation, guidance and training.

8.3 SUPPLY OF RAW MATERIALS

The supply chain disruption was also compounded by the Russian-Ukraine conflict in early 2022. For example, Russia was a key supplier of aluminium and copper, representing about 5.4% and 4.0% of the global production, respectively. Although wires and cables manufacturers do not import these metals directly from producer countries such as Russia, they may also be impacted by the downstream processing of these metals, such as aluminium ingots, aluminium rods, copper cathodes and copper rods.

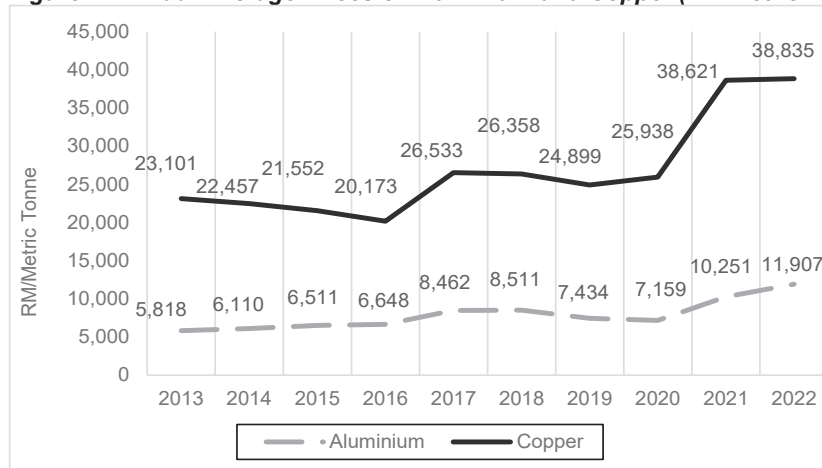
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However, imports of copper bars, copper rods and copper cathodes increased from RM9.52 billion in 2021 to RM11.41 billion in 2022, while imports of aluminium bars, aluminium rods and aluminium wires increased from RM1.22 billion to RM1.42 billion over the corresponding period in Malaysia, indicating that the supply chain disruption from the Russian-Ukraine conflict had a minimal effect on the supply of aluminium materials and copper materials.

Aluminium is significantly cheaper than copper, as they are ranked as the third and 25th most abundant elements in the Earth's crust, respectively. Between 2013 and 2022, reported on an annual average basis, prices of aluminium and copper expanded at CAGRs of 8.28% and 5.94%, respectively (Figure 7). For the first half of 2023, the price for copper averaged RM38,827 per metric tonne whilst the price of aluminium averaged RM10,412 per metric tonne respectively. Prices of both aluminium and copper increased significantly in 2021 as the world rebounded from the COVID-19 pandemic and economies re-opened. Usually, wires and cables manufacturers practice back-to-back orders, with metal price variation basis (factoring in the fluctuations of metal prices), along with futures hedging. Such strategies assist to shield the wires and cables manufacturers from any potential losses and allows inventories to be kept to a minimum.

Figure 7: Annual Average Prices of Aluminium and Copper (RM/Metric Tonne)



Notes:

Aluminium prices are based on settlement prices on the London Metal Exchange, minimum 99.70% purity.

Copper prices are based on settlement prices on the London Metal Exchange, minimum 99.99% purity.

Settlement prices refer to the prices at which all futures are settled on the London Metal Exchange.

Source: Infobusiness

The Russian-Ukraine conflict also has an impact on the global petroleum (crude oil and natural gas) industry and the downstream manufacturing of synthetic resins. As the prices of synthetic resins are also determined largely by the global prices of petroleum, fluctuating prices of petroleum have an impact on the prices of synthetic resins, including those used in the wires and cables industry.

8.4 SUPPLY OF LABOUR

Similar to many other manufacturing industries, the wires and cables industry in Malaysia was also affected by a shortage of labour as the COVID-19 pandemic led to a freeze in the intake of foreign workers from March 2020 until August 2022. This was further exacerbated by the expiration of foreign worker's permits, with some of them having also returned to their home countries. All of this had caused manpower shortage as the economy gradually recovered. Prior to the outbreak of the COVID-19 pandemic, there were about 1.7 million registered foreign workers in Malaysia. The Malaysian government announced in June 2023 that there were no more plans to allow more foreign workers into the country as there were around 1.8 million foreign workers approved for employment in Malaysia, indicating that there was already a sufficient supply of labour.

9.0 SUBSTITUTES

There are no substitutes to power cables, as they are necessary to transmit and distribute electricity in a modern world. In terms of major materials, aluminium and copper can be substitutes for each other as the conductors in power cables, depending on their relative prices and the technical requirements of the end users.

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10.0 COMPETITIVE LANDSCAPE

10.1 MAJOR INDUSTRY PLAYERS AND FINANCIAL COMPARISONS

MTG Group is involved in the manufacturing and distribution of power cables, control and instrumentation cables, and other related products; and the trading of power cables, fibre optic cables, and other related products. Over 90% of the revenue of MTG Group is derived from the manufacturing of LV power cables over the past three FYEs. As MTG Group is principally involved in the manufacturing and distribution of LV power cables, the comparable companies are selected based on the following criteria:

- Must be involved in the manufacturing of LV power cables in Malaysia; and
- Revenue of at least RM100 million for the latest FYE.

Based on the research conducted, there are 18 market players involved in the manufacturing of LV power cables in Malaysia, comprising MTG Group, Sarawak Cable Berhad, the eight comparable companies presented in Table 3 below, four companies which do not fulfil the above-mentioned criteria and four companies whose financial statements are not publicly available.

Table 3: Business Activities and Financial Comparisons of Comparable Companies to the MTG Group (RM '000)

Company	Business Activities	Latest FYE	Revenue	GP	GP margin (%)	PAT/LAT	PAT / LAT margin (%)
MTG Group	It is involved in the manufacturing and distribution of power cables, control and instrumentation cables, and other related products; and the trading of power cables, fibre optic cables, and other related products.	31/12/22	362,684.9	35,129.8	9.7	19,555.2	5.4
Southern Cable Group Berhad ⁽¹⁾	It is involved in the manufacturing of LV, MV and HV power cables, as well as control cables, instrumentation cables and telecommunications cables.	31/12/22	875,879.4	51,715.1	5.9	14,544.4	1.7
Central Cables Berhad	It is involved in the manufacturing of LV and MV power cables, and control cables.	30/06/23	199,151.5	19,279.9	9.7	11,646.8	5.9
Hi-Essence Cable Sdn Bhd	It is involved in the manufacturing, trading and distribution of LV and MV power cables, as well as control and instrumentation cables.	30/06/22	131,286.8	N. A.	N. A.	5,663.3	4.3
Olympic Cable Company Sdn Bhd ⁽²⁾	It is engaged in the manufacturing and sales of LV and MV power cables, as well as control and instrumentation cables.	31/12/22	268,455.3	35,931.6	13.4	8,005.8	2.9
Power Cables Malaysia Sdn Bhd	It is involved in the manufacturing, and sales of LV, MV and HV power cables.	31/12/22	348,712.7	25,846.7	7.4	15,012.1	4.3
Sindutch Cable Manufacturer Sdn Bhd ⁽³⁾	It is involved in the manufacturing and sales of LV power cables.	31/12/22	316,979.4	N. A.	N. A.	(22,202.3)	(7.0)
Tai Sin Electric Cables (Malaysia) Sdn Bhd ⁽⁴⁾	It is involved in the manufacturing and sales of LV power cables.	30/06/23	205,407.7	14,784.9	7.2	5,648.9	2.8
Tonn Cable Sdn Bhd	It is involved in the manufacturing of LV power cables and telecommunications cables.	31/12/22	204,709.3	11,279.5	5.5	3,181.1	1.6

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Notes:

(1) Listed on the Main Market of Bursa Securities.

(2) A subsidiary of OSK Holdings Berhad, which is listed on the Main Market of Bursa Securities.

(3) A subsidiary of Prysmian S.p.A., which is listed on the Italian Stock Exchange.

(4) A subsidiary of Tai Sin Electric Limited, which is listed on the Singapore Exchange.

Sarawak Cable Berhad, which is listed on the Main Market of Bursa Securities and is under Practice Note 17, is not selected as a comparable company. It is the holding company for Universal Cable (Sarawak) Sdn Bhd, Leader Cable Industry Berhad and Universal Cable (M) Berhad.

LAT = Loss after taxation, N. A. = Not Applicable / Not Available

Source: Companies Commission of Malaysia, comparable companies' websites and Infobusiness

Notwithstanding the differences in the comparable companies' respective GP margin and PAT margin, which varies due to factors such as their product mix, raw material costs, labour costs, efficiencies in manufacturing, abilities to achieve economies of scale, etc, they are still the closest comparable companies for the MTG Group.

10.2 MARKET SIZE AND MARKET SHARE

As the ex-factory sales of wires of the wires and cables industry amounted to RM9,610.0 million in Malaysia in 2022 (source: Department of Statistics, Malaysia), and MTG Group recorded sales of RM343.4 million for its wires and cables (manufactured in-house only), its market share amounted to 3.57% in the same year.

11.0 OUTLOOK AND PROSPECTS OF THE INDUSTRY

The ex-factory sales of wires and cables in Malaysia are expected to increase from RM9,610.0 million in 2022 to RM11,205.0 million in 2025, yielding a CAGR of 5.25% (source: Infobusiness). The demand for power cables is closely related to industrialisation and infrastructure spending. In turn, this is greatly dependent on the gross fixed capital formation in the country. Another major factor behind the expanding demand for wires and cables is rising urbanisation. Mass transits such as electric buses and electric trains, which require a network of electricity lines, are encouraged by the Malaysian government for public mobility, so as to reduce traffic congestions on the road and to mitigate greenhouse gas emissions. As both electric buses and electric trains operate on electric power only, there are requirements for power cables to be installed in their power networks to support the electrical transportation systems. In turn, this is expected to generate further demand for wires and cables.

Under the Twelfth Malaysia Plan 2021-2025, investments in generation capacity and reinforcement of transmission and distribution networks will be continued to ensure the efficiency and reliability of electricity supply in Malaysia. The reinforcement of generation, transmission and distribution systems will be further undertaken to strengthen the power utility industry. Initiatives such as creating a resilient power utility industry, strengthening the Sabah electricity supply system, enhancing the grid system, expanding rural electricity coverage and increasing the installed capacity of renewable energy are expected to improve the sustainability of the power utility industry. Similarly, the distribution network will be expanded and upgraded to improve coverage, reliability and customer services. This also includes the replacement of old cables which were subjected to wear and tear. In addition, the construction of 500 kV and 275 kV transmission lines will be undertaken in Peninsular Malaysia and Sarawak, which will support future load growth. Also, the existing Lao-Thailand-Malaysia power transfer initiative under the ASEAN Power Grid and new transboundary interconnections will be explored to ensure better connectivity.

The imports of wires and cables into Thailand and Singapore increased from RM5.65 billion and RM5.92 billion, respectively, in 2018 to RM6.32 billion and RM6.36 billion, respectively, in 2022, yielding CAGRs of 2.85% and 1.78%, respectively. In the case of Brunei, imports of wires and cables had declined by a CAGR of 27.14%, from RM235.69 million in 2018 to RM66.42 million in 2022. In 2023, between 10,000 and 12,000 residential units are planned to be launched in Singapore, while approximately 35,000 residential units are forecasted to be launched in Thailand. These buildings form a market for wires and cables.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Particulars of our Promoters and substantial shareholders' shareholdings

The details of our Promoters and substantial shareholders, and their respective shareholdings in our Company before our IPO, after the Offer for Sale and Public Issue, and after our IPO and Share Transfer are as follows:

Promoters and substantial shareholders	Nationality/ Country of Incorporation	Before our IPO				After the Offer for Sale and Public Issue				After our IPO and Share Transfer			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)% Shares	No. of Shares	% Shares	No. of Shares	(2)% Shares	No. of Shares	% Shares	No. of Shares	(2)% Shares	No. of Shares	(2)% Shares
Dato' Lau	Malaysian	861,900	100.00	-	-	734,400	72.00	-	-	173,400	17.00	(3)561,000	55.00
MTPC	Malaysia	-	-	-	-	-	-	-	-	561,000	55.00	-	-

Notes:

- (1) Based on our issued 861,900,000 Shares after the Acquisition and before our IPO.
- (2) Based on our enlarged issued 1,020,000,000 Shares upon our Listing.
- (3) Deemed interested by virtue of his shareholdings in MTPC pursuant to Section 8(4) of the Act.

The Shares held by our Promoters and substantial shareholders do not have different voting rights from our other shareholders.

Save for the above, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and our Promoters and substantial shareholders, with any third party which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.1.2 Profiles of the Promoters and our substantial shareholders

The profiles of our Promoters and substantial shareholders are set out below:

(i) Dato' Lau

Dato' Lau, a Malaysian male aged 50, is our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director of our Group. He was appointed to our Board on 3 November 2022.

He completed the Sijil Rendah Pelajaran from Sekolah Menengah Kebangsaan Tun Mutahir, Melaka in 1989. From 1989 to 1994, he worked as a technician in various companies in Johor and Melaka providing air conditioner maintenance services where he was involved in the maintenance and repair of air conditioning.

Since 1994, he ventured out and started setting up his own businesses until to date. He first set up Ever-Care Trading and Service ("**Ever-Care Trading**") with a partner. Subsequently in 2006, he set up Ever-Care Air Conditioners Sdn Bhd as a director. The company was subsequently renamed to Mastertec Sdn Bhd and is currently known as Ever Care Industrial Sdn Bhd ("**Ever Care Industrial**"). Ever-Care Trading and Ever Care Industrial were set up to carry out the business of maintenance and installation of air conditioners. He was responsible for overseeing the day-to-day business operations in Ever-Care Trading and Ever Care Industrial. Subsequently, Ever-Care Trading was terminated in 2008, and Dato' Lau resigned as the director of Ever Care Industrial in 2020.

In 1998, he also set up Mayya Electronics Industry ("**Mayya**") with a partner to carry out the business of manufacturing wire harnesses. Dato' Lau and his partner then incorporated E-Control in 2001 which then took over the business of Mayya. During his time there, he was responsible for overseeing the company's day-to-day business operations. He has resigned as a director of E-Control in February 2023.

In 2005, after having been involved in the business of manufacturing wire harnesses for seven years and identifying the opportunities in the wires and cables industry, he then ventured into the manufacturing of wires and cables via the incorporation of MTWC and served as MTWC's director. He was responsible for overseeing the strategic business planning, development and operations. He currently holds similar responsibilities in our Company, which includes setting the Company's business direction, formulating corporate development strategies and driving business growth.

Presently, he also holds directorships in several private limited companies. Please refer to Section 9.2.3 of this Prospectus for further details.

(ii) MTPC

MTPC, our Promoter and substantial shareholder, was incorporated on 1 October 2019 in Malaysia under the Act as a private limited company. MTPC is principally an investment holding company which is also involved in agriculture and plantation.

As at the LPD, the issued share capital of MTPC is RM11,000.00 comprising 11,000 ordinary shares and Dato' Lau is the sole director and sole shareholder of MTPC.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since incorporation are as follows.

Promoters and substantial shareholders	As at 3 November 2022 (date of incorporation)						Before our IPO		
	Direct		Indirect		Direct		Indirect		%
	No. of Shares	%	No. of Shares	%	No. of Shares	(1)%	No. of Shares	(2)%	
Dato' Lau	100	100.00	-	-	861,900,000	100.00	-	-	-
MTPC	-	-	-	-	-	-	-	-	-

Promoters and substantial shareholders	After the Offer for Sale and Public Issue						After our IPO and Share Transfer		
	Direct		Indirect		Direct		Indirect		%
	No. of Shares	(2)%	No. of Shares	%	No. of Shares	(2)%	No. of Shares	(2)%	
Dato' Lau	734,400,000	72.00	-	-	173,400,000	17.00	(3)561,000,000	55.00	-
MTPC	-	-	-	-	561,000,000	55.00	-	-	-

Notes:

- (1) Based on our issued 861,900,000 Shares after the Acquisition and before our IPO.
- (2) Based on our enlarged issued 1,020,000,000 Shares upon our Listing.
- (3) Deemed interested by virtue of his shareholdings in MTPC pursuant to Section 8(4) of the Act.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.1.4 Amounts/Benefits paid/given or proposed to be paid to the Promoters and our substantial shareholders

Save for the issuance of our Shares as consideration for the Acquisition, dividends declared/paid to our Promoter and substantial shareholder as disclosed below and the aggregate remuneration and benefits in-kind paid or proposed to be paid to our Promoter and substantial shareholder, who is also our Non-Independent Executive Director and Managing Director as disclosed in Section 9.2.4 of this Prospectus, no amounts have been paid or benefits given or proposed to be paid or given to our Promoters and substantial shareholders for the past two FYEs 2021 and 2022, and up to the LPD:

Name of Promoter and substantial shareholder	Dividends declared and paid		
	FYE 2021	FYE 2022	From 1 January 2023 up to the LPD
	RM'000	RM'000	RM'000
Dato' Lau	2,383	9,778	Nil

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.2 BOARD OF DIRECTORS

9.2.1 Particulars and shareholdings

The following table sets out particulars of our Directors and their respective direct and indirect shareholdings in our Company before and after our IPO:

Name	Designation	Before our IPO			After our IPO and the Share Transfer		
		Direct		Indirect	Direct		Indirect
		No. of Shares	(1)%	No. of Shares	No. of Shares	(2)%	No. of Shares
Datuk Saleh	Independent Non-Executive Chairman	-	-	-	(3)100,000	*	-
Dato' Lau	Non-Independent Executive Director and Managing Director	861,900,000	100.00	-	173,400,000	17.00	(4)561,000,000
TKH	Non-Independent Executive Director and CEO	-	-	-	(3)1,000,000	0.10	-
Yee Ying Sung	Independent Non-Executive Director	-	-	-	(3)100,000	*	-
Fong Hui Fong	Independent Non-Executive Director	-	-	-	(3)100,000	*	-
Hooi Lian Jye	Independent Non-Executive Director	-	-	-	(3)100,000	*	-

Notes:

- * Negligible
- (1) Based on our issued 861,900,000 Shares after the Acquisition and before our IPO.
- (2) Based on our enlarged issued 1,020,000,000 Shares upon our Listing.
- (3) Assuming he/she fully subscribes to his/her entitlement under the Pink Form Allocations.
- (4) Deemed interested by virtue of his shareholdings in MTPC pursuant to Section 8(4) of the Act.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.2.2 Profiles of our Directors

(a) Datuk Saleh

Datuk Saleh, a Malaysian male aged 60, is the Independent Non-Executive Chairman of our Group. He was appointed to our Board on 13 October 2023.

He graduated with a Bachelor of Science from the Australian National University in 1986. He began his career in 1987 as a marketing associate with Computer Base Sdn Bhd where he was responsible for marketing computer hardware and computer systems software developed by the company to government agencies and private companies.

In 1988, he left Computer Base Sdn Bhd and joined the Alor Gajah Municipal Council (“**MPAG**”) as a secretary to the council. During his time there, he was responsible for the management of human resource and financial matters which include preparing and finalising yearly budget, monitoring revenue and arrears collection and reviewing and approving payments made by the council.

In 2011, he was transferred from MPAG to the Melaka Historic City Council as an administrative officer and was responsible for implementing and overseeing the Melaka city’s cleanliness and beautification projects and campaigns. In 2014, he was then transferred to the Melaka Housing Board and assumed the role of an executive director where he was responsible for overseeing the planning of affordable housing projects for both the public and private sectors.

Subsequently in 2020, he was transferred to the Urban Transformation Centre Melaka (“**UTC**”) as a general manager where he was responsible for the management of rental collection and maintenance of UTC’s investment properties. He held this position for six months and left in October 2020 to return to MPAG and assumed his former role as a secretary to the council with similar responsibilities. In addition, he was also tasked with improving the quality of services as well as enhancing and overseeing the Alor Gajah district’s beautification programmes implemented by MPAG. He subsequently retired in 2023.

(b) Dato’ Lau

Kindly refer to Section 9.1.2(i) of this Prospectus for the profile of Dato’ Lau.

(c) TKH

TKH, a Malaysian male aged 51, is the Non-Independent Executive Director and CEO of our Group. He was appointed to our Board on 3 November 2022.

He obtained a Degree in Information Technology from Open University Malaysia in 2007. In 2010, he also graduated with a Master Degree in Business Administration (Advanced Operation Management) from Universiti Teknikal Malaysia Melaka.

He began his career in 1994 when he joined National Semiconductor Sdn Bhd (currently known as Texas Instruments Electronics Malaysia Sdn Bhd) as a mid technician where he was responsible to ensure the semiconductor tester used in the production line is smooth and has low downtime. In 1995, he left the company to join TEAC Electronics (M) Sdn Bhd until 2007, where his last holding position was part quality assurance senior engineer.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

During his tenure in TEAC Electronics (M) Sdn Bhd, he was responsible for supervising a group of engineers comprising electrical supplier quality engineers, restriction of hazardous substances engineers and first article inspection engineers. Further, he was also tasked with overseeing the inspection of products prior to the shipment stage to ensure that all specifications and quality requirements are met. He was also responsible for liaising with product safety auditors from UL, Canadian Standards Association and Technischer Überwachungsverein-Verein ("**TUV**") on the product safety requirements, verification and audit.

He joined MTWC in 2007 as an assistant quality assurance manager, whereby he was primarily responsible for ensuring product quality and obtaining the relevant certifications from various certification bodies such as SIRIM, TUV and UL. He left MTWC in 2010 and joined Ismeca Malaysia Sdn Bhd (currently known as Cohu Malaysia Sdn Bhd ("**Cohu Malaysia**")), a supplier of integrated circuit and light emitting diode test handlers, micro-electro mechanical system test modules, back-end finishing equipment and thermal sub-systems used in final test, burn-in and system level test by semiconductor manufacturers and test subcontractors, as a quality assurance manager, where he was responsible for overseeing the quality management system.

In July 2013, he left Cohu Malaysia and re-joined MTWC as the chief technology officer and was primarily responsible in overseeing the technical department, specifically on matters pertaining to quality assurance, costing and process engineering. He was subsequently promoted to the position of CEO in March 2020. As our CEO, his responsibilities include overseeing and implementing our Group's administration and operational activities as well as exploring new business opportunities and managing our Key Senior Management. He is also currently focusing on expanding our Group into new market segments, specifically our Group's venture into the manufacturing of MV power cables and developing new markets for expansion including export sales.

(d) **Yee Ying Sung**

Yee Ying Sung, a Malaysian male aged 46, is our Independent Non-Executive Director. He was appointed to our Board on 17 April 2023.

In 2002, he obtained a Degree in Commerce majoring in Accounting and Finance from the University of Melbourne, Australia. He is also a Certified Practising Accountant of Australia since 2009 and a Chartered Accountant under the MIA since 2011.

He lived in Australia for almost a decade since 1996. While studying for his degree, he also worked part time. After graduating, he returned to Malaysia to pursue the role of managing partner of Marvic Construction, a partnership involved in the provision of construction works, which he co-founded with two other partners in 2003. He was mainly responsible for the accounts and finance functions and overseeing the daily corporate management of the company. He left the partnership in 2011. Additionally, he set up Plex Construction ("**Plex**"), Trivic Construction ("**Trivic**") and Tune Construction ("**Tune**") in 2005, 2008 and 2012, respectively, all of which are partnerships involved in the provision of construction works. He subsequently left Plex and Tune in 2019 and 2020, respectively, and currently holds the position of partner in Trivic. In these partnerships, he was mainly responsible for the financial analysis of the business operations.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

From 2004 to 2018, he expanded his portfolio and was appointed as executive director of several private limited companies. He was appointed to the board of several property development companies such as Rentas Makmur Sdn Bhd, Jelang Sempurna Sdn Bhd, Seloka Terbit Development Sdn Bhd, Ambang Lega Sdn Bhd, and Waming Enterprise Sdn Bhd. Additionally, he was also appointed to the board of Yee Sung Thai Holding Sdn Bhd, an investment holding company specialising in palm oil plantation and property investments, and Victory Acres Sdn Bhd, a company involved in acquiring lands as well as planting and harvesting of palm oil. He currently holds the position of executive director in these companies and is mainly responsible for the accounts and finance functions and overseeing the day-to-day management of these companies.

In 2011, he also joined Redfield Consortium (M) Sdn Bhd, which specialises in industrial development as a project director. He is currently still holding this position and is responsible for representing the company in coordinating between secured creditors, solicitors, receivers, financial institutions and local authorities for the purpose of reviving abandoned projects.

Presently, he also holds directorships in several private limited companies. Please refer to Section 9.2.3 of this Prospectus for further details.

(e) **Fong Hui Fong**

Fong Hui Fong, a Malaysian female aged 56, is our Independent Non-Executive Director. She was appointed to our Board on 17 April 2023.

In 1987, she obtained a Private Secretary Certificate in Administration from Goon Institute, Kuala Lumpur. From 1987 to 1991, she worked as a secretary/personal assistant to the executive/managing director in various companies involved in the textile and newspaper publishing industries in Kuala Lumpur and Melaka with responsibilities such as corresponding with clients, preparing meeting agendas, human resources functions, management of accounts and other administrative duties.

She joined Srica Trading Sdn Bhd ("**Srica**") in 1991 as a personal assistant to the managing director and was subsequently promoted in 1993 to an operation manager with new responsibilities such as overseeing the company's retail outlets throughout Malaysia, planning of sales strategies, procurement and recruitment.

In 1996, she left Srica and joined Shantawood Sdn Bhd ("**SSB**"), a wholly-owned subsidiary of DPS Resources Berhad ("**DPS**"), a company listed on the Main Market of Bursa Securities as a personal assistant to the managing director and was promoted as an assistant general manager in 1999. In 2004, she was appointed as executive director of SSB and DPS. As an executive director of SSB, she was responsible for overseeing the human resource and procurement department as well as the company's business development. Whereas in DPS, she was mainly responsible for the business development, implementation of marketing strategies, sourcing of raw materials, product development as well as cash flow management. She resigned from the board of SSB and DPS on 1 December 2010 and 19 November 2010, respectively.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2007, she was also appointed as the managing director of Sand Nisko Capital Berhad (currently known as Mpire Global Bhd ("**Mpire**")), a company listed on the Main Market of Bursa Securities. She was responsible for directing and controlling the financial and human resource functions of Mpire and its group of companies, conceptualising and monitoring the annual business plan and its budget, sourcing for new export markets and participating in negotiation of contracts for the company.

In 2019, she left Mpire and joined CMT Solution Sdn Bhd as a manager, a company which specialises in the trading of furniture to international markets. She currently holds this position and is involved in assisting clients in acting as a trading and sourcing agent to source for OEM products from the local market, as well as negotiating with suppliers and customers of the company.

(f) **Hooi Lian Jye**

Hooi Lian Jye, a Malaysian female aged 36, is our Independent Non-Executive Director. She was appointed to our Board on 17 April 2023.

She graduated with a Bachelor of Financial Engineering (Honours) from Multimedia University, Malaysia in 2009. She also obtained a Master Degree in Business Administration from the University of Strathclyde, UK in 2019.

She began her career in 2011 as an associate, corporate finance with RHB Investment Bank Berhad where she was responsible for the implementation and preparation of applications for submission of corporate exercises for public listed companies. In 2012 she left to join, Maybank Investment Bank Berhad ("**MIBB**") as an associate, corporate finance where she was mainly responsible for management, implementation and preparation of applications for submission of various corporate exercise projects for public listed companies such as initial public offering, rights issue and take-over and merger. She subsequently left MIBB in 2016 where her last holding position was assistant manager.

In 2017, she joined Naza TTDI Sdn Bhd ("**Naza TTDI**") as a manager, corporate finance and was responsible for leading the team in relation to corporate exercises undertaken by Naza TTDI such as internal reorganisation and disposals of land and non-core business. She left Naza TTDI and joined OCBC Advisers (Malaysia) Sdn Bhd ("**OCBC**") as an associate director in corporate advisory, global investment banking in 2018 where she was responsible for originating, structuring and executing corporate finance advisory mandates and providing debt financing solutions for corporate clients.

In 2022, she left OCBC and joined Avia Kapital Sdn Bhd ("**Avia Kapital**") as an investment partner and investment committee member. Avia Kapital is principally involved in portfolio management and investment activities, including capital markets investments, private and alternative investments, venture capital investments as well as real estate assets. She currently holds this position and is also an investment committee member responsible for establishing, implementing and overseeing portfolio and investment strategies from diversified asset classes.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.2.3 Principal directorships and principal business activities of our Directors outside our Group

Save as disclosed below, none of our Directors have any other principal directorship and/or principal business activities performed outside our Group in the past five years up to the LPD:

(i) Datuk Saleh

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect

Present Involvement:

Nil

Past Involvement:

LPM Development Sdn Bhd	Provision of maintenance services for low cost flats	Director	1 February 2014	1 April 2020	-	-
LPM Maintenance Services Sdn Bhd	Provision of maintenance services for piping and landscape works	Director	21 October 2016	1 April 2020	-	-

(ii) Dato' Lau

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect

Present Involvement:

Bangga Sejati Sdn Bhd	Property development and construction works	Director/ Shareholder	21 January 2010	-	40.00	-
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9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Bestchart Development Sdn Bhd	Property development	Director/ Shareholder	18 June 2009	-	45.00	-
Bonzer Development Sdn Bhd	Property development	Director/ Shareholder	6 February 2018	-	50.00	-
Budi Panorama Sdn Bhd	Property development	Director/ Shareholder	23 August 2018	-	50.00	-
City Development Sdn Bhd	Capital Property development	Director/ Shareholder	23 September 2011	-	31.50	-
Colleen Makeup & Styling Academy Sdn Bhd	Provision of makeup training	Director/ Shareholder	12 May 2020	-	70.00	-
Direct Development Sdn Bhd	Property development	Director/ Shareholder	3 May 2011	-	22.50	-
Elit Development Sdn Bhd	Construction of buildings	Director/ Shareholder	10 March 2016	-	45.00	-
Ever Care	Solar business	Director/ Shareholder	4 November 2019	-	100.00	-
Faithview Development Sdn Bhd	Property development	Director/ Shareholder	6 October 2011	-	45.00	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Faithview Development Sdn Bhd	Group Property development	Director/ Shareholder	7 March 2012	-	45.00	-
Faithview Properties Sdn Bhd	Property development	Director/ Shareholder	18 May 2010	-	50.00	-
Faithview Realty Sdn Bhd	Property development	Director/ Shareholder	18 May 2010	-	78.00	-
Famous Development Sdn Bhd	Regal Property development	Director/ Shareholder	29 December 2011	-	20.25	-
Fantasy Leisure Sdn Bhd	Dormant with no intended future principal activities, and previously involved in the activities of holding companies, other retail sale and tour operator activities	Shareholder	-	-	30.00	-
Finslight Development Sdn Bhd	Property development	Director/ Shareholder	6 March 2018	-	11.00	-
Focus Group Berhad (listed on the ACE Market of Bursa Securities)	Investment holding company with subsidiaries involved in the business of food and beverages operators, traders and distributors, trading of industrial equipment, management consultancy services, medical and healthcare equipment traders and suppliers and letting of properties	Shareholder	-	-	0.69	-
Fodegraf Sdn Bhd	Worldwide Provision of digital images and tourist business	Director/ Shareholder	17 November 2021	-	70.00	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Fokus Riadah Sdn Bhd	Developer and operator of mini theme park	Director/ Shareholder	17 January 2022	-	10.00	-
Hiap Huat Holdings Berhad (listed on ACE Market of Bursa Securities)	Investment holding company with subsidiaries involved in manufacturing, recycling and refining of industrial paints, solvent chemical products and petroleum-based products, machine leasing, processing and trading of waste generated from oil palm industry, and provision of laboratory services	Shareholder	-	-	0.96	-
Hypersky Sdn Bhd	Property development	Director/ Shareholder	16 May 2019	-	78.00	-
Kesidang Holding Sdn Bhd	Provision of boat maintenance services	Director/ Shareholder	12 September 2018	-	35.00	-
Kim San Fruits Sdn Bhd	Activities of holding companies, other retail sale in non-specialised stores and manufacture of fruits and vegetables food products	Director/ Shareholder	5 October 2023	-	100.00	-
Lec Marine And Services Sdn Bhd	Provision of boat maintenance services	Director	14 September 2018	-	-	-
Leisure Impressions Sdn Bhd (previously known as Interactive Zoo Sdn Bhd)	Property development	Director/ Shareholder	7 July 2021	-	78.00	-
MCB	Purchase and sale of electrical, electronic communication and mechanical engineering materials and equipment including but not limited to wires and cables	Shareholder	-	-	33.33	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Misa Park Sdn Bhd	Dormant with no intended future principal activities, and previously involved in activities of amusement and theme park, tour operator and other retail sale	Director/ Shareholder	18 October 2018	-	35.00	-
MTPC	Investment holding, which will hold our Shares pursuant to the Share Transfer	Director/ Shareholder	1 July 2020	-	100.00	-
Muchlywell Development Sdn Bhd	Property development	Director/ Shareholder	6 February 2018	-	25.00	-
Nova Development Sdn Bhd	Property development	Director/ Shareholder	3 April 2012	-	22.50	-
Nova Development Sdn Bhd	Building contractor	Director/ Shareholder	3 May 2011	-	22.50	-
Nova Wisdom Sdn Bhd	Property development	Director/ Shareholder	18 September 2023	-	25.00	-
Premier Realty Sdn Bhd	Property management	Director/Indirect shareholder	21 September 2017	-	-	40.00 ⁽²⁾
Real Perfection Sdn Bhd	Investment holding in real properties	Director/ Shareholder	16 August 2013	-	100.00	-
River Impressions Sdn Bhd	Tourism, designing, developing, installing and providing maintenance services to decorative and interactive lighting	Director/ Shareholder	26 September 2018	-	51.00	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Selesa Development Sdn Bhd	Bahagia Building contractor	Director/ Shareholder	31 January 2013	-	12.50	-
Semakin Development Sdn Bhd	Makmur Property development	Director/ Shareholder	20 July 2010	-	45.00	-
Setia Structure Sdn Bhd	Building contractor	Director/ Shareholder	23 March 2012	-	67.00	-
Sincere Development Sdn Bhd	Vista Property development	Director/ Shareholder	8 December 2011	-	45.00	-
Sky Wiz Sdn Bhd	Dormant with no intended future activities, and previously involved in tour operator activities	Director/ Shareholder	4 March 2022 ⁽³⁾	-	30.00	-
Skywiz Development Sdn Bhd (previously known as Faithview Supreme Development Sdn Bhd)	Property development and construction	Director/ Shareholder	6 October 2011	-	*	78.00 ⁽¹⁾
Skywiz Group Sdn Bhd	Property development	Director/ Shareholder	26 September 2018	-	50.00	-
SPF Maju Sdn Bhd	Dormant with no intended future activities, and previously involved in trading of building materials	Director/ Shareholder	20 March 2018	-	36.00	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Taipan Development Sdn Bhd	Hotel operator and property development	Director/ Shareholder	23 February 2010	-	42.50	-
Tenno Sdn Bhd	Agriculture and plantation	Director/ Shareholder	7 November 2019	-	100.00	-
The Wave Sdn Bhd	Premier Property development	Director/Indirect Shareholder	20 February 2012	-	-	78.00 ⁽¹⁾
Top Development Bhd	Brilliant Property development	Director/ Shareholder	3 May 2010	-	42.50	-
Trova Sdn Bhd	Plantation of durian and other fruits	Director/ Shareholder	6 July 2021	-	90.00	-
Vezone Berhad ⁽⁵⁾	Capital Investment holding in shares of private companies	Shareholder	-	-	2.42	-
Vision Positive Bhd	Sdn Property development	Director/ Shareholder	5 January 2011	-	22.50	-
Visista Sdn Bhd	Dormant with no intended future principal activities, and previously involved in management of real estate	Director/ Shareholder	20 February 2012	-	45.00	-
Vista Development Bhd	Asia Property development and building Sdn construction	Director/ Shareholder	5 August 2009	-	10.00	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Waspuri Development Sdn Bhd ⁽¹⁸⁾	Dormant with no intended future principal activities, and previously involved in building construction	Director/ Shareholder	20 February 2012	-	18.00	-
XL Acres Development Sdn Bhd	Property development	Director/ Shareholder	7 January 2011	-	45.00	-
Past Involvement:						
APG Marketing and Management Sdn Bhd	Property consultant	Director/ Shareholder	10 February 2015	5 April 2021	27.00 ⁽⁶⁾	-
E-Control	Manufacturing of wire harness, wire cutting, cable and related accessories	Director/ Shareholder	12 March 2001	16 February 2023	100.00 ⁽⁷⁾	-
Ever Care Industrial Sdn Bhd (previously known as Mastertec Sdn Bhd)	Solar energy project, fibre optic, and such other works related to construction, investment company to acquire land and property of any tenure, shares, stock and debenture, general traders, manufacturers, dealers, agents in goods and services of any kind	Director/ Shareholder	7 May 2006	29 July 2020	100.00 ⁽⁸⁾	-
Faithview Development Sdn Bhd	Property development	Director/ Shareholder	27 August 2007	5 April 2021	50.00 ⁽⁶⁾	-
Faithview Sdn Bhd	Monetary Money lending and holding of investments	Director/ Shareholder	3 June 2016	5 April 2021	45.00 ⁽⁶⁾	-
Faithview Development Sdn Bhd	Recas Property development (struck off on 20 December 2022)	Director/ Shareholder	6 August 2013	20 December 2022	45.00 ⁽¹⁰⁾	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Fantasy Leisure Sdn Bhd	Dormant with no intended future principal activities, and previously involved in the activities of holding companies, and other retail sale and tour operator activities	Director	9 January 2019	27 November 2023	-	-
Golden Boulevard Realty Sdn Bhd	Property management (struck off on 11 July 2022)	Director/Indirect Shareholder	19 September 2017	5 April 2021	-	45.00 ⁽¹¹⁾
Inspiration Development Sdn Bhd	Construction of buildings (struck off on 6 January 2023)	Director/Shareholder	29 April 2013	6 January 2023	25.00 ⁽¹⁰⁾	-
JProperty Marketing & Management Sdn Bhd	Property consultancy (struck off on 15 March 2023)	Director/Shareholder	25 July 2014	15 March 2023	45.00 ⁽¹⁰⁾	-
Kayangan Management Sdn Bhd	Villas Property management (struck off on 26 September 2022)	Director/Indirect Shareholder	13 December 2018	26 September 2022	-	45.00 ⁽⁴⁾⁽¹⁰⁾
Lebar Development Sdn Bhd	Tropika Property development	Director/Shareholder	8 February 2012	5 February 2020	22.50 ⁽¹²⁾	-
Magical Planet Sdn Bhd	Dormant with no intended future principal activities, and previously involved in tour operator activities	Director/Shareholder	9 January 2019	7 January 2020	35.00 ⁽¹³⁾	-
Maha Prospek Sdn Bhd	Property development	Director/Shareholder	23 August 2018	13 October 2022	50.00 ⁽¹⁴⁾	-
Master Tec Holdings Berhad	Investment holding company (struck off on 10 February 2023)	Director/Shareholder	23 August 2011	10 February 2023	100.00 ⁽¹⁰⁾	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Master Tec Wire & Cable Manufacturing Sdn Bhd	Manufacturing and trading of wire and cable, import and export, property investment (struck off on 18 November 2022) ⁽⁹⁾	Director/ Shareholder	27 May 2010	18 November 2022	100.00 ⁽¹⁰⁾	-
Nova Wisdom Bhd	Sdn Property development	Director/ Shareholder	16 May 2019	4 November 2022	25.00 ⁽¹⁵⁾	-
Ontrack Capital Bhd	Sdn Money lending and provision of other credit facilities	Director/ Shareholder	17 April 2017	16 November 2020	45.00 ⁽¹⁶⁾	-
Pembinaan Jaya Sdn Bhd	Tekan Property development (struck off on 10 March 2023)	Director/ Shareholder	26 January 2010	10 March 2023	37.50 ⁽¹⁰⁾	-
Prisma Network	Brilliant Photography services	Sole Proprietor	15 November 2021	28 November 2021	-	-
Qirana Langkawi Bhd	Sdn Photography services	Director	28 January 2022	26 September 2022	-	-
Rangsang Hebat Bhd	Sdn Dormant with no intended future principal activities, and previously involved in activities of holding companies, tour operator activities and other retail sale (struck off on 9 June 2023)	Director/ Shareholder	4 January 2022	9 June 2023	8.00 ⁽¹⁰⁾	-
Real Development Bhd	Golden Sdn Property development	Director/ Shareholder	31 March 2010	5 April 2021	45.00 ⁽⁶⁾	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Rezeki Kencana Sdn Bhd	General trading, land and property investment and investment holding of properties (struck off on 26 November 2019)	Director	17 July 2014	26 November 2019	-	-
Steady Development Sdn Bhd	Housing Property management (struck off on 13 April 2022)	Director	22 March 2017	5 April 2021	-	-
The Wave Premier Management Sdn Bhd	Property management (struck off on 17 February 2023)	Director/ Shareholder	10 March 2016	17 February 2023	45.00 ⁽¹⁰⁾	-
Total Control Sdn Bhd	Wholesale of electrical and electronic component and wiring accessories, provision of wired telecommunications services, and electrical wiring and fittings	Director/ Shareholder	25 June 2020	28 May 2021	35.00 ⁽¹⁷⁾	-
Usaha Enterprise	Lestari Photography services	Sole proprietor	8 November 2021	30 January 2023	-	-
Vista Development Sdn Bhd	Selesa Property development	Director/ Shareholder	22 April 2011	5 April 2021	22.50 ⁽⁶⁾	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Notes:

- * Negligible
- (1) Deemed interested by virtue of his shareholdings in Faithview Realty Sdn Bhd pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of his shareholdings in Bangsa Sejati Sdn Bhd pursuant to Section 8(4) of the Act.
- (3) Dato' Lau was previously appointed as a director on 20 April 2021 and resigned on 18 June 2021. He was subsequently reappointed as a director on 4 March 2022.
- (4) Previously deemed interested by virtue of his shareholdings in Faithview Group Development Sdn Bhd pursuant to Section 8(4) of the Act.
- (5) In the process of being struck off.
- (6) The shares were disposed to Dato' Tan Chun Hoe on 5 March 2021.
- (7) The shares were disposed to Loo Li Ying on 27 February 2023.
- (8) The shares were disposed to Rosli Bin Ahmad on 11 August 2020.
- (9) The company was struck off as it was dormant since its incorporation and Dato' Lau intends to focus on MTWC as his principal company in respect of the manufacturing of wires and cables.
- (10) Dato' Lau was the direct/ indirect shareholder (where applicable) until the company was struck off.
- (11) Previously deemed interested by virtue of his past shareholdings in Real Golden Development Sdn Bhd pursuant to Section 8(4) of the Act.
- (12) The shares were disposed to Dato' Tan Chun Hoe on 18 February 2020.
- (13) The shares were disposed to Tey Bee Shin on 21 January 2020.
- (14) The shares were disposed to Ismail Bin Abd Aziz on 31 October 2022.
- (15) The shares were disposed to Mohamed Razief Bin Hussein on 14 November 2022.
- (16) The shares were disposed to Dato' Tan Chun Hoe on 2 December 2020.
- (17) The shares were disposed to Lim Sun Wee (5.00%) and Lee Foo Kiong (30.00%) on 18 June 2021.
- (18) In the process of being wound up.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(iii) TKH

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect

Present Involvement:

Nil

Past Involvement:

Total Control Sdn Bhd	Wholesale of component and wiring accessories, provision of wired telecommunications services, and electrical wiring and fittings	E&E Shareholder	25 June 2020	28 May 2021	5.00 ⁽¹⁾	
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Note:

(1) The shares were disposed to Lim Sun Wee on 18 June 2021.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(iv) Yee Ying Sung

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present Involvement:						
Ambang Lega Sdn Bhd	Mining activities and property development	Director/ Shareholder	1 October 2013	-	20.00	-
Anjuran Klasik Sdn Bhd	Property development	Director/ Shareholder	23 January 2015	-	20.00	-
Jelang Sempurna Bhd	Sdn Property development	Director/ Shareholder	27 July 2004	-	16.67	-
Jurus Kuasa Sdn Bhd	Property development	Director	12 June 2017	-	-	-
Lebar Usaha Sdn Bhd	Property development	Director/ Shareholder	5 April 2016	-	17.00	-
Listari Cahaya Bhd ^(e)	Sdn Dormant with no intended future principal activities, and previously involved in property development	Director/Indirect Shareholder	23 February 2006	-	-	6.63 ^(f)
Rentas Makmur Bhd	Sdn Property development	Director/ Shareholder	4 March 2004	-	25.00	-
Seloka Development Sdn Bhd	Terbit Property development	Director/ Shareholder	23 February 2010	-	25.00	-
Trivic Construction	Construction and renovation works	Partner	3 December 2008	-	-	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Ultra Development Sdn Bhd (previously known as Ultra Mining Sdn Bhd)	Property development	Director/ Shareholder	31 October 2013	-	25.00	-
Victory Acres Sdn Bhd	Company involves acquiring lands, planting and harvesting of palm oil	Director/ Shareholder	17 March 2008	-	10.00	-
Waming Enterprise Sdn Bhd	Property development	Director/ Shareholder	1 February 2018	-	25.00	-
Yee Sung Thai Holding Sdn Bhd	Investment company specialising in palm oil plantation and acquiring varies buildings for fixed income purposes	Director/ Shareholder	1 December 2005	-	16.67	-
Past Involvement:						
Master Tec Holdings Berhad	Investment holding (struck off on 10 February 2023)	Director	23 August 2011	10 February 2023	-	-
Pesanan Maju Sdn Bhd	Property development (struck off on 18 November 2022)	Director/ Shareholder	17 September 2015	18 November 2022	35.07 ⁽²⁾	-
Plex Construction	General construction (terminated on 23 December 2019)	Partner	8 March 2005	23 December 2019	-	-
TKY Hotel Management Sdn Bhd	Hotel investment activities (struck off on 12 October 2022)	Director/ Shareholder	11 May 2011	12 October 2022	20.00 ⁽²⁾	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Tune Construction	Construction activities (terminated on 24 November 2020)	Partner	11 October 2012	24 November 2020	-	-
Semkuasa Sdn Bhd	Mining activities (struck off on 17 February 2023)	Director/ Shareholder	21 August 2019	17 February 2023	50.00 ⁽²⁾	-
Notes:						
(1)	<i>Deemed interested by virtue of his shareholdings in Yee Sung Thai Holding Sdn Bhd pursuant to Section 8(4) of the Act.</i>					
(2)	<i>Yee Ying Sung was the shareholder until the company was struck off.</i>					
(3)	<i>In the process of being wound up.</i>					
(v) Fong Hui Fong						
Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present Involvement:						
Biotrend Resources Sdn Bhd	Investment holding, manufacturing furniture products, all kinds of business trading and services, and construction development	Shareholder	-	-	30.00	-
Past Involvement:						
DPS Properties Sdn Bhd	Property holding	Director/ Shareholder	23 October 2014	10 January 2022	10.00 ⁽¹⁾	-

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Len Cheong Industries Sdn Bhd	Trading of logs and sawn timbers and processing of wood products and construction	Director	19 May 2007	18 March 2019	-	-
Len Cheong Resources Sdn Bhd	Real property and housing development and construction works	Director	19 May 2007	18 March 2019	-	-
Len Cheong Furniture Sendirian Berhad	Properties letting and maintenance services	Director	19 May 2007	12 July 2019	-	-
Mpire Global Bhd (previously known as Sand Nisko Berhad) (listed on Main Market of Bursa Securities)	Provision of management services and investment property construction and property investment business with subsidiaries involved in the manufacturing and trading of furniture, renting of property, trading of logs and sawn timber and processing of wood products	Managing Director	19 May 2007	12 July 2019	-	-

Note:

- (1) The shares were disposed to Datin Seri Chu Kim Guek (2.50%), Emily Sow Mei Chet (2.50%), Eugene Sow Chuan Sheng (2.50%) and Edward Sow Yuen Seng (2.50%) on 23 September 2021.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(vi) Hooi Lian Jye

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect

Present Involvement:

Joyous (Sutera) Sdn Bhd	Pre-primary (public), primary (public), child day-care activities and nursery education	Director	31 July 2023	-	-	-
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Past involvement:

Nil

The involvement of our Directors in the business activities outside our Group as stated above will not affect their commitment, ability to perform their responsibilities as well as contribution to our Group in their respective roles as our Directors. Further, the involvement of Dato' Lau, being our Non-Independent Executive Director and Managing Director, in business activities outside our Group does not preclude him from allocating or committing his time and effort to our Group as he is not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which he serves to provide guidance on the overall business direction of these companies. Therefore, such businesses do not require his involvement on a daily basis as these businesses are managed by the other shareholders and/or their respective independent management teams. As such, our Board is of the view that Dato' Lau's involvement in other business activities outside our Group will not affect his ability to perform his executive roles and responsibilities in our Group.

In addition, the involvement of our Independent Non-Executive Directors in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day management of our Group.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.2.4 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYEs 2022 and 2023 are as follows:

FYE 2022 (Paid)	Salaries		Fees	Bonuses		Allowances		EPF, EIS and Social Security Organisation		Benefits-in-kind		Total
	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Non-Independent Executive Directors												
Dato' Lau	720	-	-	219	6	-	-	114	-	-	-	1,059
TKH	197	-	-	612	65	-	-	106	-	-	-	980
Independent Non-Executive Directors												
Datuk Saleh ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-
Yee Ying Sung ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-
Fong Hui Fong ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-
Hooi Lian Jye ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

(1) Appointed on 13 October 2023.

(2) Appointed on 17 April 2023.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

	FYE 2023 (Proposed to be paid)		Salaries	Fees	Bonuses	Allowances	EPF, EIS and Social Security Organisation		Benefits-in-kind	Total
	RM'000	RM'000					RM'000	RM'000		
Non-Independent Executive Directors										
Dato' Lau	750	-	777	6	185	-	1,718			
TKH	278	-	777	16	130	-	1,201			
Independent Non-Executive Directors										
Datuk Saleh	-	-	-	1	-	-	1			
Yee Ying Sung	-	-	-	5	-	-	5			
Fong Hui Fong	-	-	-	5	-	-	5			
Hooi Lian Jye	-	-	-	5	-	-	5			

The remuneration of our Directors which includes our Directors' fees, bonuses, and such other allowances as well as other benefits must be considered and recommended by our Nomination and Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.3 BOARD PRACTICES

9.3.1 Directors' term of office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office as at the LPD and the date of expiration of their respective term of office are as follows:

Director	Designation	Date of appointment	Date of expiration of the current term of office at AGM	No. of year(s) in office
Datuk Saleh	Independent Non-Executive Chairman	13 October 2023	At our first (1 st) AGM in year 2024	Less than one year
Dato' Lau	Non-Independent Executive Director and Managing Director	3 November 2022	At our first (1 st) AGM in year 2024	One year
TKH	Non-Independent Executive Director and CEO	3 November 2022	At our first (1 st) AGM in year 2024	One year
Yee Ying Sung	Independent Non-Executive Director	17 April 2023	At our first (1 st) AGM in year 2024	Less than one year
Fong Hui Fong	Independent Non-Executive Director	17 April 2023	At our first (1 st) AGM in year 2024	Less than one year
Hooi Lian Jye	Independent Non-Executive Director	17 April 2023	At our first (1 st) AGM in year 2024	Less than one year

In accordance with our Constitution, all our Directors shall retire from office at the first AGM of our Company. One-third of our Directors are subject to retirement by rotation such that each Director shall retire once in every three years or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office at each AGM.

Our Directors to retire every year shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed as Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by our Board to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next AGM of our Company and shall then be eligible for re-election.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.3.2 Responsibilities of our Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) together with senior management, promote good corporate governance culture within our Group which reinforce ethical, prudent and professional behaviour;
- (b) to review, challenge and decide on management's proposals for our Group and monitor its implementation by management;
- (c) to ensure that the strategic plan of our Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) to supervise and assess management performance to determine whether our Group's businesses are being properly managed;
- (e) to ensure there is a sound framework for internal controls and risk management;
- (f) to understand the principal risks of our Company's business and recognise that business decisions involve the taking of appropriate risks;
- (g) to set the risk appetite within which our Board expects management to operate and ensure that there is an appropriate risk management framework to identify, evaluate, manage and monitor significant financial and non-financial risks;
- (h) to ensure that senior management has the necessary skills and experience and there are measures in place to provide for the orderly succession of our Board and Key Senior Management;
- (i) to ensure that our Company has in place procedures to enable effective communication with our stakeholders;
- (j) to ensure that all our Directors are able to understand financial statements and form a view on the information presented; and
- (k) to ensure the integrity of our Group's financial and non-financial reporting.

9.3.3 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 27 April 2023. Our Audit and Risk Management Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation
Yee Ying Sung	Chairman
Fong Hui Fong	Member
Hooi Lian Jye	Member

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

The terms of reference of our Audit and Risk Management Committee, among others, include the following:

- (i) to review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors;
- (ii) to review the engagement, compensation, performance, qualification and independence of the external auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services;
- (iii) to review and recommend the quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing particularly on:
 - (a) any changes in or implementation of major accounting policies and practices;
 - (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (c) going concern and assumption; and
 - (d) compliance with accounting standards and other regulatory or legal requirements,
- (iv) to review and monitor any related party transactions/business dealings entered into by our Company and our Group and any conflict of interest situation that may arise within our Company and our Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (v) to review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (vi) to oversee and recommend the risk management and internal control framework of our Group;
- (vii) to approve the non-audit services provided by the external auditors and/or their affiliates;
- (viii) to consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal;
- (ix) the Chairman of our Audit and Risk Management Committee should engage on a continuous basis with the Independent Non-Executive Chairman of our Group, Non-Independent Executive Director and Managing Director of our Group, the Non-Independent Executive Director and CEO of our Group, the finance manager, the internal auditors and the external auditors in order to be kept informed of matters affecting our Group;
- (x) to perform the oversight function over the administration of whistleblowing policy that is approved and adopted by the Board and to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs;

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (xi) to review the adequacy of the management's response to issues identified to risk registers, ensuring that the risks are managed within our Group's risk appetite;
- (xii) to fulfil its corporate governance, risk management and statutory responsibilities in order to manage the overall risk exposure of the Group;
- (xiii) to monitor and ensure risk management processes are integrated into all core business processes;
- (xiv) where our Audit and Risk Management Committee is of the view that the matter reported by it to our Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, our Audit and Risk Management Committee shall promptly report such matter to Bursa Securities; and
- (xv) to perform such other functions as may be requested by our Board.

Our Audit and Risk Management Committee may obtain independent professional advice or other advice and invite outsiders with relevant experience and expertise to attend meetings, if it considers necessary.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

9.3.4 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established by our Board on 27 April 2023. Our Nomination and Remuneration Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation
Hooi Lian Jye	Chairperson
Yee Ying Sung	Member
Fong Hui Fong	Member

The terms of reference of our Nomination and Remuneration Committee, among others, include the following:

- (i) to formulate and recommend a framework of remuneration for our Managing Director, Executive Directors and Key Senior Management for our Board's approval. There should be a balance in determining the remuneration package, which takes into account the demands, complexities and performance of our Group as well as skills and experience required and which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including our Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
- (ii) to appoint new nominees to our Board and our board committees to ensure that their compositions meet the needs of our Company;

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (iii) to assess on an annual basis, the appointment and re-appointment of Independent Directors. The tenure of an Independent Director should not exceed a cumulative term of nine years. After a cumulative term of nine years, an Independent Director may continue to serve on our Board as a Non-Independent Director. However, if our Board intends to retain an Independent Director beyond nine years, it should provide justification and seek shareholders' approval annually through a two-tier voting process;
- (iv) to recommend to our Board the nominees to fill the seats on Board committees;
- (v) to assess the performance of our Board, board committees and the individual Directors of our Company on an ongoing basis;
- (vi) to formulate and review the policy on our Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of our Company;
- (vii) to assess on an annual basis, the effectiveness of our Board as a whole, the committees of our Board and the contribution of each individual Director;
- (viii) to assess the independence of each of the Independent Directors annually to ensure he/she is continually fit and still can maintain independence in order to assume their role as Independent Directors of our Company;
- (ix) to formulate and review the nomination, selection and succession policies and plans for members of our Board, board committees and Key Senior Management;
- (x) to review the term of office and performance of our Audit and Risk Management Committee and each of its members annually to determine whether our Audit and Risk Management Committee and its members have carried out their duties in accordance to the terms of reference; and
- (xi) to ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the marketplace and with changes in new statutory and regulatory requirements.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.4 KEY SENIOR MANAGEMENT

9.4.1 Particulars and shareholdings

Other than our Executive Directors, Dato' Lau and TKH, whose shareholdings before and after our IPO are set out in Sections 9.1.1 and 9.2.1 of this Prospectus, the particulars of our other Key Senior Management and their respective direct and indirect shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before our IPO			After our IPO		
			Direct	Indirect		Direct	Indirect	
			No. of Shares '000	%	No. of Shares (1)%	No. of Shares '000	%	No. of Shares (1)%
Lau Geok Cheng	Sourcing Manager	Malaysian	-	-	-	-	-	-
Abdullah Bin Ab Rahman	Production Manager	Malaysian	-	-	-	(2)50	-	-
Lim Soon Yuen	Product Engineering Manager	Malaysian	-	-	-	(2)50	-	-
Yong Yew Chong	Finance Manager	Malaysian	-	-	-	(2)50	-	-

Notes:

* Negligible

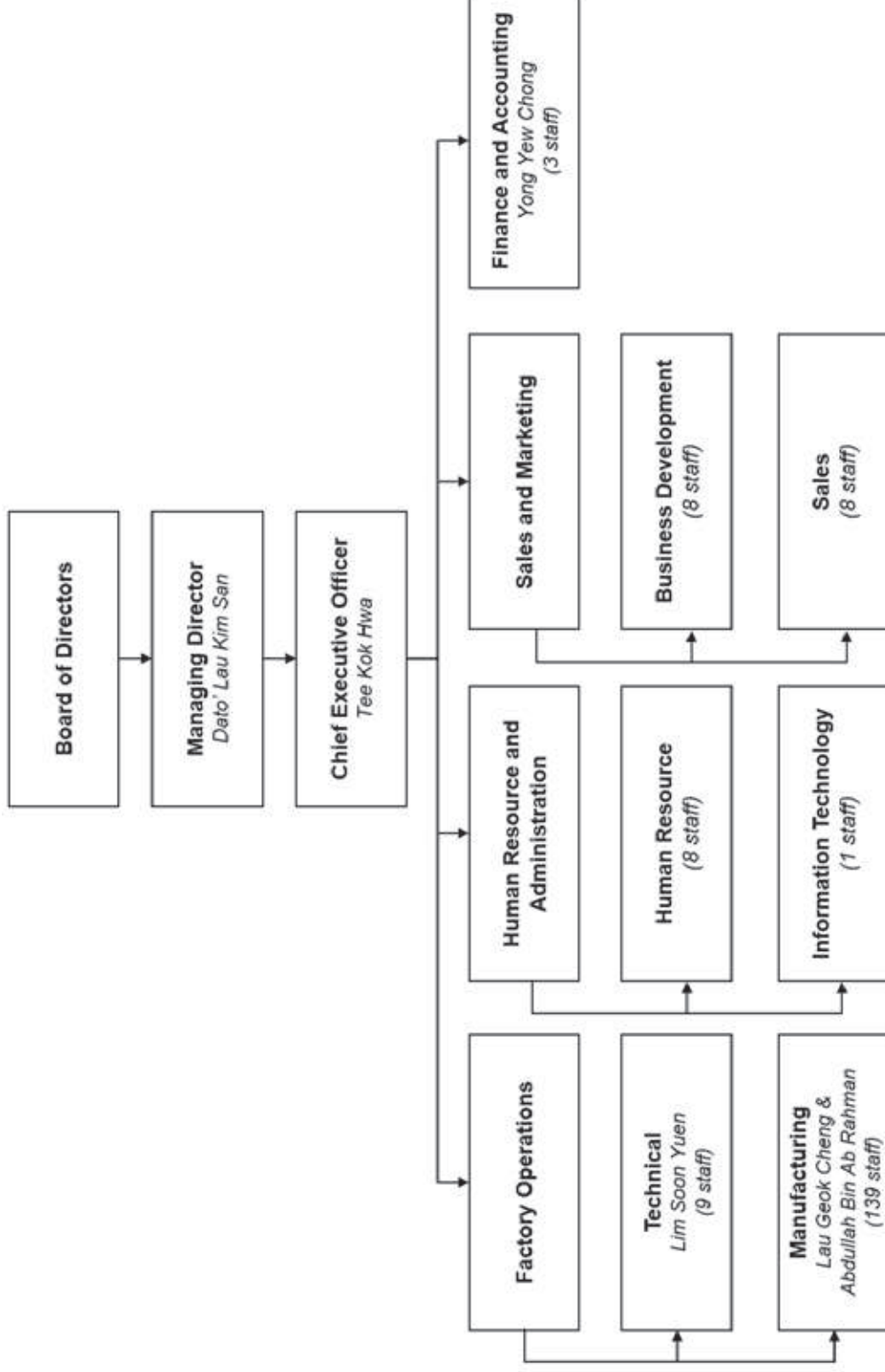
(1) Based on our enlarged issued 1,020,000,000 Shares upon our Listing.

(2) Assuming he/she fully subscribes for his/her entitlement under the Pink Form Allocations.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.4.2 Management reporting structure

Our management reporting structure is as follows:



9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.4.3 Profiles of our Key Senior Management

The profiles of our Managing Director and CEO, namely Dato' Lau and TKH who are also part of our Key Senior Management are set out in Sections 9.1.2 and 9.2.2 of this Prospectus, respectively. The profiles of our other Key Senior Management are as follows:

(i) **Lau Geok Cheng**

Lau Geok Cheng, a Malaysian female, aged 52, is our sourcing manager. In 1996, she obtained a Bachelor of Arts majoring in Economics from Universiti Malaya.

She began her career in June 1996 when she joined Oriental Food Industries Sdn Bhd as an administration executive. In August 1996, she left the company and joined New Horizons Computer Learning Center as a management trainee and subsequently got promoted as administration executive where she was responsible for finance related matters, customer service and management of human resources. In 1999, she left the company to join Likom Computer System Sdn Bhd as a material planner where she was responsible for the management of inventory and handling the procurement of raw materials.

In 2003, she left the company to join Silicon Application Sdn Bhd as a customer service executive cum sales administrator where she was responsible for managing procurement activities, delivery of goods to customers and handling customer inquiries. She left the company a year later in 2004 to join E-Control as a purchasing executive where she was responsible for the sourcing of raw materials. The last position she held in this company was assistant material manager before she left in 2012. Throughout her time in this company, she was responsible for the supervision of the purchasing and customer service departments. She was also responsible for the management of supply of raw materials and indirect materials and development of sourcing strategies.

In 2012, she joined MTWC as an assistant manager in procurement and was subsequently promoted as a sourcing manager in 2017.

She is responsible for overseeing and managing our Group's procurement activities which include amongst others, sourcing for direct and indirect materials, development and execution of procurement strategies and coordination of procurement activities.

(ii) **Abdullah Bin Ab Rahman**

Abdullah Bin Ab Rahman, a Malaysian male aged 52, is our production manager. He obtained his Sijil Vokasional Malaysia in 1988 from Sekolah Menengah Vokasional Alor Gajah, Melaka.

He began his career in 1990 as a pump operator in MMC Gas Sdn Bhd where he was tasked with overseeing the facilities and pumps maintained by the company. Subsequently in 1992, he left the company and joined Asahi Industries (M) Sdn Bhd as a production technician and was involved in the production of cordless phones. He left in February 1994 to join Takara Manufacturing Company (Malaysia) Sdn Bhd (currently known as TKR Manufacturing (Malaysia) Sdn Bhd) as a production technician for three months and was involved in the repair of car stereos.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

In June 1994, he joined Likom CMS Sdn Bhd as a production technician and was subsequently promoted in 1996 to become an assistant supervisor and was responsible for overseeing the production activities of the company. He left the company in August 1997 to join Panasonic Appliances Refrigeration Devices Malaysia Sdn Bhd as an assistant supervisor where he was responsible for supervising the production of refrigerator compressors.

He left the company in December 1997 to join Olympic Cable Company Sdn Bhd as an assistant supervisor in production and was responsible for supervising the production of CCV line medium and low voltage cables. He was subsequently promoted to assistant manager in 2009 and was responsible for overseeing and monitoring the production department and ensuring compliance with production standards.

He left in 2014 to join MTWC as an assistant manager and was subsequently promoted to his current position in 2020. He is responsible for overseeing the operations and ensuring the quality of the output of our production department, as well as the maintaining our Group's manufacturing plants.

(iii) **Lim Soon Yuen**

Lim Soon Yuen, a Malaysian male aged 39, is our product engineering manager. In 2009, he obtained a Bachelor of Engineering in Electronics (Honours) from Multimedia University, Melaka.

He began his career in 2009 when he joined MTWC as a product engineer in the technical department. He was tasked with responsibilities involving cable design and specification and providing technical support for customers.

In 2010, he left MTWC and joined National Semiconductor Sdn Bhd (currently known as Texas Instruments Electronics Malaysia Sdn Bhd) as a test engineer where he was responsible for developing and implementing test systems to evaluate the performance of integrated circuits. He was subsequently promoted in 2012 as a test development engineer where he was involved in ensuring that the test systems meet the relevant specifications and was responsible for running various test systems in the different stages of development.

He subsequently left the company in 2013 and re-joined MTWC as an assistant manager in the technical department. He was promoted in 2022 to manager, and in 2023 to his current position. He is currently responsible in overseeing our cable development projects and to engage in customer service such as providing technical support.

(iv) **Yong Yew Chong**

Yong Yew Chong, a Malaysian male aged 50, is our finance manager. In 1992, he obtained his Diploma in Management Accounting from the London Chamber of Commerce and Industry. In 1993, he obtained his Diploma in Computer Science majoring in Information Technology from Informatics College, Melaka.

From 1995 to 2004, he was employed as an accounts assistant/assistant management accountant in various companies and was responsible for the preparation of the respective companies' accounts, management reports and annual budgets.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

In 2004, he joined Kotra Pharma (M) Sdn Bhd as a costing executive and was responsible for, among others, the development of the costing system, analysis of quarterly financial results as well as the preparation of the annual report. He subsequently left the company in 2008 to join Ohara Disk (M) Sdn Bhd as an assistant finance manager and was responsible for overseeing the preparation and finalisation of monthly accounts, annual budget, tax compliance matters as well as valuation of inventory.

He left the company in 2014 and assumed his current position in our Group. He is currently responsible for overseeing the accounting and finance functions of our Group, including financial reporting, budgeting, taxation and cash flow management.

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.4.4 Principal directorships and principal business activities of our Key Senior Management outside our Group

Save as disclosed below, none of our Key Senior Management has any principal directorship and/or principal business activities performed outside our Group in the past five years up to the LPD:

(i) Abdullah Bin Ab Rahman

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect

Present Involvement:

Nil

Past Involvement:

Harh Family Enterprise	Sale of food and beverages, sale of clothing and sewing, sale of books and stationery, sale of men and women accessories, sale of communication tools and computer, sale of health and beauty products and sale of baby products	Sole proprietor	31 December 2012	30 December 2018	-	-
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9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

9.4.5 Key Senior Management's remuneration and material benefits-in-kind

Save for the remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid to our Executive Directors as disclosed in Section 9.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our other Key Senior Management for services rendered in all capacities to our Group for the FYEs 2022 and 2023 are as follows:

Key Senior Management	Remuneration band	
	FYE 2022 (Paid)	FYE 2023 (Proposed to be paid)
	RM'000	RM'000
Lau Geok Cheng	100 - 150	100 - 150
Abdullah Bin Ab Rahman	100 - 150	100 - 150
Lim Soon Yuen	100 - 150	100 - 150
Yong Yew Chong	100 - 150	100 - 150

Note:

- (1) *The remuneration for Key Senior Management includes salaries, bonuses, allowances, and employer contributions.*

9.5 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN THE PROMOTERS, OUR SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationships between our Promoters, substantial shareholders, Directors and Key Senior Management:

- (i) Dato' Lau who is our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director, is the brother of Lau Geok Cheng, our sourcing manager; and
- (ii) Dato' Lau is the sole director and sole shareholder of MTPC, which is also our Promoter and substantial shareholder. Please refer to Section 9.1.2 of this Prospectus for further details of MTPC.

9.6 DECLARATION BY THE PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors or Key Senior Management have been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

9.7 EXISTING OR PROPOSED SERVICE CONTRACTS

As at the date of this Prospectus, there are no existing or proposed service contracts between our Company and our Directors or Key Senior Management which provide for benefits upon termination of employment.

9.8 MANAGEMENT SUCCESSION PLAN

Our Board believes that our Group's success depends on our ability to retain our Key Senior Management as well as attract and retain skilled personnel. We have implemented a management succession plan, where we train new management staff to gradually assume the responsibilities of Key Senior Management. If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations.

Our Group's management succession plan consist of, among others, the following:

- (i) Recruitment and selection;
- (ii) Competitive remuneration and employee benefits;
- (iii) Structured career planning and development; and
- (iv) Continuous training and education.

Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and recruitment of candidates with knowledge and expertise of our business to enhance operations.

10. RELATED PARTY TRANSACTIONS

10.1 MATERIAL RELATED PARTY TRANSACTIONS

Save for the Acquisition (details of which are set out in Section 6.1.2 of this Prospectus) and as disclosed below, there are no other material related party transactions entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the FYE Under Review, FPE 2023 and up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
			FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 July 2023 up to the LPD
			RM'000	RM'000	RM'000	RM'000	RM'000
MTWC and MCB	Dato' Lau, our Promoter, substantial shareholder, and Non-Independent Executive Director and Managing Director, is also a shareholder of MCB holding 33.33% equity interest in MCB	Sale of cables and wires by MTWC to MCB	5,905 (Represents 3.64% of our Group's revenue for the FYE 2020)	5,873 (Represents 2.13% of our Group's revenue for the FYE 2021)	5,792 (Represents 1.60% of our Group's revenue for the FYE 2022)	2,979 (Represents 2.16% of our Group's revenue for the FPE 2023)	3,583

Our Board confirms that the Acquisition and all the related party transactions outlined above were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group as the Acquisition was transacted based on a PB multiple of approximately 1.00 time of the audited NA of MTWC as at 31 December 2022 whilst the sales of cables and wires to MCB were transacted at prevailing market rates similar to our other customers.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate and potential conflict of interest situation, our Audit and Risk Management Committee will, among others, supervise and monitor any recurrent related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosure in our annual report with regard to any recurrent related party transaction entered into by us.

10. RELATED PARTY TRANSACTIONS (Cont'd)

10.2 RELATED PARTY TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There are no related party transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party to in respect of the FYE Under Review, FPE 2023 and up to the LPD.

10.3 MATERIAL LOANS AND FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, our Board has confirmed that there are no outstanding material loans and financial assistance made by us to or for the benefit of any related parties during the FYE Under Review, FPE 2023 and up to the LPD:

Parties	Nature of relationship	Nature of transaction	Transaction value				
			FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 July 2023 up to the LPD
			RM'000	RM'000	RM'000	RM'000	RM'000
MTWC and Ever Care	Dato' Lau, our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director, is also a director and sole shareholder of Ever Care	our Advances in relation to payment made by MTWC to Ever Care's supplier on behalf of Ever Care	2,896 (Represents 3.95% of our Group's NA for the FYE 2020)	-	-	-	-

The advances made by MTWC to Ever Care were not made on arm's length basis as it was provided free of cost. As at the date of this Prospectus, all advances made by our Group to or for the benefit of our related parties have been fully settled. Moving forward, we will not be providing any such financial assistance to or for the benefit of our related parties.

10. RELATED PARTY TRANSACTIONS (Cont'd)

10.4 MATERIAL LOANS AND FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP

Save as disclosed below, our Board has confirmed that there are no outstanding material loans and financial assistance made by any related parties to our Group during the FYE Under Review, FPE 2023 and as at the LPD:

Parties	Nature of relationship	Nature of transaction	Transaction value				
			FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 July 2023 up to the LPD
			RM'000	RM'000	RM'000	RM'000	RM'000
MTWC and Dato' Lau	Dato' Lau is our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director	Advances in relation to payment made by Dato' Lau to MTWC's supplier on behalf of MTWC	595 (Represents 0.81% of our Group's NA for the FYE 2020)	-	-	-	-
		Advances made to MTWC for working capital	822 (Represents 1.12% of our Group's NA for the FYE 2020)	-	-	-	-
MTWC and E-Control	Dato' Lau was the director and shareholder of E-Control ⁽¹⁾	Advances made to MTWC for working capital	2,101 (Represents 2.87% of our Group's NA for the FYE 2020)	-	-	-	-

Note:

(1) Dato' Lau had resigned as a director of E-Control on 16 February 2023 and had disposed all his shares to Loo Li Ying on 27 February 2023.

The abovementioned advances made by Dato' Lau and E-Control to MTWC were not made on arm's length basis as it was provided free of cost. As at the date of this Prospectus, all material advances made by the related parties to or for the benefit of our Group have been fully settled. Moving forward, we will not be receiving any such financial assistance to or for the benefit of our Group from our related parties.

10. RELATED PARTY TRANSACTIONS (Cont'd)

For the FYE Under Review and FPE 2023, Dato' Lau, who is our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director, has extended personal guarantees for financing facilities granted to our Group, of which further details are set out in Section 12.4.3 of this Prospectus.

In conjunction with our Listing, we have written to our financiers to seek approval for the release and/or discharge of the personal guarantees by substituting the same with corporate guarantees from our Company (as the case may be). As at the LPD, we have received conditional approvals from all 10 financiers, namely Maybank, Maybank Islamic, HSBC Bank, Al Rajhi Bank, RHB Bank Berhad, CIMB Bank Berhad, Hong Leong Bank Berhad, MBSB Bank Berhad, Public Bank Berhad and SME Bank (subject to, among others, our Listing) for the substitution of the said personal guarantees with corporate guarantees from our Company.

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**10.5.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee review related party transactions and conflicts of interest situations that may arise within our Company or our Group. Our Audit and Risk Management Committee also review any transaction, procedure or course of conduct that raises questions of management integrity, including our related party transactions. In reviewing the related party transactions, the following, among others, will be considered:

- (a) the rationale and the cost/benefit to our Company is first considered;
- (b) where possible, comparative quotes will be taken into consideration;
- (c) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (d) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10. RELATED PARTY TRANSACTIONS (Cont'd)

10.5.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Prior to entering into a commercial contract, agreement, or transaction, the relevant head of department must identify whether it constitutes a related party transaction. All related party transactions must be reviewed by our Audit and Risk Management Committee to confirm that it is a related party transaction. Our Audit and Risk Management Committee will monitor the cumulative value of the transactions, and where the transaction reaches the relevant threshold, our Company is required to comply with the obligations under the Listing Requirements. It is the policy of our Group that an announcement of a related party transaction and/or conflict of interest must be made to Bursa Securities in accordance to the Listing Requirements as soon as possible after the terms of the transaction has been agreed upon. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are fair and reasonable and are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interests in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH ARE CARRYING ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR OUR SUPPLIERS

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as our Group, or which are customers or suppliers of our Group:

No.	Entity	Principal activities	Nature	Nature of interest in the entity
1.	MCB	Purchase and sale of electrical, electronic communication and mechanical engineering materials and equipment including but not limited to wires and cables	Our customer ⁽ⁱ⁾	Dato' Lau, who is our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director, is also a shareholder of MCB holding ⁽ⁱⁱ⁾ 33.33% equity interest in MCB
2.	Ever Care	EPCC of solar PV systems	Our customer	Dato' Lau, who is our Promoter, substantial shareholder, Non-Independent Executive Director and Managing Director, is also the sole director and sole shareholder of Ever Care

Notes:

(i) Our sales to MCB contributed to 83.43%, 66.41%, 69.63% and 88.19% of MCB's cost of sales for the FYE Under Review and FPE 2023, respectively. As such, we believe we are a major supplier of MCB for the supply of wires and cables.

(ii) The remaining shareholders of MCB are as follows:

Shareholders	No. of MCB share(s) held	%
Maryane Binti Sulaiman	75,000	30.00
Dato' Tan Chun Hoe ("Dato' Tan")	83,333	33.33
Wong Hau Hung	8,333	3.33
Dato' Lau / Dato' Tan / Wong Hau Hung	^(a) 1	^(b) –
Total	166,667	66.67

Subnotes:

(a) Collectively held by Dato' Lau, Dato' Tan and Wong Hau Hung.

(b) Negligible

Notwithstanding the above, our Board is of the view that the interests of Dato' Lau in MCB and Ever Care do not give rise to any existing or potential conflict of interest situation after taking into consideration the following:

11.1.1 MCB

- (i) Our current operations are in Malaysia while MCB operates only in Brunei. Accordingly, due to geographical boundaries, MCB has a distinct and separate customer base and market, and as a result, MCB does not compete for the same customers as us;
- (ii) Although we rely on MCB to sell our products to the Brunei market, we are not dependent on MCB as our customer as our sales to MCB represents approximately 3.64%, 2.13%, 1.60% and 2.16% of our Group's revenue for the FYE Under Review and FPE 2023, respectively;

11. CONFLICT OF INTEREST (Cont'd)

- (iii) All sales to MCB are transacted on an arm's length basis and on normal commercial terms which are not unfavorable to our Group and are comparable to those sold to third parties as disclosed in Section 10.1 of this Prospectus; and
- (iv) The involvement of Dato' Lau in MCB will not affect his commitment and responsibilities to our Group as he is not involved in the day-to-day management of MCB given that MCB has its own independent and standalone management team to undertake its day-to-day management and operations.

11.1.2 Ever Care

- (i) Ever Care and our Group do not have similar nature of businesses;
- (ii) We are not dependent on Ever Care as our customer as our sales to Ever Care was only RM823 for FYE 2022. There were no sales to Ever Care for the FYEs 2020 and 2021, as well as FPE 2023;
- (iii) All sales to Ever Care are transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are comparable to those sold to third parties; and
- (iv) The involvement of Dato' Lau in Ever Care will not affect his commitment and responsibilities to our Group as he is not involved in the day-to-day management of Ever Care given that Ever Care has its own independent and standalone management team to undertake its day-to-day management and operations.

Moving forward, our Audit and Risk Management Committee will supervise any actual conflict of interest or potential conflict of interest situations that may arise within our Company or our Group including such transaction, procedure or course that raises questions on management integrity. Our Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.5 of this Prospectus for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

- (i) SJ Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter for our IPO.
- (ii) Rosli Dahlan Saravana Partnership has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our IPO.

11. CONFLICT OF INTEREST (Cont'd)

- (iii) Sierac Corporate Advisers Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest situation in its capacity as the Financial Adviser for our IPO. Its scope of work as the Financial Adviser (which is intended to complement the role of SJ Securities) includes the following:
- (a) to jointly advise with SJ Securities on our Group's restructuring, equity and corporate structure in preparation for our IPO;
 - (b) to jointly advise with SJ Securities on the listing scheme including the offering structure (optimal public shareholding spread and Bumiputera equity requirement), IPO pricing and valuation in relation to our IPO;
 - (c) to participate as a member of the due diligence working group for the purpose of due diligence exercise as required for our IPO;
 - (d) to review the basis and assumptions of the profit and cash flow forecast and projections of our Group for FYEs 2023 to 2025 which will be prepared by our Company;
 - (e) to assist our Group in preparing, amending and reviewing of the management discussion and analysis on the financial position and results of operations of our Group for the FYE Under Review and FPE 2023;
 - (f) to assist our Group in compiling information and documents for our IPO;
 - (g) to assist in reviewing this Prospectus and submission documents to the relevant authorities and other agencies or bodies in respect of our IPO and Listing;
 - (h) to assist in reviewing other relevant public documents prepared by the relevant advisers in relation to our IPO;
 - (i) to assist us together with the public relations company in our public relations exercise in relation to our Listing on the ACE Market, which may include analyst briefings and interviews;
 - (j) to liaise with all professional advisers involved in our IPO; and
 - (k) to attend to general matters incidental to our IPO.
- (iv) Crowe Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest situation in its capacity as the Auditors and Reporting Accountants for our IPO.
- (v) Infobusiness has given its written confirmation that, as at the date of this Prospectus, that there is no existing or potential conflict of interest situation in its capacity as the IMR for our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical combined financial statements for the FYE Under Review, FPE 2022 and FPE 2023 presented below have been extracted from the Accountants' Report in Section 13 of this Prospectus.

Our historical combined financial statements have been prepared in accordance with the approved accounting standards in Malaysia, namely MFRS and IFRS. The audited financial statements of the companies within our Group for the FYE Under Review, FPE 2022 and FPE 2023 were not subject to any audit qualification, modification and disclaimer. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results or cash flows.

12.1.1 Historical combined statements of profit or loss and other comprehensive income

The summary of our statements of profit or loss and other comprehensive income for the FYE Under Review, FPE 2022 and FPE 2023 is as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	162,313	275,875	362,685	169,705	138,039
Cost of sales	(155,708)	(262,222)	(327,555)	(154,281)	(114,202)
GP	6,605	13,653	35,130	15,424	23,837
Other income	4,142	2,541	3,358	780	1,417
Administrative expenses	(2,388)	(3,911)	(4,034)	(1,680)	(2,960)
Selling and distribution expenses	(1,841)	(2,023)	(3,010)	(1,224)	(1,597)
Profit from operations	6,518	10,260	31,444	13,300	20,697
Finance costs	(3,184)	(3,045)	(4,170)	(1,854)	(2,246)
Net reversal of impairment losses/(net impairment losses) on financial assets	2,896	-	(1,094)	(487)	-
PBT	6,230	7,215	26,180	10,959	18,451
Income tax expense	(972)	(1,682)	(6,625)	(2,719)	(4,819)
PAT	5,258	5,533	19,555	8,240	13,632
Supplementary financial information					
GP margin ⁽¹⁾ (%)	4.07	4.95	9.69	9.09	17.27
PBT margin ⁽²⁾ (%)	3.84	2.62	7.22	6.46	13.37
PAT margin ⁽³⁾ (%)	3.24	2.01	5.39	4.86	9.88
Effective tax rate ⁽⁴⁾ (%)	15.60	23.31	25.31	24.81	26.12
EBITDA ⁽⁵⁾ (RM'000)	12,459	13,424	33,788	14,590	22,074
Basic and diluted EPS ⁽⁶⁾ (sen)	0.61	0.64	2.27	0.96	1.58

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) GP margin is computed based on GP over revenue.
- (2) PBT margin is computed based on PBT over revenue.
- (3) PAT margin is computed based on PAT over revenue.
- (4) Effective tax rate is computed based on income tax expenses over PBT.
- (5) EBITDA is computed as PAT plus: (i) income tax expense; (ii) interest expense; (iii) depreciation of property, plant and equipment; and (iv) depreciation of right-of-use assets, less (v) finance income. See below for details of computation as well as information regarding the use of non-MFRS measures.

The following table reconciles our PAT to EBITDA for the FYE Under Review, FPE 2022 and FPE 2023:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	5,258	5,533	19,555	8,240	13,632
Add/(less):					
Income tax expense	972	1,682	6,625	2,719	4,819
Interest expense	3,184	3,041	4,170	1,854	2,246
Depreciation of property, plant and equipment	3,485	3,521	3,689	1,854	1,785
Depreciation of right-of-use assets	78	63	96	48	81
Finance income	(518)	(416)	(347)	(125)	(489)
EBITDA	12,459	13,424	33,788	14,590	22,074

- (6) Basic EPS is computed based on PAT over the number of 861,900,000 Shares in issue after the Acquisition but before our Public Issue. There is no dilution of EPS.

12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Selected financial information from the historical statements of financial position**

	Audited			
	As at 31 December			As at 30
	2020	2021	2022	June
	RM'000	RM'000	RM'000	2023
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	59,079	55,876	55,611	56,238
Right-of-use assets	199	112	593	606
Intangible asset ⁽¹⁾	5,000	5,000	5,000	5,000
Total non-current assets	64,278	60,988	61,204	61,844
Current assets				
Inventories	24,225	31,630	27,190	37,700
Trade receivables	70,238	71,971	79,442	56,606
Other receivables, deposits and prepayments	5,567	4,738	2,237	8,327
Current tax assets	425	339	-	-
Fixed deposits with licensed banks	16,844	22,060	13,790	11,925
Cash and bank balances	6,742	15,973	35,279	36,412
Total current assets	124,041	146,711	157,938	150,970
Total assets	188,319	207,699	219,142	212,814
Non-current liabilities				
Deferred tax liabilities	965	2,320	5,971	5,839
Loans and borrowings	21,202	19,760	18,793	15,488
Lease liabilities	129	81	471	459
Hire purchase	31	-	175	146
Total non-current liabilities	22,327	22,161	25,410	21,932
Current liabilities				
Trade payables	51,540	36,208	18,288	15,154
Other payables and accruals	9,119	5,160	20,060	10,201
Loans and borrowings	31,888	67,643	68,205	61,026
Lease liabilities	78	40	136	166
Hire purchase	62	32	54	55
Current tax liabilities	-	-	757	4,416
Total current liabilities	92,687	109,083	107,500	91,018
Total liabilities	115,014	131,244	132,910	112,950
Net assets	73,305	76,455	86,232	99,864

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	As at 31 December			As at 30
	2020	2021	2022	June
	RM'000	RM'000	RM'000	2023
	RM'000	RM'000	RM'000	RM'000
Equity				
Invested capital ⁽²⁾	3,500	30,000	30,000	30,000
Retained profits	69,805	46,455	56,232	69,864
Total equity	73,305	76,455	86,232	99,864
Supplementary financial information				
Total borrowings ⁽³⁾	53,183	87,435	87,227	76,715
Net debts ⁽⁴⁾	29,597	49,402	38,158	28,378
Gearing ratio ⁽⁵⁾ (times)	0.73	1.14	1.01	0.77
Net gearing ratio ⁽⁶⁾ (times)	0.40	0.65	0.44	0.28

Notes:

- (1) *Arising from the acquisition of a list of customers for a purchase consideration of RM5.00 million during the FYE 2015 which our Group had determined has an indefinite useful life.*
- (2) *During the FYE 2021, MTWC undertook a bonus issue on the basis of 265 bonus shares for every 35 existing shares by capitalising retained profits amounting to RM26.50 million which resulted in an increase in its issued and paid-up share capital from RM3.50 million to RM30.00 million.*
- (3) *The increase in total borrowings as at 31 December 2021 as compared to 31 December 2020 was mainly due to the increase in the utilisation of bankers' acceptances as a result of switching from our overseas supplier for copper cathodes namely, Toyota Tsusho Asia Pacific Pte Ltd, with credit terms of 180 days (with the support of letters of credit) to Alpha Industries Sdn Bhd for the purchase of copper rods with credit terms of 30 days.*
- (4) *Net debts are computed based on total borrowings less cash and bank balances and fixed deposits as at the respective FYE/FPE.*
- (5) *Gearing ratio is computed based on total borrowings over total equity as at the respective FYE/FPE.*
- (6) *Net gearing ratio is computed based on net debts over total equity as at the respective FYE/FPE.*

12. FINANCIAL INFORMATION (Cont'd)**12.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness:

- (i) based on the latest unaudited financial information as at 31 October 2023; and
- (ii) after adjusting for our IPO and utilisation of proceeds arising from the IPO.

	<u>As at 31 October 2023</u>	<u>After our IPO and utilisation of proceeds</u>
	RM'000	RM'000
Indebtedness⁽¹⁾		
<u>Current</u>		
Invoice financing	56	56
Term loans	6,443	6,443
Bankers' acceptances	50,603	50,603
Hire purchase	55	55
<u>Non-current</u>		
Term loans	13,173	13,173
Hire purchase	127	127
Total indebtedness	70,457	70,457
Capitalisation		
Equity	108,133	167,389
Total capitalisation	108,133	167,389
Total capitalisation and indebtedness	178,590	237,846
Gearing ratio (times) ⁽²⁾	0.65	0.42

Notes:

- (1) All of our indebtedness is secured.
- (2) Gearing ratio is computed based on total indebtedness over total capitalisation.

12. FINANCIAL INFORMATION *(Cont'd)*

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations for the FYE Under Review, FPE 2022 and FPE 2023 has been derived from the Accountants' Report as disclosed in Section 13 of this Prospectus.

The management's discussion and analysis contains data derived from our audited combined financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ considerably from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Prospectus, particularly the risk factors as disclosed in Section 5.1 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, see Note 3 of the Accountants' Report as disclosed in Section 13 of this Prospectus.

12.3.1 Overview of our business

Our Group is principally engaged in manufacturing and distribution of LV power cables, control and instrumentation cables, and other related products for various industries in the local and overseas markets; and trading of MV power cables, fibre optic cables, solar DC power cables and other related products.

Revenue from manufactured goods is recognised at the point in time when control of the products has been transferred, being when the customers accept the delivery of goods.

During the FYE Under Review and FPE 2023, products sold by our Group to local customers were transacted in RM, whereas products sold to foreign customers in various countries were transacted in their respective currencies, i.e. USD, SGD and BND.

During the FYE Under Review, our Group's total revenue increased from RM162.31 million in FYE 2020 to RM362.69 million in FYE 2022, representing a CAGR of 49.48%. Our Group's PBT increased from RM6.23 million in FYE 2020 to RM26.18 million in FYE 2022, representing a CAGR of 104.99%. Meanwhile, our Group's PAT increased from RM5.26 million in FYE 2020 to RM19.56 million in FYE 2022, representing a CAGR of 92.85%.

Our principal market was Malaysia, which accounted for 90.65%, 92.23%, 95.64% and 94.85% of our total revenue for the FYE Under Review and FPE 2023, respectively.

Our wires and cables come in a variety of specifications to suit the various needs of our customers and we provide end-to-end technical support and customer service, supporting customers both domestically and internationally, through calls and emails as well as conduct site visits, if required.

Our Group's operations are headquartered in Melaka, Malaysia. Our customers are mainly from Malaysia. However, we also export to overseas markets including Brunei, Singapore, Thailand, Myanmar, Vietnam and Cambodia during the FYE Under Review and FPE 2023.

Please refer to Section 7 of this Prospectus for further information on our Group's business overview.

12. FINANCIAL INFORMATION (Cont'd)

12.3.2 Significant factors affecting our financial condition and results of operations

Our Group's financial condition and results of operations have been and will continue to be affected by, among others, the following key factors:

(i) Business expansion and growth

Our Group's revenue is mainly derived from the manufacturing of wires and cables, representing 97.81%, 95.63%, 94.68% and 92.02% of our Group's revenue for the FYE Under Review and FPE 2023, respectively. This segment has been growing at a CAGR of 49.48% between FYE 2020 and FYE 2022. In this respect, our business expansion and growth would be subjected to the risk of any adverse industry performance and/or regulatory changes and developments in the wires and cables industry in Malaysia.

(ii) Impact of government, economic, fiscal or monetary policies or factors

Like all other business entities, adverse developments in political, economic, regulatory and social conditions in Malaysia, directly or indirectly, could materially and adversely affect the financial prospects of our Group. Among the political, economic and regulatory uncertainties are changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules and regulations, changes in interest rates, inflation and taxation and political leadership.

For the FYE Under Review, our Group's historical financial results were not materially affected by any government, economic, fiscal or monetary policies or factors. However, during FYE 2020, the Malaysian government had on 18 March 2020 imposed the MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 due to the COVID-19 pandemic. Please refer to Section 7.12.2 of this Prospectus for more information on the business interruptions due to the COVID-19 pandemic.

(iii) Impact of interest rates

Our total bank borrowings as at 30 June 2023 was RM76.72 million, consisting of term loans, bankers' acceptances, and hire purchases. All of our borrowings are interest-bearing which is dependent on prevailing interest rates agreed with the financial institutions. For the FPE 2023, our term loans bear floating interest rates ranging from 5.50% to 7.45% per annum, whilst the remaining borrowings bear fixed interest rates ranging from 3.89% to 7.64% per annum. In this respect, we face interest rate risks which may have an impact on our financial performance including profitability and margins.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the FYE Under Review and FPE 2023, with all other variables held constant:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FPE 2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Effects on PAT				
Increase of 50 basis points	(274)	(265)	(308)	(160)
Decrease of 50 basis points	274	265	308	160

Please refer to Section 12.4.3 of this Prospectus for further details on our bank borrowings.

12. FINANCIAL INFORMATION (Cont'd)

(iv) Price fluctuations and sourcing of manufacturing materials

Copper and aluminium are the main raw materials used in our Group's manufacturing segment. These purchases of raw materials are the largest component of our Group's cost of sales, comprising 73.17%, 83.71%, 76.74% and 76.36% of our Group's total cost of sales for the FYE Under Review and FPE 2023, respectively.

Fluctuations in the prices of metals are driven by factors beyond our control such as global economic and political conditions, currency exchange rates, supply and demand, inventory levels maintained by suppliers as well as potential disruptions in the supply chains. We are generally able to pass on the rising prices to our customers by revising our price quotes on a daily basis in line with the market prices for metal commodities. However, in the event we are unable to pass on the higher material costs to our customers, we may have to bear higher costs, which will then have a material impact on our profit margins and financial performance.

Please refer to Section 5.1.3 of this Prospectus for more information on the risk relating to the fluctuations in copper and aluminium prices.

(v) Timely delivery of orders

In the ordinary course of our business, we have to adhere to certain milestones for the delivery of our products to customers. In the event we do not meet the scheduled delivery timeline or if we are unable to obtain an extension to the delivery milestone from our customers, we may be subject to claims and/or penalties imposed on our Group, or cancellation of orders by our customers, which in turn may have an adverse effect on our financial performance. For the FYE Under Review and FPE 2023, we have not been subjected to any claims or penalties imposed by our customers.

Please refer to Section 7.12.2(ii) of this Prospectus for more information on the impact of the COVID-19 pandemic on our supply chain.

(vi) Prolonged COVID-19 or other infectious disease pandemic

Please refer to Section 7.12.2 of this Prospectus for more information on the business interruptions due to the COVID-19 pandemic.

12. FINANCIAL INFORMATION (Cont'd)

12.3.3 Results of operations

(A) Revenue

The following tables set out the segmental analysis of our Group's revenue by principal activities and principal products for the FYE Under Review, FPE 2022 and FPE 2023:

Revenue contribution by principal activities and principal products

The breakdown of our Group's revenue by principal activities and principal products is as follows:

	Audited			Unaudited		
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023	
	RM'000	%	RM'000	%	RM'000	%
Manufacturing segment						
- LV power cables ⁽¹⁾	124,589	76.76	197,713	71.67	188,110	51.86
• copper-cored					113,001	66.59
• aluminium-cored	28,291	17.43	61,040	22.12	147,172	40.58
	152,880	94.19	258,753	93.79	335,282	92.44
- Control and instrumentation cables	5,880	3.62	5,072	1.84	8,122	2.24
Sub-total	158,760	97.81	263,825	95.63	343,404	94.68
					161,679	95.27
Trading segment⁽²⁾	3,553	2.19	12,050	4.37	19,281	5.32
					8,026	4.73
TOTAL⁽³⁾	162,313	100.00	275,875	100.00	362,685	100.00
					169,705	100.00
					138,039	100.00

Notes:

(1) Includes solar DC power cables above 16 mm².

12. FINANCIAL INFORMATION (Cont'd)

(2) *Trading segment includes the sales of MV power cables, solar DC power cables (1.5 mm² to 16 mm²), fibre optic cables, raw materials (i.e. aluminium rods and compounds) and packaging materials (i.e. wooden drums).*

(3) *Foreign currency denomination for our Group's total revenue includes USD, SGD and BND. For the FYE Under Review and FPE 2023, our Group's total revenue in foreign currencies is less than 5.00%.*

(i) Comparison between FYE 2020 and FYE 2021**Manufacturing segment**

Revenue from our Group's manufacturing segment increased by RM105.07 million or 66.18% from RM158.76 million in FYE 2020 to RM263.83 million in FYE 2021, which was mainly attributed to the increase in sales of LV power cables.

For the FYE 2021, our Group's revenue from the sales of LV power cables increased by RM105.87 million or 69.25% in tandem with the increase in sales volume by 1,626.11 tonnes (comprising copper-cored LV power cables which increased by 312.18 tonnes and aluminium-cored LV power cables which increased by 1,313.93 tonnes) from 3,547.53 tonnes in FYE 2020 to 5,173.64 tonnes in FYE 2021, representing an increase of 45.84%. The increase was due to the following:

- (a) increase in sales to our major customers, namely the TNB Group, the Accupro Group, Pen Power Sdn Bhd and Electrical Network Equipment Sdn Bhd led by the gradual revival of many infrastructure and construction projects in Malaysia after recovering from the COVID-19 pandemic; and
- (b) significant increase in the demand for aluminium-cored LV power cables from the TNB Group, as a result of rising preference for aluminium-cored LV power cables over copper-cored LV power cables for its lower pricing as compared to copper price.

However, the increase in revenue from the manufacturing segment was marginally offset by the decline in sales of control and instrumentation cables by RM0.81 million or 13.78%. The sales volume for control and instrumentation cables decreased by 33.02% from 71.89 tonnes in FYE 2020 to 48.15 tonnes in FYE 2021. The weaker demand for our control and instrumentation cables were mainly due to lower orders from our customers from the oil and gas sector as a result of the weaker crude oil price in the international market and COVID-19 pandemic. The decline in sales volume of 33.02% is significantly greater than the decline in sales value of 13.78% mainly due to the increase in the price of copper during the FYE 2021 which resulted in higher selling prices of our control and instrumentation cables.

12. FINANCIAL INFORMATION (Cont'd)**Trading segment**

Revenue from our Group's trading segment increased markedly by RM8.50 million or 239.44% from RM3.55 million in FYE 2020 to RM12.05 million in FYE 2021. The increase was mainly attributed to the following:

- (a) increase in revenue from trading of fibre optic cables by RM2.69 million from RM0.24 million in FYE 2020 to RM2.93 million in FYE 2021, mainly due to the supply of fibre optic cables to Allo Technology Sdn Bhd which was appointed to expand fibre optic network under the Malaysian Government's National Fiberisation and Connectivity Plan in order to promote the expansion of digital connectivity in Malaysia;
- (b) increase in revenue from trading of solar DC power cables by RM3.18 million from RM1.78 million in FYE 2020 to RM4.96 million in FYE 2021, mainly due to the increase in orders from one of our existing customers who is involved in the Large-Scale Solar 2 project; and
- (c) increase in revenue from trading of raw materials by RM2.59 million from RM870.00 in FYE 2020 to RM2.59 million in FYE 2021, mainly due to the sales of aluminium rods and copper tapes to other wires and cables manufacturers. No sales of aluminium rods and copper tapes were recorded in FYE 2020.

(ii) Comparison between FYE 2021 and FYE 2022**Manufacturing segment**

Revenue from our Group's manufacturing segment increased by RM79.57 million or 30.16% from RM263.83 million in FYE 2021 to RM343.40 million in FYE 2022. The increase was mainly due to the following:

- (a) revenue from the sales of LV power cables increased by RM76.53 million or 29.58% in tandem with the increase in sales volume by 1,517.04 tonnes (comprising copper-cored LV power cables which decreased by 405.02 tonnes and aluminium-cored LV power cables which increased by 1,922.06 tonnes) from 5,173.64 tonnes in FYE 2021 to 6,690.68 tonnes in FYE 2022 which represents an increase of 29.32%. The increase was mainly due to increase in purchase orders from the TNB Group and Electrical Network Equipment Sdn Bhd for aluminium-cored LV power cables which are more cost effective as compared to copper-cored LV power cables for similar power application requirements; and
- (b) revenue from the sales of control and instrumentation cables increased by RM3.05 million or 60.16%, in line with the increase in sales volume from 48.15 tonnes in FYE 2021 to 83.77 tonnes in FYE 2022 which represents an increase of 73.98%. The increase was mainly due to a surge in demand from customers in the oil and gas sector following the revival of the economy after the COVID-19 pandemic.

12. FINANCIAL INFORMATION (Cont'd)**Trading segment**

Revenue from our Group's trading segment increased by RM7.23 million or 60.00% from RM12.05 million in FYE 2021 to RM19.28 million in FYE 2022. The increase was mainly attributed to the following:

- (a) revenue from the trading of MV power cables increased by RM7.00 million from RM1.57 million in FYE 2021 to RM8.57 million in FYE 2022, mainly due to new orders amounting to RM6.57 million received from the SEB Group; and
- (b) revenue from the sales of raw materials increased by RM4.45 million from RM2.59 million in FYE 2021 to RM7.04 million in FYE 2022, mainly attributed to the increase in the sales of aluminium rod and copper tape to other wires and cables manufacturers by RM4.17 million.

However, the increase in revenue from our Group's trading segment was partially offset by the decline in the sales of fibre optic cables as we did not secure any tender for fibre optic projects in FYE 2022.

(iii) Comparison between FPE 2022 and FPE 2023**Manufacturing segment**

Revenue from our Group's manufacturing segment decreased by RM34.65 million or 21.43% from RM161.68 million in FPE 2022 to RM127.03 million in FPE 2023. The decrease was mainly due to the decrease in revenue from the sales of LV power cables. Although sales volume increased by 1,743.86 tonnes or 56.84% (comprising copper-cored LV power cables which increased by 276.74 tonnes and aluminium-cored LV power cables which increased by 1,467.12 tonnes) from 3,068.06 tonnes in FPE 2022 to 4,811.92 tonnes in FPE 2023, revenue from the sales of LV power cables decreased by RM37.69 million or 23.62% mainly due to lower average selling prices as a result of lower average raw material costs of copper and aluminium in FPE 2023. The average price per tonne of copper and aluminium had decreased from RM41,824 and RM13,963 respectively in FPE 2022 to RM39,311 and RM10,401 respectively in FPE 2023.

However, the decrease in revenue was partially offset by the increase in revenue from the sales of control and instrumentation cables which increased by RM3.04 million or 144.08%, in line with the increase in sales volume by 159.99% from 20.17 tonnes in FPE 2022 to 52.44 tonnes in FPE 2023. The increase was mainly attributed to the increase in orders received from several customers involved in a public transportation project.

Trading segment

Revenue from our Group's trading segment increased by RM2.98 million or 37.11% from RM8.03 million in FPE 2022 to RM11.01 million in FPE 2023. The increase in trading revenue was mainly attributed to higher sales of MV power cables to the SEB Group by RM3.53 million or 101.73% from RM3.47 million in FPE 2022 to RM7.00 million in FPE 2023. However, the increase in revenue from our Group's trading segment was mainly offset by a decrease in revenue from the trading of raw materials by RM1.56 million.

12. FINANCIAL INFORMATION (Cont'd)

Revenue contribution by industries

The breakdown of our Group's revenue by industries is as follows:

	Audited		Unaudited		Audited	
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Power utility companies	26,957	59,184	122,591	38,580	60,326	43.70
	16.61	21.45	33.80	22.73	22.73	
	%	%	%	%	%	%
General markets ⁽¹⁾	96,925	150,957	162,533	97,635	50,108	36.30
- Electrical wholesalers ⁽²⁾	34,364	65,556	66,469	33,482	24,434	17.70
- M&E contractors	4,067	178	11,092	8	3,171	2.30
- Project owners						
	135,356	216,691	240,094	131,125	77,713	56.30
	83.39	78.55	66.20	77.27	77.27	
	%	%	%	%	%	%
	162,313	275,875	362,685	169,705	138,039	100.00
	100.00	100.00	100.00	100.00	100.00	100.00

Notes:

- (1) For the general markets segment, it is common industry practice for project owners to purchase our wires and cables directly from our Group or through electrical wholesalers and/or M&E contractors.
- (2) Electrical wholesalers redistribute our Group's wires and cables to various end user markets.

12. FINANCIAL INFORMATION (Cont'd)

(i) Comparison between FYE 2020 and FYE 2021**Power utility companies**

Revenue contributed by the power utility companies increased by RM32.22 million or 119.51% from RM26.96 million in FYE 2020 to RM59.18 million in FYE 2021. The increase was mainly due to sales of our aluminium-cored LV power cables to the TNB Group.

General markets

Revenue contributed by general markets increased by RM81.34 million or 60.09% from RM135.36 million in FYE 2020 to RM216.70 million in FYE 2021, mainly from the electrical wholesalers and M&E contractors.

(ii) Comparison between FYE 2021 and FYE 2022**Power utility companies**

Revenue contributed by power utility companies increased by RM63.41 million or 107.15% from RM59.18 million in FYE 2021 to RM122.59 million in FYE 2022. The increase was mainly due to sales of our aluminium-cored LV power cables to the TNB Group.

General markets

Revenue contributed by general markets increased by RM23.39 million or 10.79% from RM216.70 million in FYE 2021 to RM240.09 million in FYE 2022, mainly from the electrical wholesalers and project owners.

(iii) Comparison between FPE 2022 and FPE 2023**Power utility companies**

Revenue contributed by power utility companies increased by RM21.75 million or 56.38% from RM38.58 million in FPE 2022 to RM60.33 million in FPE 2023. The increase was mainly due to sales of our aluminium-cored LV power cables to the TNB Group.

General markets

Revenue contributed by general markets decreased by RM53.42 million or 40.74% from RM131.13 million in FPE 2022 to RM77.71 million in FPE 2023, mainly due to the decline in sales of non-insulated LV power cables from RM42.26 million to RM0.26 million to electrical wholesalers and M&E contractors.

12. FINANCIAL INFORMATION (Cont'd)

(B) Cost of sales

Cost of sales by components

	Audited			Unaudited			Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2022	FYE 2022	FYE 2023	RM'000	%	RM'000	%
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing segment										
Materials for manufacturing segment ⁽¹⁾	137,738	88.46	235,668	89.87	289,443	88.37	138,423	89.72	92,162	80.70
Labour cost	(24,159)	2.67	4,923	1.88	7,115	2.17	3,070	1.99	4,161	3.64
Factory overhead and other costs	11,251	7.23	11,090	4.23	12,909	3.94	5,408	3.51	7,657	6.71
	153,148	98.36	251,681	95.98	309,467	94.48	146,901	95.22	103,980	91.05
Trading segment										
Finished goods for trading ⁽¹⁾	2,560	1.64	10,541	4.02	18,088	5.52	7,380	4.78	10,222	8.95
Total ⁽³⁾⁽⁴⁾	155,708	100.00	262,222	100.00	327,555	100.00	154,281	100.00	114,202	100.00

Notes:

(1) The breakdown of materials for manufacturing segment is as follows:

	FYE 2020			FYE 2021			FYE 2022			FYE 2023		
	RM'000		RM'000	RM'000		RM'000	RM'000		RM'000		RM'000	
Purchases of raw materials	130,794		248,193	292,168		147,844	108,134		108,134		4,760	
Packaging materials	3,283		5,420	10,923		3,797	4,760		(10,510)		(10,510)	
Movement of inventories	6,221		(7,404)	4,440		(5,838)	(10,510)		(10,510)		(10,510)	
Finished goods for trading	(2,560)		(10,541)	(18,088)		(7,380)	(10,222)		(10,222)		(10,222)	
Total	137,738		235,668	289,443		138,423	92,162		92,162		92,162	

Please refer to Section 7.13 of this Prospectus for the breakdown of the raw materials purchased by our Group.

12. FINANCIAL INFORMATION (Cont'd)

- (2) Includes subsidies received under the Malaysian government's Wage Subsidy Programme amounting to RM0.24 million.
- (3) Foreign currency denomination for our Group's cost of sales includes USD, Euro and RMB. Our Group's purchases denominated in USD accounted for 45.11%, 27.42%, 5.19%, 6.53% and 2.85% of our Group's total purchases for the FYE Under Review, FPE 2022 and FPE 2023, respectively, while purchases denominated in RMB accounted for 1.03%, 0.45%, 2.49%, 0.05% and 8.23% of our Group's total purchases for the FYE Under Review, FPE 2022 and FPE 2023, respectively. In respect of our Group's purchases in other foreign currencies, they individually accounted for less than 5.00% of our Group's total purchases for the FYE Under Review and FPE 2023.
- (4) The average purchase prices per tonne of copper and aluminium for the FYE Under Review, FPE 2022 and FPE 2023 are as follows:

	Copper					Aluminium				
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
USD	6,390	9,599	8,754	9,704	8,602	1,700	2,535	2,713	3,283	2,298
RM	*26,994	*40,028	*38,780	*41,824	*39,311	**7,132	**10,533	**11,975	**13,963	**10,401

Subnotes:

- * Based on the average transacted USD/RM exchange rate of 4.2244, 4.1700, 4.4300, 4.3100 and 4.5700 during the FYE Under Review, FPE 2022 and FPE 2023, respectively.
- ** Based on the average transacted USD/RM exchange rate of 4.1953, 4.1550, 4.4140, 4.2530 and 4.5260 during the FYE Under Review, FPE 2022 and FPE 2023, respectively.

The historical global prices of copper and aluminium (per tonne) for the FYE Under Review, FPE 2022 and FPE 2023 are as follows:

	Copper					Aluminium				
	2020	2021	2022	FPE 2022	FPE 2023	2020	2021	2022	FPE 2022	FPE 2023
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Min	4,630.00	7,777.00	7,170.00	8,258.00	7,901.50	1,462.00	1,964.00	2,114.00	2,445.50	2,148.50
Max	7,985.00	10,460.00	10,674.00	10,674.00	9,356.00	2,064.50	3,171.50	3,849.00	3,849.00	2,658.50
Average	6,197.30	9,293.54	8,789.07	9,748.58	8,725.02	1,731.82	2,485.93	2,618.25	3,079.86	2,363.00

Source: Bloomberg

12. FINANCIAL INFORMATION (Cont'd)

Materials for manufacturing segment

The largest component of our cost of sales comprises the input material cost for our manufacturing segment. We mainly purchase copper and aluminium as our input materials for the manufacturing of our wires and cables. The purchase of the copper cathodes, copper rods, copper tapes, OEM copper-cored and aluminium-cored LV wires and cables as well as aluminium-based raw materials comprise 73.17%, 83.71%, 76.74%, 86.30% and 76.36% of our total cost of sales for the FYE Under Review, FPE 2022 and FPE 2023, respectively. Materials used for our manufacturing segment also include PVC and XLPE insulation compound, mica tape, and other input materials for our production.

Copper and aluminium-based raw materials are globally traded commodities and subject to global price volatility, thus we are at risk of unfavourable price movements with respect to the purchase of the raw materials to be used in the production of wires and cables. Please refer to Section 5.1.1 of this Prospectus for more information on the risk relating to fluctuations in the copper and aluminium prices.

The rise in our cost of materials during the FYE Under Review and FPE 2023 is in line with the increase in revenue from manufacturing segment as follows:

- (i) in FYE 2021, cost of materials for manufacturing segment increased by RM97.93 million or 71.10% from RM137.74 million in FYE 2020 to RM235.67 million in FYE 2021, which is in line with the increase in our sales volume and rising raw material prices, where our average purchase price per tonne for copper and aluminium had increased by 50.22% and 49.12% respectively; and
- (ii) in FYE 2022, cost of materials for manufacturing segment increased by RM53.77 million or 22.82% from RM235.67 million in FYE 2021 to RM289.44 million in FYE 2022, which was attributed to the increase in sales volume coupled with the rising raw material prices and foreign exchange fluctuation. For the FYE 2022, our average purchase price per tonne for aluminium increased by 7.02%, while average USD exchange rate for the purchase of aluminium increased by 6.23% as compared to FYE 2021 due to the weakening of the RM. Although the average purchase price per tonne of copper has reduced in FYE 2022, the total raw material cost has increased mainly due to the increase in the purchases of aluminium.
- (iii) in FPE 2023, cost of materials for manufacturing segment decreased by RM46.26 million or 33.42% from RM138.42 million in FPE 2022 to RM92.16 million in FPE 2023, which was attributed to the decrease in average raw material prices despite the foreign exchange fluctuation and increased sales volume. For the FPE 2023, our average purchase price per tonne for aluminium decreased by 30.00% while the average purchase price per tonne for copper decreased by 11.36%. In addition, the average USD exchange rate for the purchase of aluminium and copper had increased by 6.42% and 6.03%, respectively, as compared to FPE 2022 due to the weakening of the RM.

12. FINANCIAL INFORMATION (Cont'd)

Labour cost

Labour cost consists of direct and indirect labour costs for our factory operation which includes salaries, bonuses, allowances, staff related contributions and training costs.

Our labour cost increased by RM0.76 million or 18.27% from RM4.16 million in FYE 2020 to RM4.92 million in FYE 2021 and further increased by RM2.20 million or 44.72% to RM7.12 million in FYE 2022. The increase in our labour cost during the FYE Under Review was mainly attributed to the increase in bonus payout by RM0.81 million as well as the increase in the number of production workers from 122 in FYE 2021 to 139 in FYE 2022 and the implementation of minimum wages effective May 2022, which resulted in an increase of RM1.27 million.

Our labour cost increased by RM1.09 million or 35.50% from RM3.07 million in FPE 2022 to RM4.16 million in FPE 2023. The increase in our labour cost was mainly due to the increase in the number of production workers from 119 in FPE 2022 to 142 in FPE 2023.

Factory overhead and other costs

Factory overhead and other costs comprise depreciation of property, plant and equipment, electricity and water charges, upkeep of factory, machineries and equipment, workmanship charges, and other direct factory operation related expenses.

Prior to 2022, we purchased copper cathodes from an overseas supplier namely, Toyota Tsusho Asia Pacific Pte Ltd, and sent them to a local manufacturer namely, Alpha Industries Sdn Bhd, to be processed into copper rods. However, due to supply chain disruptions which had caused delays in the delivery of copper cathodes as well as fluctuations in the USD in 2021, we decided to procure our copper rods directly from Alpha Industries Sdn Bhd.

Following the said operational changes in FYE 2021, our factory overhead cost declined by RM0.16 million or 1.42% from RM11.25 million in FYE 2020 to RM11.09 million in FYE 2021, mainly as a result of reduction in workmanship charges of RM1.90 million. However, the reduced workmanship charges were partially offset by the increase of our factory related expenses such as water and electricity charges and upkeep of factory, machineries and equipment by RM1.03 million, which is in line with the increase in the production volume and hiring of production workers.

In FYE 2022, our factory overhead cost increased by RM1.82 million or 16.41% from RM11.09 million in FYE 2021 to RM12.91 million in FYE 2022, mainly attributed to the increase in water and electricity charges and upkeep of factory, machineries and equipment.

In FPE 2023, our factory overhead cost increased by RM2.25 million or 41.59% from RM5.41 million in FPE 2022 to RM7.66 million in FPE 2023, mainly attributed to the increase in water and electricity charges, carriage outwards and upkeep of factory, machineries and equipment.

12. FINANCIAL INFORMATION (Cont'd)

Finished goods for trading

The cost of finished goods for trading consists mainly of purchases of MV power cables, solar DC power cables, fibre optic cables, raw materials and packaging materials directly from our suppliers.

The cost of finished goods for trading increased by RM7.98 million or 311.72% from RM2.56 million in FYE 2020 to RM10.54 million in FYE 2021 and further increased by RM7.55 million or 71.63% to RM18.09 million in FYE 2022, which is in line with the increase in sales volume in the trading segment.

In FPE 2023, the cost of finished goods for trading increased by RM2.84 million or 38.48% from RM7.38 million in FPE 2022 to RM10.22 million in FPE 2023, which is in line with the increase in sales volume in the trading segment.

12. FINANCIAL INFORMATION (Cont'd)

(C) GP

The following table sets out the segmental analysis of our Group's GP by principal activities and principal products for the FYE Under Review, FPE 2022 and FPE 2023:

GP analysis by principal activities and principal products

The breakdown of our Group's GP and GP margin by principal activities and principal products is as follows:

	FYE 2020		Audited FYE 2021		FYE 2022		Unaudited FPE 2022		Audited FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
GP										
Manufacturing segment										
LV power cables	4,307	65.21	11,020	80.72	32,455	92.38	14,273	92.54	21,501	90.20
Control and Instrumentation cables ⁽¹⁾	1,305	19.76	1,124	8.23	1,482	4.22	505	3.27	1,549	6.50
	5,612	84.97	12,144	88.95	33,937	96.60	14,778	95.81	23,050	96.70
Trading segment⁽²⁾	993	15.03	1,509	11.05	1,193	3.40	646	4.19	787	3.30
Total	6,605	100.00	13,653	100.00	35,130	100.00	15,424	100.00	23,837	100.00
GP Margin										
Manufacturing segment										
LV power cables	⁽³⁾ 2.82		⁽³⁾ 4.26		9.68		8.94		17.64	
Control and Instrumentation cables ⁽¹⁾	22.19		22.16		18.25		23.94		30.06	
	3.53		4.60		9.88		9.14		18.15	
Trading segment⁽²⁾	⁽⁴⁾ 27.95		⁽⁴⁾ 12.52		6.19		8.05		7.15	
Total	4.07		4.95		9.69		9.09		17.27	

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) *Generally, control and instrumentation cables are produced for specific functions mainly used to transmit power and/or analogue/digital signals from one end to another. The process and components used in producing control and instrumentation cables are more complex compared to LV power cables which are only used to transmit power. These cables are used in manufacturing and processing industries including power generation, oil and gas, petrochemical and chemical plants as well as the public transportation industry where they are used to measure and monitor various system controls and processes and as such, command higher GP margins.*
- (2) *Trading segment includes GP from the sales of MV power cables, solar DC power cables (1.5 mm² to 16 mm²), fibre optic cables, raw materials (i.e. aluminium rods and compounds) and packaging materials (i.e. wooden drums).*
- (3) *The lower GP margin compared to FYE 2022 and FPEs 2022 and 2023 was mainly due to the contribution of sales of OEM LV power cables purchased under the MASTERTEC brand.*
- (4) *The GP margin of the trading segment for FYE 2020 was mainly contributed by the sale of solar DC power cables with GP margin of 49.97% and GP of RM0.89 million due to the lower supply of solar DC power cables in the Malaysian market during 2020. The GP margin of the trading segment for FYE 2021 was mainly contributed by the sale of fibre optic cables with GP margin of 25.88% and GP of RM0.76 million due to the higher sales volume of fibre optic cables during 2021.*

(i) Comparison between FYE 2020 and FYE 2021**Manufacturing segment**

GP of the manufacturing segment increased by RM6.53 million or 116.40% from RM5.61 million in FYE 2020 to RM12.14 million in FYE 2021, which was contributed by increase in the sales of LV power cables. Our GP margin for manufacturing segment also increased from 3.53% in FYE 2020 to 4.60% in FYE 2021, which was mainly attributed to the increase in GP margin from the sales of LV power cables.

- **LV power cables**

GP of LV power cables increased by RM6.71 million or 155.68% from RM4.31 million in FYE 2020 to RM11.02 million in FYE 2021. GP margin of LV power cables increased from 2.82% in FYE 2020 to 4.26% in FYE 2021. The increase was mainly due to higher GP margin from the sales of aluminium-cored LV power cables, which increased by RM32.75 million or 115.76% from RM28.29 million in FYE 2020 to RM61.04 million in FYE 2021.

- **Control and instrumentation cables**

GP of control and instrumentation cables decreased by RM0.19 million or 14.50% from RM1.31 million in FYE 2020 to RM1.12 million in FYE 2021 which is in line with the lower sales of control and instrumentation cables in FYE 2021.

However, GP margin of control and instrumentation cables slightly declined from 22.19% in FYE 2020 to 22.16% in FYE 2021.

12. FINANCIAL INFORMATION (Cont'd)**Trading segment**

GP of the trading segment increased by RM0.52 million from RM0.99 million in FYE 2020 to RM1.51 million in FYE 2021, which was mainly contributed by the higher sales volume of fibre optic cables.

However, GP margin for this segment decreased from 27.95% in FYE 2020 to 12.52% in FYE 2021. This is attributed to the decline in GP margin from the trading of solar DC power cables from 49.97% in FYE 2020 to 11.99% in FYE 2021 as a result of stiff competition among industry players.

(ii) Comparison between FYE 2021 and FYE 2022**Manufacturing segment**

GP from our manufacturing segment increased by RM21.80 million or 179.57% from RM12.14 million in FYE 2021 to RM33.94 million in FYE 2022, which was mainly contributed by the increase in sales volume of LV power cables with higher GP margin. Accordingly, our GP margin increased from 4.60% in FYE 2021 to 9.88% in FYE 2022.

- **LV power cables**

GP of LV power cables increased by RM21.44 million or 194.56% from RM11.02 million in FYE 2021 to RM32.46 million in FYE 2022. GP margin of LV power cables increased from 4.26% in FYE 2021 to 9.68% in FYE 2022. The increase was mainly due to higher GP margin from the sales of aluminium-cored LV power cables mainly to the TNB Group, which increased by RM86.13 million or 141.10% from RM61.04 million in FYE 2021 to RM147.17 million in FYE 2022.

- **Control and instrumentation cables**

GP of control and instrumentation cables increased by RM0.36 million or 32.14% from RM1.12 million in FYE 2021 to RM1.48 million in FYE 2022, which is in line with the increase in sales of control and instrumentation cables.

However, GP margin of control and instrumentation cables declined from 22.16% in FYE 2021 to 18.25% in FYE 2022 mainly due to higher sales volume of control and instrumentation cables with lower GP margin during the period as a result of increased competition among control and instrumentation cables manufacturers.

Trading segment

GP from our trading segment decreased by RM0.32 million from RM1.51 million in FYE 2021 to RM1.19 million in FYE 2022 as we did not secure any tender for fibre optic projects in FYE 2022. GP margin for this segment decreased from 12.52% in FYE 2021 to 6.19% in FYE 2022 as there were no sales of fibre optic cables which commanded higher margin.

12. FINANCIAL INFORMATION (Cont'd)**(iii) Comparison between FPE 2022 and FPE 2023****Manufacturing segment**

GP from our manufacturing segment increased by RM8.27 million or 55.95% from RM14.78 million in FPE 2022 to RM23.05 million in FPE 2023, which was mainly contributed by the increase in sales volume of LV power cables with higher GP margin and decrease in the purchase of OEM power cables. Accordingly, our GP margin increased from 9.14% in FPE 2022 to 18.15% in FPE 2023.

- **LV power cables**

GP of LV power cables increased by RM7.23 million or 50.67% from RM14.27 million in FPE 2022 to RM21.50 million in FPE 2023. GP margin of LV power cables increased from 8.94% in FPE 2022 to 17.64% in FPE 2023. The increase was mainly due to higher GP margin from the sales of aluminium-cored LV power cables, which increased by RM12.97 million or 27.85% from RM46.57 million in FPE 2022 to RM59.54 million in FPE 2023.

- **Control and instrumentation cables**

GP of control and instrumentation cables increased by RM1.04 million or 203.92% from RM0.51 million in FPE 2022 to RM1.55 million in FPE 2023, which is in line with the increase in sales of control and instrumentation cables.

The GP margin of control and instrumentation cables increased from 23.94% in FPE 2022 to 30.06% in FPE 2023 mainly due to higher sales volume of control and instrumentation cables to our customers involved in a public transportation project with higher GP margin.

Trading segment

GP from our trading segment increased by RM0.14 million from RM0.65 million in FPE 2022 to RM0.79 million in FPE 2023 mainly due to higher sales volume of MV power cables and solar DC power cables. However, GP margin for this segment decreased from 8.05% in FPE 2022 to 7.15% in FPE 2023 as the profit margin of MV power cables and solar DC power cables decreased as a result of stiffer competition among industry players.

12. FINANCIAL INFORMATION (Cont'd)

(D) Other operating income

	FYE 2020		Audited		FYE 2021		FYE 2022		Unaudited		Audited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of property, plant and equipment ⁽¹⁾	12	0.29	-	-	-	*	-	*	-	-	-	-
Gain on foreign exchanges (Realised)	1,127	27.21	-	-	-	-	704	20.97	327	41.92	163	11.50
Interest income	518	12.50	416	16.37	347	10.33	347	10.33	125	16.03	489	34.51
Sale of recoverable materials ⁽²⁾	2,377	57.39	1,673	65.84	2,293	68.28	2,293	68.28	323	41.41	753	53.14
Sundry income	108	2.61	452	17.79	14	0.42	14	0.42	5	0.64	12	0.85
Total	4,142	100.00	2,541	100.00	3,358	100.00	3,358	100.00	780	100.00	1,417	100.00

Notes:

* Less than RM500.

(1) One-off income of our Group during the FYE Under Review and FPE 2023.

(2) Comprise the sales of production scraps such as copper bare, copper tinned, PVC cables, metal, alloy, among others.

12. FINANCIAL INFORMATION (Cont'd)

(i) Comparison between FYE 2020 and FYE 2021

Other operating income decreased by RM1.60 million or 38.65% from RM4.14 million in FYE 2020 to RM2.54 million in FYE 2021. The decrease was mainly due to the absence of realised gain on foreign exchange and decrease in income derived from the sale of recoverable materials in FYE 2021.

(ii) Comparison between FYE 2021 and FYE 2022

Other operating income increased by RM0.82 million or 32.28% from RM2.54 million in FYE 2021 to RM3.36 million in FYE 2022. The increase was mainly due to the realised gain on foreign exchanges of RM0.70 million and increase in income derived from the sale of recoverable materials in FYE 2022.

However, the increase in other operating income was partially offset by the decrease in sundry income by RM0.44 million in FYE 2022.

(iii) Comparison between FPE 2022 and FPE 2023

Other operating income increased by RM0.64 million or 82.05% from RM0.78 million in FPE 2022 to RM1.42 million in FPE 2023. The increase was mainly due to higher income derived from the sale of recoverable materials by RM0.43 million and interest income of RM0.36 million. However, the increase in other operating income was partially offset by the decrease in realised gain on foreign exchange by RM0.17 million in FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)

(E) Administrative and other operating expenses

	Audited				Unaudited		Audited			
	FYE 2020		FYE 2021		FYE 2022		FPE 2023			
	RM'000	%	RM'000	%	RM'000	%	RM'000	%		
Auditors' remuneration	60	2.51	35	0.90	50	1.24	25	1.49	27	0.91
Bank charges	105	4.40	73	1.87	240	5.95	79	4.70	77	2.60
Bad debts written off	24	1.01	114	2.92	-	-	-	-	-	-
Consultant fees	-	-	22	0.56	-	-	-	-	7	0.24
Depreciation of right-of-use asset	41	1.72	36	0.92	28	0.69	14	0.83	14	0.47
Depreciation of property, plant and equipment	99	4.15	97	2.48	285	7.07	157	9.35	131	4.43
Directors' remuneration	438	18.35	886	22.65	1,058	26.23	406	24.17	833	28.14
Insurance	184	7.71	214	5.47	236	5.85	157	9.35	148	5.00
IPO expenses	-	-	-	-	403	9.99	-	-	565	19.09
Professional fees	7	0.29	170	4.35	191	4.74	47	2.80	190	6.42
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	2	0.07
Loss on foreign exchange:										
- realised	-	-	620	15.85	-	-	-	-	-	-
- unrealised	81	3.39	79	2.02	-	-	-	-	-	-
Printing, postage and stationery	61	2.55	67	1.71	51	1.26	25	1.49	31	1.05
Quit rent	98	4.10	97	2.48	92	2.28	48	2.86	66	2.23
Stamp duty and penalty	1	0.04	192	4.91	90	2.23	82	4.88	60	2.03
Telephone and fax charges	45	1.88	42	1.07	46	1.14	23	1.37	25	0.84
Upkeep of office and office equipment	44	1.84	77	1.97	74	1.83	25	1.48	49	1.65
Staff costs	(1)972	40.70	854	21.84	972	24.10	489	29.11	639	21.59
Other administrative expenses ⁽²⁾	128	5.36	236	6.03	218	5.40	103	6.12	96	3.24
Total	2,388	100.00	3,911	100.00	4,034	100.00	1,680	100.00	2,960	100.00

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) *Includes subsidies received under the Malaysian government's Wage Subsidy Programme amounting to RM0.03 million.*
- (2) *Other administrative expenses include, among others, contribution fee, cleaning fee, donations, Goods and Services Tax expenses, license fees, medical fee, processing fee, secretarial fee, services fee, sundry expenses, and service tax incurred.*

(i) Comparison between FYE 2020 and FYE 2021

Our administrative expenses increased by RM1.52 million or 63.60% from RM2.39 million in FYE 2020 to RM3.91 million in FYE 2021. This was mainly caused by the increase in directors' remuneration by RM0.45 million and the realised loss on foreign exchange of RM0.62 million in FYE 2021.

(ii) Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased slightly by RM0.12 million or 3.07% from RM3.91 million in FYE 2021 to RM4.03 million in FYE 2022. The increase in our administrative expenses was mainly attributable to the IPO expenses of RM0.40 million incurred in FYE 2022.

However, the increase in administrative expenses was offset by the absence of realised loss on foreign exchange in FYE 2022 (FYE 2021: RM0.62 million).

(iii) Comparison between FPE 2022 and FPE 2023

Our administrative expenses increased by RM1.28 million or 76.19% from RM1.68 million in FPE 2022 to RM2.96 million in FPE 2023, mainly attributable to IPO expenses of RM0.57 million, professional fees of RM0.14 million, directors' remuneration of RM0.42 million and staff cost of RM0.15 million.

12. FINANCIAL INFORMATION (Cont'd)

(F) Selling and distribution expenses

	Audited		Unaudited		Audited	
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accommodation	15	5	29	6	17	17
Advertisement	17	21	40	6	7	7
Entertainment	135	165	384	120	190	190
Incentive	525	541	677	279	473	473
Insurance	18	24	45	20	33	33
Parking claim	3	2	3	2	2	2
Petrol	96	86	130	55	75	75
Promotional and exhibition fee	-	-	40	11	-	-
Road tax	3	21	16	1	1	1
Staff costs	(1)989	1,132	1,548	701	767	767
Travelling	3	-	40	2	19	19
Upkeep of motor vehicle	37	26	58	21	13	13
Total	1,841	2,023	3,010	1,224	1,597	100.00

Note:

(1) Includes subsidies received under the Malaysian government's Wage Subsidy Programme amounting to RM0.04 million.

12. FINANCIAL INFORMATION (Cont'd)

(i) Comparison between FYE 2020 and FYE 2021

Selling and distribution expenses increased by RM0.18 million or 9.78% from RM1.84 million in FYE 2020 to RM2.02 million in FYE 2021. The increase was mainly due to the increase in staff costs of RM0.14 million as a result of higher bonus payout to employees.

(ii) Comparison between FYE 2021 and FYE 2022

Selling and distribution expenses increased by RM0.99 million or 49.01% from RM2.02 million in FYE 2021 to RM3.01 million in FYE 2022. The increase was mainly attributed to the increase in staff costs, incentives and entertainment expenses by RM0.42 million, RM0.14 million and RM0.22 million respectively. The increase in staff costs was mainly due to the higher bonus payout to employees and incentives given to our salespersons as well as entertainment expenses which is in tandem with the increase in our sales.

(iii) Comparison between FPE 2022 and FPE 2023

Selling and distribution expenses increased by RM0.38 million or 31.15% from RM1.22 million in FPE 2022 to RM1.60 million in FPE 2023, mainly attributable to the increase in staff costs by RM0.07 million and incentives by RM0.19 million. The increase in staff costs was mainly due to higher bonus payout to employees and incentives given to our salespersons in tandem with the increase in sales volume.

12. FINANCIAL INFORMATION (Cont'd)

(G) Finance costs

	FYE 2020		Audited		FYE 2022		Unaudited		Audited	
	RM'000	%	FYE 2021	%	FYE 2022	%	FPE 2022	%	FPE 2023	%
Bank overdraft interest	196	6.16	193	6.34	109	2.61	72	3.88	15	0.67
Bankers' acceptances interest	902	28.33	1,203	39.51	2,032	48.73	650	35.06	1,473	65.58
Hire purchase interest	6	0.19	3	0.10	6	0.15	3	0.16	3	0.14
Invoice financing interest	599	18.81	472	15.50	483	11.58	389	20.98	-	-
Interest expenses on lease liabilities	13	0.41	9	0.29	18	0.43	9	0.49	23	1.02
Term loan interest	1,468	46.10	1,161	38.13	1,522	36.50	731	39.43	732	32.59
Other	*	*	(1)4	0.13	-	-	-	-	-	-
Total	3,184	100.00	3,045	100.00	4,170	100.00	1,854	100.00	2,246	100.00

Notes:

* Less than RM500.

(1) Comprise a one-off finance cost charged by Alpha Industries Sdn Bhd for the temporary extension of credit term from 30 days to 50 days for two orders during the transition period for switching of supplier from Toyota Tsusho Asia Pacific Pte Ltd to Alpha Industries Sdn Bhd.

12. FINANCIAL INFORMATION (Cont'd)

Our finance costs primarily comprise of interests charged on bank and trade facilities granted by financial institutions, such as bank overdrafts, bankers' acceptances, hire purchase, letters of credit, finance lease liabilities, invoice financing and term loans. Our finance costs for the FYE Under Review, FPE 2022 and FPE 2023 amounted to 1.96%, 1.10%, 1.15%, 1.09% and 1.63% of our Group's total revenue, respectively.

Our interest coverage ratio for the FYE Under Review, FPE 2022 and FPE 2023 was 2.96 times, 3.37 times, 7.28 times, 6.91 times and 9.22 times, respectively. The improvement on our interest coverage ratio throughout the FYE Under Review and FPE 2023 was mainly attributed to the improvement in our financial performance, thus indicating that we are able to service our interest payment obligations. Our Group has not defaulted on any payment of either principal sums or interest in relation to the bank borrowings for the FYE Under Review, FPE 2023 and up to the LPD.

(i) Comparison between FYE 2020 and FYE 2021

The finance costs decreased by RM0.13 million or 4.09% from RM3.18 million in FYE 2020 to RM3.05 million in FYE 2021, mainly due to the lower overnight policy rate announced by Bank Negara Malaysia, which was reduced from 3.00% to 1.75% from FYE 2020 to FYE 2021 as well as the repayment of term loans. However, the decrease was partially offset by the increase in bankers' acceptances interest of RM0.30 million due to the higher utilisation of bankers' acceptances as a result of switching of supplier from Toyota Tsusho Asia Pacific Pte Ltd to Alpha Industries Sdn Bhd.

(ii) Comparison between FYE 2021 and FYE 2022

The finance costs increased by RM1.12 million or 36.72% from RM3.05 million in FYE 2021 to RM4.17 million in FYE 2022, which was mainly attributable to the increase of bankers' acceptances interest by RM0.83 million and term loan interest by RM0.36 million. This was due to the higher utilisation of bankers' acceptances for the purchases of copper rods locally and additional drawdown of term loans towards the end of FYE 2021 and early FYE 2022.

(iii) Comparison between FPE 2022 and FPE 2023

The finance costs increased by RM0.40 million or 21.62% from RM1.85 million in FPE 2022 to RM2.25 million in FPE 2023, which was mainly attributable to the increase of bankers' acceptances interest by RM0.82 million. This was due to the higher utilisation of bankers' acceptances for the purchases of copper rods locally. However, the increase was partially offset by the decrease in invoice financing interest of RM0.39 million due to the settlement of invoice financing in FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)

(H) Net reversal impairment losses/(net impairment losses) on financial assets

	Audited		Unaudited		Audited	
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023	FPE 2023
	RM'000	%	RM'000	%	RM'000	%
Impairment losses on trade receivable	(242)	(8.36)	-	(1,094)	100.00	100.00
Reversal of impairment losses on trade receivable	3,138	108.36	-	-	-	-
Total	2,896	100.00	-	(1,094)	100.00	100.00

(i) Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group did not incur any impairment losses nor reversal of impairment losses on any financial assets. In FYE 2020 our Group recorded an impairment loss on trade receivables of RM0.24 million and a reversal of impairment losses on trade receivables of RM3.14 million, which resulted in a net reversal of impairment losses on trade receivables of RM2.90 million. The reversal of impairment losses was made as our Group was of the view that the allowance for impairment losses recognised in FYE 2019 would be recovered through a payment plan established during the year in order to recover the outstanding amount due from our customers. As of FYE 2021, we had fully recovered the aforesaid outstanding trade receivables.

(ii) Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our Group recorded an impairment loss on trade receivables amounting to RM1.09 million due to higher assessment of the expected credit losses for all our trade receivables in accordance with MFRS 9.

(iii) Comparison between FPE 2022 and FPE 2023

For the FPE 2023, our Group had assessed the expected credit losses for all our trade receivables in accordance with MFRS 9 and noted that no further impairment loss on trade receivables nor reversal of impairment loss on trade receivables was required.

12. FINANCIAL INFORMATION (Cont'd)**(l) Income tax expense**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Income tax:					
- Current year	93	339	2,983	870	4,953
- Over provision in previous financial year	(86)	(12)	(9)	(9)	(2)
	7	327	2,974	861	4,951
Deferred tax expense:					
- Relating to origination and reversal of temporary differences	1,077	1,355	3,687	1,894	(163)
- Over provision in previous financial year	(112)	-	(36)	(36)	31
	965	1,355	3,651	1,858	(132)
Tax expenses	972	1,682	6,625	2,719	4,819
Effective tax rate (%)	15.60	23.31	25.31	24.81	26.12
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

Our Group's effective tax rate was 15.60%, 23.31%, 25.31%, 24.81% and 26.10% for the FYE Under Review, FPE 2022 and FPE 2023, respectively.

The effective tax rate for the FYE 2020 was 15.60% which was lower than the statutory tax rate. This was mainly due to the utilisation of unabsorbed capital allowances not recognised in the previous financial year.

The effective tax rate for the FYE 2021 was 23.31% and was lower than the statutory tax rate as a result of the utilisation of unabsorbed reinvestment allowances not recognised in the previous financial year and capital allowances claimed during the financial year.

The effective tax rate for the FYE 2022 of 25.31% was slightly higher than the statutory tax rate due to non-deductible expenses which comprise, among others, IPO expenses, professional fees and interest restriction.

The effective tax rate for the FPE 2022 of 24.81% was slightly higher than the statutory tax rate due to non-deductible expenses which comprise, among others, professional fees and interest restriction.

The effective tax rate for the FPE 2023 of 26.12% is higher than the statutory tax rate due to non-deductible expenses which comprise, among others, IPO expenses, professional fees and interest restriction.

12. FINANCIAL INFORMATION (Cont'd)**(J) PBT, PAT, PBT margin and PAT margin**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
PBT (RM'000)	6,230	7,215	26,180	10,959	18,451
PAT (RM'000)	5,258	5,533	19,555	8,240	13,632
PBT margin (%)	3.84	2.62	7.22	6.46	13.37
PAT margin (%)	3.24	2.01	5.39	4.86	9.88

(i) Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded an increase in PBT by RM0.99 million or 15.89% from RM6.23 million in FYE 2020 to RM7.22 million in FYE 2021 and an increase in PAT by RM0.27 million or 5.13% from RM5.26 million in FYE 2020 to RM5.53 million in FYE 2021. However, both our PBT margin and PAT margin declined from 3.84% and 3.24% in FYE 2020 to 2.62% and 2.01% in FYE 2021 respectively. This was mainly due to the net reversal of impairment losses on trade receivables which was recorded in FYE 2020. By excluding the net reversal of impairment losses on trade receivables amounting to RM2.90 million in FYE 2020, the adjusted PBT margin would have been 2.05% while the adjusted PAT margin would have been 1.46% for the FYE 2020. This would in turn result in an increase in our PBT margin and PAT margin from 2.05% in FYE 2020 to 2.62% in FYE 2021 and from 1.46% in FYE 2020 to 2.01% in FYE 2021 respectively.

(ii) Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our Group recorded an increase in PBT by RM18.96 million or 262.60% from RM7.22 million in FYE 2021 to RM26.18 million in FYE 2022, and an increase in PAT by RM14.03 million or 253.71% from RM5.53 million in FYE 2021 to RM19.56 million in FYE 2022. Our PBT margin improved from 2.62% in FYE 2021 to 7.22% in FYE 2022, whereas our PAT margin improved from 2.01% in FYE 2021 to 5.39% in FYE 2022. The improvement of our PBT margin and PAT margin was mainly attributed to the higher GP margin. Please refer to Section 12.3.3(C) of this Prospectus for more information on our GP and GP margin.

(iii) Comparison between FPE 2022 and FPE 2023

For the FPE 2023, our Group recorded an increase in PBT by RM7.49 million or 68.34% from RM10.96 million in FPE 2022 to RM18.45 million in FPE 2023, and an increase in PAT by RM5.39 million or 65.41% from RM8.24 million in FPE 2022 to RM13.63 million in FPE 2023. Our PBT margin improved from 6.46% in FPE 2022 to 13.37% in FPE 2023, whereas our PAT margin improved from 4.86% in FPE 2022 to 9.88% in FPE 2023. The improvement of our PBT margin and PAT margin was mainly attributed to the higher GP margin. Please refer to Section 12.3.3(C) of this Prospectus for more information on our GP and GP margin.

12. FINANCIAL INFORMATION (Cont'd)

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our Group funds our working capital and capital expenditure through cash generated from our operations, credit extended by our suppliers and credit facilities offered by financial institutions.

Our Board is of the view that we will have sufficient working capital for a period of at least 12 months from the date of this Prospectus, taking into consideration the following:

- (i) our expected future cash flows from operations;
- (ii) our cash and cash equivalents amounting to RM36.41 million as at 30 June 2023;
- (iii) our total unutilised banking facilities of RM36.11 million (excluding hire purchases); and
- (iv) net gearing ratio of 0.28 times and current ratio of 1.66 times.

Our Group carefully considers our cash position and ability to obtain further financing before making any decision to undertake significant capital commitments. At this juncture, we do not foresee any circumstances which may materially affect our liquidity.

12.4.2 Cash flow

The table below sets out the summary of our cash flow for the FYE Under Review and FPE 2023 which should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus.

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Net cash flows from/(used in) operating activities	6,025	(11,925)	15,935	30,154
Net cash (used in)/from investing activities	(2,173)	1,124	(150)	(8,274)
Net cash from/(used in) financing activities	2,513	24,924	1,244	(20,685)
Net increase in cash and cash equivalents	6,365	14,123	17,029	1,195
Effect of foreign exchange translation	(2)	-	-	-
Cash and cash equivalents at beginning of the financial year/period	⁽¹⁾ (2,298)	4,065	18,188	35,217
Cash and cash equivalents at end of the financial year/period⁽²⁾	4,065	18,188	35,217	36,412

Notes:

- (1) *The negative position of cash and cash equivalents at the beginning of FYE 2020 was mainly due to lesser cash and bank balances and fixed deposits with licenced banks. In addition, our Group had utilised the bank overdrafts granted by financial institutions as our Group recorded a loss amounting to RM4.81 million on metal hedging arrangement in FYE 2019. The cash and bank balances and fixed deposits with licenced banks as at 31 December 2019 amounted to RM1.08 million and RM15.97 million, respectively.*

12. FINANCIAL INFORMATION (Cont'd)(2) *Cash and cash equivalents comprise the following:*

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
<i>Cash and bank balances</i>	6,742	15,973	35,279	36,412
<i>Fixed deposits with licensed banks</i>	16,844	22,060	13,790	11,925
<i>Bank overdrafts</i>	(3,084)	(2,440)	(62)	-
	<u>20,502</u>	<u>35,593</u>	<u>49,007</u>	<u>48,337</u>
<i>Less: Fixed deposits pledged to licensed banks</i>	(16,071)	(17,405)	(13,790)	(11,925)
<i>Less: Fixed deposits with tenure of more than three months</i>	(366)	-	-	-
<i>Cash and cash equivalents at end of the financial year/period</i>	<u>4,065</u>	<u>18,188</u>	<u>35,217</u>	<u>36,412</u>

There are no legal, financial or economic restrictions on our subsidiary's ability to transfer funds to our Company in the form of cash dividends, loans or advances subject to the availability of distributable profits and reserves, and any applicable financial covenants.

(A) Net cash flows from/(used in) operating activities**(i) FYE 2020**

For the FYE 2020, our Group generated operating cash flows before working capital changes of RM9.66 million. Our net cash from operating activities was RM6.03 million after accounting for the key items set out below:

- (a) increase in trade and other receivables by RM33.22 million mainly due to longer credit terms granted to our customers who were affected by the COVID-19 pandemic;
- (b) increase in trade and other payables by RM23.44 million due to optimisation of our cash flow during the COVID-19 pandemic by maximising the credit terms granted by our suppliers; and
- (c) decrease in inventories by RM6.22 million due to the decrease in finished goods and raw materials as a result of more prudent inventory management implemented during the COVID-19 pandemic.

(ii) FYE 2021

For the FYE 2021, our Group generated operating cash flows before working capital changes of RM13.62 million. Our net cash used in operating activities was RM11.93 million after accounting for key items set out below:

- (a) increase in trade and other receivables by RM2.12 million mainly due to higher revenue generated in the last quarter of FYE 2021 as compared to the last quarter of FYE 2020;
- (b) decrease in trade and other payables by RM15.77 million mainly due to the switching of our overseas supplier for copper cathodes namely, Toyota Tsusho Asia Pacific Pte Ltd, with credit terms of 180 days (with the support of letters of credit) to Alpha Industries Sdn Bhd for the purchase of copper rods with credit terms of 30 days; and

12. FINANCIAL INFORMATION (Cont'd)

- (c) increase in inventories by RM7.41 million due to higher value of our inventories as a result of higher copper and aluminium prices, as well as our holding of higher quantity of inventories as at year end in anticipation of an increase in sales orders.

(iii) FYE 2022

For the FYE 2022, our Group generated operating cash flows before working capital changes of RM34.88 million. Our net cash from operating activities was RM15.94 million after accounting for key items set out below:

- (a) increase in trade receivables of RM8.57 million which was in line with the increase of our Group's revenue; and
- (b) decrease in trade payables by RM17.92 million due to prompt payments made to our suppliers whilst the increase in other payables of RM5.12 million was mainly due to the increase in sales tax payables of RM3.39 million in line with the increase in sales.

(iv) FPE 2023

For the FPE 2023, our Group generated operating cash flows before working capital changes of RM22.08 million. Our net cash from operating activities was RM30.15 million after accounting for the key items set out below:

- (a) decrease in trade receivables of RM22.84 million which was in line with the decrease in our Group's revenue; and
- (b) decrease in trade payables by RM3.13 million due to prompt payments made to our suppliers.

(B) Net cash (used in)/from investing activities**(i) FYE 2020**

For the FYE 2020, net cash used in investing activities of RM2.17 million was mainly due to the advances of RM2.01 million made to companies related to Dato' Lau and the purchase of plant and machinery of RM0.73 million mainly for our aluminium-cored LV power cable production. It was partially offset by interest income of RM0.52 million from fixed deposits with licensed banks.

(ii) FYE 2021

For the FYE 2021, net cash from investing activities of RM1.12 million was mainly due to the repayment of RM1.03 million from companies related to Dato' Lau and interest income of RM0.42 million from fixed deposits with licensed banks. It was partially offset by the purchase of plant and machinery of RM0.57 million which mainly arose from the commissioning fee incurred for setting up the machinery purchased in FYE 2020 for our aluminium-cored LV power cable production.

12. FINANCIAL INFORMATION (Cont'd)**(iii) FYE 2022**

For the FYE 2022, net cash used in investing activities of RM0.15 million was mainly due to the acquisition of Lot 1297 for approximately RM2.03 million and plant and machinery of approximately RM0.46 million which is mainly for our production processes. It was partially offset by repayment of RM2.65 million from companies related to Dato' Lau.

(iv) FPE 2023

For the FPE 2023, net cash used in investing activities of RM8.28 million was mainly due to the acquisition of Lot 1308 for approximately RM2.34 million and deposits paid for the purchase of machineries and equipment for the production of our MV power cables amounting to RM6.58 million.

(C) Net cash from/(used in) financing activities**(i) FYE 2020**

For the FYE 2020, our net cash from financing activities was RM2.51 million mainly due to drawdown of trade facilities of RM118.54 million which was partially offset by the following:

- (a) repayment of advances of RM2.83 million to Dato' Lau;
- (b) repayment of term loans of RM1.97 million;
- (c) repayment of trade facilities of RM107.43 million;
- (d) increase in fixed deposits pledged with licensed banks by RM0.47 million; and
- (e) interest paid of RM3.18 million.

(ii) FYE 2021

For the FYE 2021, our net cash from financing activities was RM24.92 million mainly due to drawdown of financing facilities amounting to RM99.75 million which was partially offset by the following:

- (a) repayment of the term loans of RM5.05 million;
- (b) repayment of trade facilities of RM59.74 million;
- (c) dividend payment of RM2.38 million for the FYE 2021;
- (d) increase in fixed deposits with licensed banks by RM0.97 million;
- (e) repayment of advances of RM1.42 million to Dato' Lau;
- (f) repayment of RM2.10 million to a company related to Dato' Lau; and
- (g) interest paid of RM3.04 million.

12. FINANCIAL INFORMATION (Cont'd)

(iii) FYE 2022

For the FYE 2022, our net cash from financing activities was RM1.24 million mainly due to drawdown of financing facilities of RM208.68 million and upliftment of fixed deposits pledged with licensed bank of RM3.62 million.

The net cash from financing activities was partially offset by the following:

- (a) repayment of term loans of RM6.89 million;
- (b) repayment of trade facilities of RM199.54 million; and
- (c) interest paid of RM4.17 million.

(iv) FPE 2023

For the FPE 2023, our net cash used in financing activities was RM20.68 million mainly due to the following:

- (a) dividend payment of RM9.78 million for the FYE 2022;
- (b) repayment of term loans of RM3.15 million;
- (c) repayment of trade facilities of RM103.78 million; and
- (d) interest paid of RM2.25 million.

The net cash used in financing activities was partially offset by the drawdown of financing facilities amounting to RM96.51 million and upliftment of fixed deposits pledged with licensed bank of RM1.87 million.

12. FINANCIAL INFORMATION (Cont'd)

12.4.3 Borrowings

The details of our total bank borrowings as at 30 June 2023 of RM76.72 million are set below:

Type of borrowings	Purpose	Total drawdown limit	Tenure	Maturity	Interest rate (per annum)	Payable within 12 months	Payable after 12 months	Total
		RM'000				RM'000	RM'000	RM'000
Term loans	To finance purchase of land and construction of Plant 1, Plant 2 and Plant 3	17,095	15 years	February 2025 to December 2029	5.50% to 7.45%	1,159	8,621	9,780
Term loans	To finance purchase of Plant 2 and Plant 3 machineries	18,615	7 to 8 years	September 2024 to July 2025	5.80% to 6.10%	3,212	1,141	4,353
Term loans	To finance working capital	10,000	5 years	February 2027 to April 2027	7.00%	1,840	5,726	7,566
Bankers' acceptances	To finance working capital	93,700	120 days	Within April 2023	4.52%	54,815	-	54,815
Bank overdrafts	To finance working capital	2,700	Repayment on demand	Repayment on demand	7.64%	-	-	-
Hire purchase	To purchase motor vehicle	309	5 years	January 2027	3.89%	55	146	201
						61,081	15,634	76,715

12. FINANCIAL INFORMATION *(Cont'd)*

Our borrowings are predominantly denominated in RM, secured and interest-bearing. Our credit facilities are secured by charges over our freehold land and buildings, guarantees by Dato' Lau and fixed deposits pledged to licensed banks. We have written to our financiers to seek approval for the release and/or discharge of the personal guarantees by substituting the same with corporate guarantees from our Company (as the case may be). As at the LPD, we have received conditional approvals from all 10 financiers, namely Maybank, Maybank Islamic, HSBC Bank, Al Rajhi Bank, RHB Bank Berhad, CIMB Bank Berhad, Hong Leong Bank Berhad, MBSB Bank Berhad, Public Bank Berhad and SME Bank (subject to, among others, our Listing) for the substitution of the said personal guarantees with corporate guarantees from our Company.

We have not defaulted on payments of either interest or principal sums in respect of any borrowings throughout the FYE Under Review, FPE 2023 and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities.

As at the LPD, we are not in breach of any terms and conditions or covenants associated with the credit arrangements or bank borrowings, which can materially affect our financial results, financial position or business operations, or the investment by holders of securities in our Group.

12.4.4 Type of financial instruments used

As at the LPD, save for the bank borrowings as disclosed in Section 12.4.3 of this Prospectus, our Group does not use any other financial instruments.

The primary objective of our financial instruments is to be used in the ordinary course of business. From an accounting perspective, financial instruments include financial assets such as cash and cash equivalents, and trade and other receivables, as well as financial liabilities such as borrowings, lease obligations and trade and other payables. These are shown in the combined statements of financial position of our Group.

As at the LPD, we do not use any financial instrument for hedging purposes.

12.4.5 Treasury policies and objectives

Our sources of funds for our operation are internally generated as well as external sources of funds, such as shareholders' equity, cash generated from our operation and credit facilities offered by the financial institutions.

The main objective of our treasury policies and capital management is to ensure sustainable shareholders' equity and our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

12. FINANCIAL INFORMATION (Cont'd)**12.4.6 Material capital commitment**

Save as disclosed below, and as at the LPD, our Group does not have any other material capital commitment:

	RM'000
Approved and contracted for:	
Purchase of new machineries and equipment	16,022
Approved but not contracted for:	
Purchase of new machineries and equipment	1,051
Construction of manufacturing plants at Lot 1297 and Lot 1304	16,783
Construction of rooftop solar at our Factory	3,106
	<u>20,940</u>
Total	<u>36,962</u>

Save for the construction of the rooftop solar at our Factory which will be funded via our internally generated funds, the other capital commitments above will be fully financed by the IPO proceeds. Please refer to Section 4.6 of this Prospectus for further details.

12.4.7 Material litigation

As at the LPD, we are not engaged in any litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially and adversely affect our financial position and business.

12.4.8 Contingent liabilities

As at the LPD, we are not aware of any contingent liabilities which upon becoming enforceable, may materially and adversely affect our financial position and business.

12.5 KEY FINANCIAL RATIOS

Our key financial ratios for the FYE Under Review and FPE 2023 are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Trade receivables turnover period (days) ⁽¹⁾	118	94	76	89
Trade payables turnover period (days) ⁽²⁾	95	61	30	27
Inventory turnover period (days) ⁽³⁾	64	39	33	51
Current ratio (times) ⁽⁴⁾	1.34	1.34	1.47	1.66
Gearing ratio (times) ⁽⁵⁾	0.73	1.14	1.01	0.77

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Computed based on average trade receivables at the beginning and end of the respective FYE/FPE over total revenue of the respective FYE/FPE and multiplied by 365 days/181 days.
- (2) Computed based on average trade payables at the beginning and end of the respective FYE/FPE over total costs of sales of the respective FYE/FPE and multiplied by 365 days/181 days.
- (3) Computed based on average inventories at the beginning and end of the respective FYE/FPE over total cost of sales of the respective FYE/FPE and multiplied by 365 days/181 days.
- (4) Computed based on current assets over current liabilities.
- (5) Computed based on total borrowings over total equity as at the respective FYE/FPE.

(A) Trade receivables turnover period

A summary of our trade receivables turnover period for the FYE Under Review and FPE 2023 is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	162,313	275,875	362,685	138,039
Average trade receivables ⁽¹⁾	52,421	71,105	75,707	68,024
Trade receivables turnover period (days) ⁽²⁾	118	94	76	89

Notes:

- (1) Average trade receivables are computed as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	34,604	70,238	71,971	79,442
Closing trade receivables	70,238	71,971	79,442	56,606
Average trade receivables	52,421	71,105	75,707	68,024

- (2) Trade receivables turnover period is computed based on average trade receivables over total revenue of the respective FYE/FPE and multiplied by 365 days/181 days.

The normal credit period granted to our customers ranges from 60 to 90 days commencing from the date of issuance of invoices. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration various factors such as our business relationship with the customers, customer's creditworthiness and financial strength.

12. FINANCIAL INFORMATION (Cont'd)

Our trade receivables turnover period improved from 118 days in FYE 2020 to 94 days in FYE 2021 and further improved to 76 days in FYE 2022. For FPE 2023, our trade receivables turnover period increased to 89 days mainly due to lower total revenue recognised during the period compared to FYE 2022 as a result of the decline in sales of LV power cables. Please refer to Section 12.3.3(A) of this Prospectus for more information on our revenue during the FPE 2023. However, it was still within the normal credit period granted to our customers. The exceeding trade receivables turnover period as compared to the normal credit period during FYEs 2020 and 2021 was mainly attributed to the longer credit terms ranging from 90 days to 120 days granted to our customers that were affected by the COVID-19 pandemic. Nonetheless, the decreasing trend in the trade receivables turnover period during the FYE Under Review was mainly due to improvement in collections from our customers.

As at 30 June 2023, the net trade receivables of our Group amounted to RM56.61 million, the ageing analysis in respect of trade receivables is analysed as follows:

	Within credit period	Exceeding credit period				Total
		1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	34,682	8,927	8,506	2,937	2,979	58,031
Less: impairment losses	(54)	(41)	(60)	(39)	(1,231)	(1,425)
Net trade receivables	34,628	8,886	8,446	2,898	1,748	56,606
% of total net trade receivables	61.17	15.70	14.92	5.12	3.09	100.00
Subsequent collections up to the LPD	33,613	8,574	8,080	2,741	1,460	54,468
Outstanding net trade receivables	1,015	312	366	157	288	2,138

Our total net trade receivables stood at RM56.61 million as at 30 June 2023. As at the LPD, we have subsequently collected RM54.47 million or 96.22% of the total net trade receivables which were outstanding as at 30 June 2023.

We closely monitor our ageing report and assess the recoverability of our trade receivables on regular basis and make necessary allowance for impairment loss when recoverability is uncertain based on customers' historical payment track record.

For any trade receivables which have exceeded the credit period by more than 90 days, we will follow up closely with the said customers on the status of payment via emails or calls and where appropriate, provide the necessary impairment.

We are in the midst of collecting the remaining overdue outstanding amount of RM2.14 million. Nevertheless, our Board is of the opinion that the remaining overdue outstanding net trade receivables is recoverable, and no further impairment of trade receivables is required after considering the customers' historical payment track record.

12. FINANCIAL INFORMATION (Cont'd)**(B) Trade payables turnover period**

A summary of our trade payable turnover period for the FYE Under Review and FPE 2023 is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Cost of sales	155,708	262,222	327,555	114,202
Average trade payables ⁽¹⁾	40,541	43,874	27,248	16,721
Trade payables turnover period (days) ⁽²⁾	95	61	30	27

Notes:

(1) Average trade payables are computed as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	29,541	51,540	36,208	18,288
Closing trade payables	51,540	36,208	18,288	15,154
Average trade payables	40,541	43,874	27,248	16,721

(2) Trade payables turnover period is computed based on average trade payables over total costs of sales of the respective FYE/FPE and multiplied by 365 days/181 days.

The normal credit term granted by our suppliers ranges from 30 days to 90 days commencing from the date of receipt of invoices.

Our trade payables turnover period for the FYE Under Review and FPE 2023 ranges from 27 days to 95 days. We make prompt payments to our suppliers in order to safeguard the continuity of supplies at more favourable terms and pricing.

Our trade payables turnover period has improved from 95 days in FYE 2020 to 61 days in FYE 2021 and further improved to 30 days in FYE 2022 and 27 days in FPE 2023. The decreasing trend in the trade payables turnover period for the FYE Under Review and FPE 2023 was mainly due to the change of an overseas supplier with credit term of 180 days (with the support of letters of credit) to a local supplier with credit terms of 30 days.

12. FINANCIAL INFORMATION (Cont'd)

As at 30 June 2023, the trade payables of our Group amounted to RM15.15 million, the ageing analysis in respect of trade payables is analysed as follows:

	Within credit period	Exceeding credit period				Total
		1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	
		RM'000	RM'000	RM'000	RM'000	
Trade payables	11,325	2,785	1,044	-	-	15,154
% of total trade payables	74.73	18.38	6.89	-	-	100.00
Subsequent payment up to the LPD	11,237	2,785	1,043	-	-	15,065
Outstanding trade payables	88	-	1	-	-	89

As at the LPD, we have settled RM15.07 million or 99.47% of our trade payables which were outstanding as at 30 June 2023. There are no disputes in respect of any trade payables and no legal action has been initiated by any of our suppliers to demand for payment.

(C) Inventory turnover period

A summary of our inventory turnover period for the FYE Under Review and FPE 2023 is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Cost of sales	155,708	262,222	327,555	114,202
Average inventories ⁽¹⁾	27,335	27,928	29,410	32,445
Inventory turnover period (days) ⁽²⁾	64	39	33	51

Notes:

(1) Average inventories are computed as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening inventories	30,445	24,225	31,630	27,190
Closing inventories	24,225	31,630	27,190	37,700
Average inventories	27,335	27,928	29,410	32,445

(2) Inventory turnover period is computed based on average inventories over total cost of sales of the respective FYE/FPE and multiplied by 365 days/181 days.

12. FINANCIAL INFORMATION (Cont'd)

Our inventories comprise the following:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Input materials	1,843	3,679	2,691	2,946
Work-in-progress	11,129	11,192	9,933	11,964
Finished goods	11,253	16,759	14,566	22,790
Total	24,225	31,630	27,190	37,700

Our inventories consist of the following:

- (i) input materials comprising, among others, copper and aluminium rods, PVC and XLPE compound, mica tape and related input materials for the manufacturing segment;
- (ii) work-in-progress which refers to products that are partially finished before undergoing further processing into finished goods; and
- (iii) finished goods comprising completed products and trading goods before delivery to our customers.

We purchase our raw materials based on 3 to 12 months rolling forecast and confirmed purchase orders on a monthly basis which takes into account quantity and delivery schedules. This is to ensure that we purchase sufficient raw materials after taking into consideration our production capacity and output to meet our scheduled delivery timeline. In addition, we also review the inventory level of our raw materials to ensure that we maintain sufficient level of inventory at all times.

Our average inventory turnover period has improved for the FYE Under Review, where it decreased from 64 days in FYE 2020 to 39 days in FYE 2021 and further decreased to 33 days in FYE 2022. The improvement was mainly due to lower stock of raw materials which are sufficient to meet committed delivery schedules as most of our suppliers are based locally with shorter delivery lead time which in turn allows us to keep less inventory.

However, our average inventory turnover period increased to 51 days for the FPE 2023 mainly due to the increase in finished goods as our Group has produced a higher quantity of aluminium-cored LV power cables in advance based on TNB Group's forecasted orders for the third quarter of FYE 2023.

(D) Current ratio

A summary of our current ratio for the FYE Under Review and FPE 2023 is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Current assets	124,041	146,711	157,938	150,970
Current liabilities	92,687	109,083	107,500	91,019
Current ratio (times) ⁽¹⁾	1.34	1.34	1.47	1.66

12. FINANCIAL INFORMATION (Cont'd)**Note:**

(1) *Current ratio is computed based on current assets over current liabilities.*

Our current ratio for the FYE Under Review and FPE 2023 ranging from 1.34 times to 1.66 times demonstrates our Group's ability to meet our short-term obligations.

As at 31 December 2021, our current ratio remained unchanged since 31 December 2020 at 1.34 times. This was due to the increase in our current assets of RM22.67 million or 18.28% which was offset by the increase in our current liabilities of approximately RM16.40 million or 17.69%.

As at 31 December 2022, our current ratio increased to 1.47 times from 1.34 times as compared to 31 December 2021. This was mainly due to the increase in our current assets of RM11.23 million or 7.65% which was mainly attributable to the increase in our cash and bank balances.

As at 30 June 2023, our current ratio further improved to 1.66 times from 1.47 times as compared to 31 December 2022. This was mainly due to the improved current liabilities position of RM16.48 million or 15.33% as a result of decrease of total borrowings.

(E) Gearing ratio

A summary of our gearing ratio for the FYE Under Review and FPE 2023 is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Total borrowings ⁽¹⁾	53,183	87,435	87,227	76,715
Net debts ⁽²⁾	29,597	49,402	38,158	28,378
Shareholders' equity	73,305	76,455	86,232	99,864
Gearing ratio (times) ⁽³⁾	0.73	1.14	1.01	0.77
Net gearing ratio (times) ⁽⁴⁾	0.40	0.65	0.44	0.28

Notes:

(1) *Total borrowings are computed as follows:*

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
<i>Term loans</i>	25,596	26,385	24,845	21,699
<i>Invoice financings</i>	2,490	16,445	-	-
<i>Bankers' acceptances</i>	21,920	42,133	62,091	54,815
<i>Bank overdrafts</i>	3,084	2,440	62	-
<i>Hire purchase</i>	93	32	229	201
	53,183	87,435	87,227	76,715

12. FINANCIAL INFORMATION (Cont'd)

(2) *Net debts are computed as follows:*

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Total borrowings	53,183	87,435	87,227	76,715
Less: Cash and bank balances	(6,742)	(15,973)	(35,279)	(36,412)
Less: Fixed deposits with licensed banks	(16,844)	(22,060)	(13,790)	(11,925)
	29,597	49,402	38,158	28,378

(3) *Gearing ratio is computed based on total borrowings over total equity as at the respective FYE/FPE.*

(4) *Net gearing ratio is computed based on net debts over total equity as at the respective FYE/FPE.*

Our borrowings mainly comprise bank overdrafts, letters of credits, invoice financings and bankers' acceptances as trade financing to support our operations, hire purchase to finance our motor vehicles, as well as term loans to fund our expansion of production facilities and working capital.

Our gearing ratio increased from 0.73 times as at 31 December 2020 to 1.14 times as at 31 December 2021 mainly due to the increase in total borrowings by RM34.26 million. The increase in total borrowing was mainly attributed to the conversion of letters of credit to invoice financing to facilitate prompt payments to our suppliers. In addition, we utilised bankers' acceptances in financing our copper rods purchase from Alpha Industries Sdn Bhd.

Our gearing ratio reduced from 1.14 times as at 31 December 2021 to 1.01 times as at 31 December 2022. The improvement of our gearing ratio was mainly due to the increase in our shareholder's equity as a result of higher net profit achieved for the FYE 2022.

Our gearing ratio further improved from 1.01 times as at 31 December 2022 to 0.77 times as at 30 June 2023. The improvement of our gearing ratio was mainly due to the decrease in total borrowings and increase in our shareholder's equity as a result of higher net profit achieved in FPE 2023.

12.6 ORDER BOOK

Save for our sales to the TNB Group and the SEB Group which are secured via supply contracts followed by the issuance of purchase orders to effect such sales, our Group's remaining sales are typically derived from purchase orders issued by our customers. As such, we do not generally maintain an order book.

As at the LPD, our unbilled purchase orders and balance supply contract value stood at approximately RM48.52 million and RM29.44 million, respectively. Our Group expects to recognise RM24.41 million by 31 December 2023, while the remaining balance is expected to be recognised by 31 May 2024.

12. FINANCIAL INFORMATION (Cont'd)**12.7 SIGNIFICANT CHANGES**

There are no significant changes that have occurred which may have a material effect on our financial position and results of operations subsequent to our audited combined financial statements for the FPE 2023 and up to the LPD.

12.8 TREND INFORMATION

As at the LPD, to the best of the knowledge and belief of our Board our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, uncertainties, demands, commitments or events that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position, operations, liquidity and capital resources, save as disclosed in Section 5 and Section 7 of this Prospectus;
- (ii) material commitment for capital expenditure save as disclosed in Section 12.4.6 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group; and
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position.

Our Board is optimistic about the future prospects of our Group given our competitive advantages as set out in Section 7.11 of this Prospectus, the outlook and prospects of the wires and cables industry as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement our future plans as set out in Section 7.15 of this Prospectus.

12.9 DIVIDEND POLICY

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiary, present or future. It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

Our Board targets to recommend or declare dividends of 30.00% of our audited combined PAT of each financial year and will be subject to the factors deemed relevant by the Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to take into account various factors including:

- (i) the availability of adequate reserves and cash flows;
- (ii) our expected financial performance including gearing, return on equity and retained earnings;
- (iii) our projected levels of capital expenditure and other investment plans;
- (iv) the prevailing interest and yields of the financial market; and
- (v) prior written consent from financial institutions, where required.

12. FINANCIAL INFORMATION (Cont'd)

The future dividends proposed and declared, may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group. Save for certain banking restrictive covenants which our subsidiary is subject to, there is no other dividend restriction imposed on our subsidiary and our Company as at the LPD.

The dividends declared and paid for the FYE Under Review and FPE 2023 are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	⁽²⁾ 2,383	⁽³⁾ 9,778	-
PAT attributable to our shareholders	5,258	5,533	19,555	13,632
Dividend payout ratio ⁽¹⁾ (%)	-	43.07	50.00	-

Notes:

- (1) Dividend payout ratio is computed based on dividend declared and/or paid over PAT.
- (2) The dividend was paid on 21 December 2021.
- (3) The dividend was paid on 15 April 2023.

Save for the above, there are no dividends declared and paid for the FYE Under Review and FPE 2023. Our Company has no intention to declare any further dividends up to the completion of our Listing.

The level of dividends should also not be treated as an indication of our Group's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future.

12. FINANCIAL INFORMATION (Cont'd)**12.10 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**

Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
 52 Jalan Kota Laksamana 2/15
 Taman Kota Laksamana, Seksyen 2
 75200 Melaka
 Malaysia
 Main +6 06 282 5995
 Fax +6 06 283 6449
www.crowe.my

13 December 2023

The Board of Directors
 Master Tec Group Berhad
 RM1299-A
 Kawasan Perindustrian Rembia
 78000 Alor Gajah, Melaka

Dear Sirs

**MASTER TEC GROUP BERHAD (“MTG” OR “THE COMPANY”)
 REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL
 POSITION AS AT 30 JUNE 2023**

We have completed our assurance engagement to report on the compilation of Pro Forma Statements of Financial Position of MTG and its subsidiary (the “Group”) as at 30 June 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of MTG on the ACE Market of Bursa Malaysia Securities Berhad (“the Listing”).

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Statements of Financial Position are described in the notes thereon to the Pro Forma Statements of Financial Position. The Pro Forma Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia (“the Prospectus Guidelines”) and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 30 June 2023. As part of this process, information about the Group’s financial position has been extracted by the Board of Directors of the Company from the Group’s audited combined statements of financial position as at 30 June 2023.

THE BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Statements of Financial Position on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

12. FINANCIAL INFORMATION (Cont'd)



REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position.

The purpose of Pro Forma Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

12. FINANCIAL INFORMATION (Cont'd)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involving performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the prospectus of MTG, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Melaka

Piong Yew Peng
03070/06/2025 J
Chartered Accountant

12. FINANCIAL INFORMATION (Cont'd)

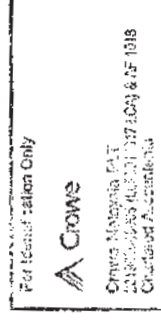
Appendix A

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	As At 30.6.2023*	Adjustment For Acquisition of MTWC	Pro Forma I After Acquisition of MTWC	Adjustment For Public Issue	Pro Forma II After Pro Forma I and Public Issue	Adjustment for Utilisation of Proceeds	Pro Forma III After Pro Forma II and Utilisation of Proceeds
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment	6.1	56,238	-	56,238	-	56,238	24,387	80,625
Right-of-use assets		606	-	606	-	606	-	606
Intangible asset		5,000	-	5,000	-	5,000	-	5,000
		<u>61,844</u>		<u>61,844</u>		<u>61,844</u>		<u>86,231</u>
CURRENT ASSETS								
Inventories		37,700	-	37,700	-	37,700	-	37,700
Trade receivables		56,606	-	56,606	-	56,606	-	56,606
Other receivables, deposits and prepayments	6.2	8,327	-	8,327	-	8,327	(77)	8,250
Fixed deposits with licensed banks		11,925	-	11,925	-	11,925	-	11,925
Cash and bank balances	6.3	36,412	-	36,412	61,659	98,071	(27,542)	70,529
		<u>150,970</u>		<u>150,970</u>		<u>212,629</u>		<u>185,010</u>
TOTAL ASSETS		<u>212,814</u>		<u>212,814</u>		<u>274,473</u>		<u>271,241</u>
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6.4	#	86,190	86,190	61,659	147,849	(1,800)	146,049
Invested capital	6.5	30,000	(30,000)	-	-	-	-	-
Merger reserve	6.6	-	(56,190)	(56,190)	-	(56,190)	-	(56,190)
Retained profits	6.7	69,864	-	69,864	-	69,864	(1,432)	68,432
TOTAL EQUITY		<u>99,864</u>		<u>99,864</u>		<u>161,523</u>		<u>158,291</u>



Notes:
 (*) – Extracted from the Group's audited combined financial statements for the financial period ended 30 June 2023.
 (#) – Amount is less than RM500.

12. FINANCIAL INFORMATION (Cont'd)

Appendix A

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)

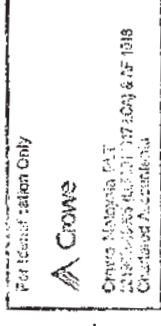
	NOTE	As At 30.6.2023* RM'000	Adjustment For Acquisition of MTWC RM'000	Pro Forma I After Acquisition of MTWC RM'000	Adjustment For Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustment for Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
NON-CURRENT LIABILITIES								
Deferred tax liabilities		5,839	-	5,839	-	5,839	-	5,839
Loans and borrowings		15,488	-	15,488	-	15,488	-	15,488
Lease liabilities		459	-	459	-	459	-	459
Hire purchase payable		146	-	146	-	146	-	146
		<u>21,932</u>		<u>21,932</u>		<u>21,932</u>		<u>21,932</u>
CURRENT LIABILITIES								
Trade payables		15,154	-	15,154	-	15,154	-	15,154
Other payables and accruals		10,201	-	10,201	-	10,201	-	10,201
Loans and borrowings		61,026	-	61,026	-	61,026	-	61,026
Lease liabilities		166	-	166	-	166	-	166
Hire purchase payable		55	-	55	-	55	-	55
Current tax liabilities		4,416	-	4,416	-	4,416	-	4,416
		<u>91,018</u>		<u>91,018</u>		<u>91,018</u>		<u>91,018</u>
		<u>112,950</u>		<u>112,950</u>		<u>112,950</u>		<u>112,950</u>
		<u>212,814</u>		<u>212,814</u>		<u>274,473</u>		<u>271,241</u>
TOTAL LIABILITIES								
TOTAL EQUITY AND LIABILITIES								
Number of ordinary shares ('000)	#			861,900		1,020,000		1,020,000
Net assets ("NA") attributable to owners of the Company (RM'000)		99,864		99,864		161,523		158,291
NA per ordinary share (sen)		99,864,000		11,59		15,84		15,52
Borrowings		76,715		76,715		76,715		76,715
Gearing ratio (times)		0.77		0.77		0.48		0.48
Net gearing ratio (times)		0.28		0.28		0.48		0.48

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial period ended 30 June 2023.

(^) – Not presented as the Group's cash and bank balances and fixed deposits with licensed banks exceeded the borrowings.

(#) – Less than 500 ordinary shares.



12. FINANCIAL INFORMATION (Cont'd)

Appendix A

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

**NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)****2. INTRODUCTION**

The Pro Forma Statements of Financial Position as at 30 June 2023 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

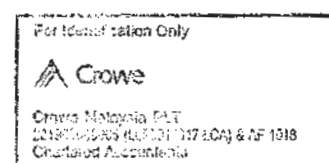
The Pro Forma Statements of Financial Position as at 30 June 2023 is prepared based on the audited combined financial statements of the Group as at 30 June 2023, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The combined financial statements used in the preparation of these Pro Forma Statements of Financial Position were not subject to any audit qualification or emphasis of matter.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination has been effected throughout the current and previous financial years. The assets combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the differences between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserves or merger deficit.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs.

The Pro Forma Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of events and transactions set out in Note 5 to the Pro Forma Statements of Financial Position had the events occurred or transactions been undertaken on 30 June 2023. The Pro Forma Statements of Financial Position are not necessarily indicative of the financial positions that would have been attained had the Listing actually occurred at the respective dates.



12. FINANCIAL INFORMATION (Cont'd)

Appendix A

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

**NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)****4. LISTING SCHEME**

In conjunction with, and as an integral part of the Listing, MTG implemented and intends to undertake the following:-

4.1 Acquisition of MTWC

MTG had on 9 June 2023 entered into a conditional share sale agreement with Dato' Lau Kim San to acquire the entire equity interest in MTWC:-

	Equity Interest (%)	Purchase Consideration RM	No. of Shares Issued by MTG
MTWC	100	86,189,990	861,899,900

The purchase consideration of MTWC was arrived at on a "willing-buyer willing-seller basis", after taking into consideration the audited net assets of MTWC as at 31 December 2022 of RM86,232,465. The acquisition was completed on 5 December 2023 and MTWC became a wholly-owned subsidiary of MTG.

4.2 Initial Public Offering

MTG will undertake an initial public offering of 285,600,000 IPO Shares, comprising a Public Issue of 158,100,000 Issue Shares and an Offer For Sale of 127,500,000 Offer Shares, at RM0.39, to be allocated in the following manner:-

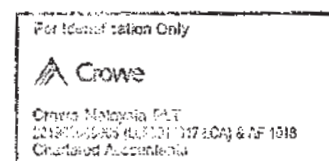
(a) Malaysian Public

51,000,000 Issue Shares, representing 5.00% of the enlarged issued Shares, will be made available for application by the Malaysian Public through a balloting process as follows:-

- (i) 25,500,000 Issue Shares, representing 2.50% of the enlarged issued Shares, will be made available to the Bumiputera Malaysian Public; and
- (ii) 25,500,000 Issue Shares, representing 2.50% of the enlarged issued Shares, will be made available to the Malaysian Public.

(b) Eligible Persons

2,144,000 Issue Shares, representing 0.21% of the enlarged issued Shares, will be made available for application by the Eligible Persons under the Pink Form Allocations.



12. FINANCIAL INFORMATION (Cont'd)

Appendix A

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

**NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)****4. LISTING SCHEME (CONT'D)**

In conjunction with, and as an integral part of the Listing, MTG implemented and intends to undertake the following (Cont'd):-

4.2 Initial Public Offering (Cont'd)

MTG will undertake an initial public offering of 285,600,000 IPO Shares, comprising a Public Issue of 158,100,000 Issue Shares and an Offer For Sale of 127,500,000 Offer Shares, at RM0.39, to be allocated in the following manner (Cont'd):-

(c) Private Placement to Selected Investors

232,456,000 IPO Shares representing 22.79% of the enlarged issued Shares, will be made available by way of private placement of which 104,956,000 Issue Shares are allocated to Selected Investors and 127,500,000 Offer Shares are allocated to identified Bumiputera investors approved by the MITI.

The Offer for Sale does not have any impact on the pro forma statements of financial position as at 30 June 2023.

4.3 Listing

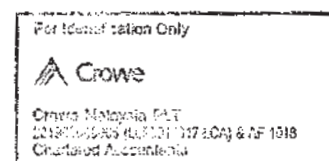
The admission of MTG to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the entire enlarged issued share capital of MTG of RM146,049,090 (after deducting the estimated listing expenses directly attributable to the issuance of new shares of RM1,800,000) comprising 1,020,000,000 Shares on the ACE Market of Bursa Malaysia Securities Berhad.

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION**5.1 Pro Forma I**

Pro Forma I incorporates the effects of Acquisition of MTWC set out in Note 4.1 to the Pro Forma Statements of Financial Position.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue set out in Note 4.2 to the Pro Forma Statements of Financial Position.



12. FINANCIAL INFORMATION (Cont'd)

Appendix A

MASTER TEC GROUP BERHAD
Registration No: 202201040911 (1486608-P)

**NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)**

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from the Public Issue. The proceeds from the Public Issue will be utilised as follows:-

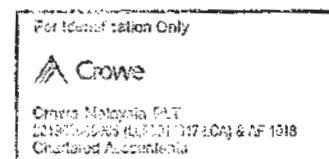
Purposes	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Capital expenditure for the following:-			
• Construction of new MV power cable manufacturing plants #	16,783	27.22	Within 15 months
• Purchase of new machineries and equipment	24,387	39.55	Within 15 months
General working capital	16,289	26.42	Within 15 months
Estimated listing expenses*^	4,200	6.81	Within 3 months
	61,659	100.00	

Notes:-

These utilisations of proceeds are not adjusted in the Pro Forma II to the Pro Forma Statements of Financial Position as they are not supported by any purchase order, sales and purchase agreement or any other contractual binding agreement, and hence, they remained in the cash and bank balances.

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital.

^ The estimated listing expenses of RM1,800,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,400,000 that are attributable to the Listing will be expensed off to profit or loss. As of 30 June 2023, RM1,045,000 has been paid and RM968,000 was expensed off to profit or loss while RM77,000 has been recognised as prepayment. RM77,000 is recognised as prepayment as this is directly attributable to Public Issue which will be offset against share capital upon Listing.



13. ACCOUNTANTS' REPORT

Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
 52 Jalan Kota Laksamana 2/15
 Taman Kota Laksamana, Seksyen 2
 75200 Melaka
 Malaysia
 Main +6 06 282 5995
 Fax +6 06 283 6449
 www.crowe.my

13 December 2023

The Board of Directors
 Master Tec Group Berhad
 RM1299-A
 Kawasan Perindustrian Rembia
 78000 Alor Gajah, Melaka

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF MASTER TEC GROUP BERHAD ("MTG" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiary (collectively known as "the Group") which comprises the following:

- (a) The combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and financial period ended ("FPE") 30 June 2023; and
- (b) The notes to the financial statements, including a summary of significant accounting policies and other explanatory information

as set out in pages 5 to 79.

This historical financial information has been prepared for inclusion in the prospectus of MTG in connection with the listing of and quotation for the entire enlarged issued share capital of MTG on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 and of their financial performance and their cash flows for each of the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FPE 30 June 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

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

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13. ACCOUNTANTS' REPORT (Cont'd)**INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES**

We are independent of the Group 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.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

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

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group 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 information.

13. ACCOUNTANTS' REPORT (Cont'd)



REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

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

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information 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.

13. ACCOUNTANTS' REPORT (Cont'd)**OTHER MATTERS**

- (i) The comparative information in respect of the combined statement of profit or loss and other comprehensive income, combined statements of cash flows and related notes to the combined financial statements of the Group for the 6-months financial period ended 30 June 2022 have not been audited.
- (ii) The significant events during and subsequent to the end of the FPE 30 June 2023 have been disclosed in Note 32 to the combined financial statements.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the prospectus of MTG in connection with the listing of and quotation for the entire enlarged issued share capital of MTG on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report contrary to the aforesaid purpose.

A stylized black ink signature of Crowe Malaysia PLT.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Melaka

A stylized black ink signature of Piong Yew Peng.

Piong Yew Peng
03070/06/2025 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF FINANCIAL POSITION

		← Audited →				
		31.12.2020	31.12.2021	31.12.2022	30.6.2023	
NOTE		RM'000	RM'000	RM'000	RM'000	
ASSETS						
NON-CURRENT ASSETS						
	Property, plant and equipment	4	59,079	55,876	55,611	56,238
	Right-of-use assets	5	199	112	593	606
	Intangible asset	6	5,000	5,000	5,000	5,000
			<u>64,278</u>	<u>60,988</u>	<u>61,204</u>	<u>61,844</u>
CURRENT ASSETS						
	Inventories	7	24,225	31,630	27,190	37,700
	Trade receivables	8	70,238	71,971	79,442	56,606
	Other receivables, deposits and prepayments	9	5,567	4,738	2,237	8,327
	Current tax assets		425	339	-	-
	Fixed deposits with licensed banks	10	16,844	22,060	13,790	11,925
	Cash and bank balances		6,742	15,973	35,279	36,412
			<u>124,041</u>	<u>146,711</u>	<u>157,938</u>	<u>150,970</u>
	TOTAL ASSETS		<u>188,319</u>	<u>207,699</u>	<u>219,142</u>	<u>212,814</u>
EQUITY AND LIABILITIES						
EQUITY						
	Share capital	11	-	-	*	*
	Invested capital	11	3,500	30,000	30,000	30,000
	Retained profits		69,805	46,455	56,232	69,864
	TOTAL EQUITY		<u>73,305</u>	<u>76,455</u>	<u>86,232</u>	<u>99,864</u>
NON-CURRENT LIABILITIES						
	Loans and borrowings	12	21,202	19,760	18,793	15,488
	Deferred tax liabilities	13	965	2,320	5,971	5,839
	Lease liabilities	14	129	81	471	459
	Hire purchase payable	15	31	-	175	146
			<u>22,327</u>	<u>22,161</u>	<u>25,410</u>	<u>21,932</u>
CURRENT LIABILITIES						
	Trade payables	16	51,540	36,208	18,288	15,154
	Other payables and accruals	17	9,119	5,160	20,060	10,201
	Loans and borrowings	12	31,888	67,643	68,205	61,026
	Lease liabilities	14	78	40	136	166
	Hire purchase payable	15	62	32	54	55
	Current tax liabilities		-	-	757	4,416
			<u>92,687</u>	<u>109,083</u>	<u>107,500</u>	<u>91,018</u>
	TOTAL LIABILITIES		<u>115,014</u>	<u>131,244</u>	<u>132,910</u>	<u>112,950</u>
	TOTAL EQUITY AND LIABILITIES		<u>188,319</u>	<u>207,699</u>	<u>219,142</u>	<u>212,814</u>

Note:

(*) – Denote RM100

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
NOTE	RM'000	RM'000	RM'000	RM'000
Number of ordinary shares ('000) #	861,900	861,900	861,900	861,900
Net assets ("NA") attributable to owners of the Company (RM'000)	73,305	76,455	86,232	99,864
NA per ordinary share attributable to owners of the Company (sen)	<u>8.51</u>	<u>8.87</u>	<u>10.00</u>	<u>11.59</u>

Note :

(#) – It is assumed to be the number of ordinary shares before public issue.

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		←	Audited	→	Unaudited	Audited
		1.1.2020 to 31.12.2020	1.1.2021 to 31.12.2021	1.1.2022 to 31.12.2022	1.1.2022 to 30.6.2022	1.1.2023 to 30.6.2023
	NOTE	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE	18	162,313	275,875	362,685	169,705	138,039
COST OF SALES		(155,708)	(262,222)	(327,555)	(154,281)	(114,202)
GROSS PROFIT ("GP")		6,605	13,653	35,130	15,424	23,837
OTHER INCOME	19	4,142	2,541	3,358	780	1,417
		10,747	16,194	38,488	16,204	25,254
ADMINISTRATIVE EXPENSES		(2,388)	(3,911)	(4,034)	(1,680)	(2,960)
SELLING AND DISTRIBUTION EXPENSES		(1,841)	(2,023)	(3,010)	(1,224)	(1,597)
FINANCE COSTS	20	(3,184)	(3,045)	(4,170)	(1,854)	(2,246)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	21	2,896	-	(1,094)	(487)	-
PROFIT BEFORE TAXATION ("PBT")	22	6,230	7,215	26,180	10,959	18,451
INCOME TAX EXPENSE	24	(972)	(1,682)	(6,625)	(2,719)	(4,819)
PROFIT AFTER TAXATION ("PAT")		5,258	5,533	19,555	8,240	13,632
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,258	5,533	19,555	8,240	13,632

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	←	Audited	→	Unaudited	Audited
	1.1.2020 to 31.12.2020	1.1.2021 to 31.12.2021	1.1.2022 to 31.12.2022	1.1.2022 to 30.6.2022	1.1.2023 to 30.6.2023
NOTE	RM'000	RM'000	RM'000	RM'000	RM'000
GP Margin (%)	4.07	4.95	9.69	9.09	17.27
PBT Margin (%)	3.84	2.62	7.22	6.46	13.37
PAT Margin (%)	3.24	2.01	5.39	4.86	9.88
Effective tax rate (%)	15.60	23.31	25.31	24.81	26.12
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)	12,459	13,424	33,788	14,590	22,074
Number of ordinary shares ('000) #	861,900	861,900	861,900	861,900	861,900
Basic and diluted earnings per share ("EPS") (sen)	25 0.61	0.64	2.27	0.96	1.58

Note :

(#) – It is assumed to be the number of ordinary shares before public issue.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF CHANGES IN EQUITY

<u>Audited</u>	NOTE	Share Capital RM'000	Invested Capital RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2020		-	3,500	64,547	68,047
Profit after taxation/Total comprehensive income for the financial year		-	-	5,258	5,258
Balance at 31.12.2020/1.1.2021		-	3,500	69,805	73,305
Issuance of shares		-	26,500	(26,500)	-
Dividends	27	-	-	(2,383)	(2,383)
Profit after taxation/Total comprehensive income for the financial year		-	-	5,533	5,533
Balance at 31.12.2021/1.1.2022		-	30,000	46,455	76,455
Issuance of shares		*	-	-	*
Profit after taxation/Total comprehensive income for the financial year		-	-	19,555	19,555
Dividends	27	-	-	(9,778)	(9,778)
Balance at 31.12.2022/1.1.2023		*	30,000	56,232	86,232
Profit after taxation/Total comprehensive income for the financial period		-	-	13,632	13,632
Balance at 30.6.2023		*	30,000	69,864	99,864

Note:

(*) – Denote RM100

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF CASH FLOWS

	← Audited →			Unaudited 1.1.2022 to 30.6.2022 RM'000	Audited 1.1.2023 to 30.6.2023 RM'000
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000		
NOTE					
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation	6,230	7,215	26,180	10,959	18,451
Adjustment for:-					
Depreciation of property, plant and equipment	3,485	3,521	3,689	1,854	1,785
Depreciation of right-of-use assets	78	63	96	48	81
Bad debts written off	24	114	-	-	-
Interest expenses	3,184	3,041	4,170	1,854	2,246
Gain on disposal of property, plant and equipment	(12)	-	*	*	-
Loss on foreign exchange – unrealised	81	79	-	-	-
Interest income	(518)	(416)	(347)	(125)	(489)
Net impairment losses on trade receivables	(2,896)	-	1,094	487	-
Property, plant and equipment written off	-	-	-	-	2
Operating income before working capital changes	9,656	13,617	34,882	15,077	22,076
Decrease/(Increase) in inventories	6,220	(7,405)	4,440	(5,838)	(10,510)
(Increase)/Decrease in trade and other receivables	(33,222)	(2,123)	(8,711)	(27,492)	23,095
Increase/(Decrease) in trade and other payables	23,436	(15,773)	(12,798)	17,909	(3,215)
CASH FROM/(FOR) OPERATIONS	6,090	(11,684)	17,813	(344)	31,446
Income tax paid	(65)	(241)	(1,878)	(164)	(1,292)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	6,025	(11,925)	15,935	(508)	30,154

Note :

(*) – Amount is less than RM500.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	← Audited →	← Audited →	← Audited →	← Audited →	← Audited →
	1.1.2020 to 31.12.2020	1.1.2021 to 31.12.2021	1.1.2022 to 31.12.2022	Unaudited 1.1.2022 to 30.6.2022	Audited 1.1.2023 to 30.6.2023
NOTE	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received	518	416	347	125	489
Proceeds from disposal of property, plant and equipment	80	284	*	-	-
Purchase of property, plant and equipment	26(a) (766)	(602)	(3,144)	(250)	(2,189)
(Advances to)/Repayment from companies in which a director has interest	(2,005)	1,026	2,647	1,878	-
Deposits paid for purchase of property, plant and equipment	-	-	-	-	(6,574)
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(2,173)	1,124	(150)	1,753	(8,274)
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES					
Net increase/(decrease) in short-term borrowings	26(d) 11,107	34,168	3,513	4,040	(7,276)
Drawdown of term loans	26(d) -	5,843	5,345	5,345	-
Dividend paid	-	(2,383)	-	-	(9,778)
Interest paid	26(d) (3,184)	(3,041)	(4,170)	(1,854)	(2,246)
Repayment of term loans	26(d) (1,974)	(5,054)	(6,885)	(3,885)	(3,146)
Repayment of lease liabilities	26(d) (75)	(62)	(91)	(22)	(76)
Repayment of hire purchase payable	26(d) (59)	(61)	(83)	(55)	(28)
Repayment to a director	(2,833)	(1,417)	-	-	-
Repayment to a company in which a director has interest	-	(2,101)	-	-	-
(Additions of)/Withdrawals of fixed deposits pledged with licensed banks	(469)	(968)	3,615	(709)	1,865
NET CASH FROM/(FOR) FINANCING ACTIVITIES	2,513	24,924	1,244	2,860	(20,685)

Note :

(*) – Amount is less than RM500.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	← Audited →			Unaudited	Audited
	1.1.2020 to 31.12.2020	1.1.2021 to 31.12.2021	1.1.2022 to 31.12.2022	1.1.2022 to 30.6.2022	1.1.2023 to 30.6.2023
NOTE	RM'000	RM'000	RM'000	RM'000	RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,365	14,123	17,029	4,105	1,195
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(2)	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	(2,298)	4,065	18,188	18,188	35,217
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	26(b) 4,065	18,188	35,217	22,293	36,412

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**1. ABBREVIATIONS**

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

Abbreviations

MTG or the Company	Master Tec Group Berhad Registration No: 202201040911 (1486608-P)
The Group	MTG and MTWC collectively
MTWC	Master Tec Wire & Cable Sdn. Bhd. Registration No: 200501023148 (705279-P)
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
FYE	Financial Year Ended
FPE	Financial Period Ended
MTG Shares or Shares	Ordinary shares in MTG
RM and Sen	Ringgit Malaysia and sen, respectively
CA 2016	Companies Act 2016

2. GENERAL INFORMATION

The Company was incorporated in Malaysia under the CA 2016 on 3 November 2022 as a private limited company under the name of Master Tec Group Sdn. Bhd. The Company is domiciled in Malaysia and is principally engaged in investment holding. On 15 June 2023, the Company was converted to a public limited company under the name of Master Tec Group Berhad.

The registered office and principal place of business of the Company are as follows:-

Registered office	:	No. 60-1, Jalan Lagenda 5 Taman 1 Lagenda 75400 Melaka
Principal place of business	:	RM1299-A, Kawasan Perindustrian Rembia 78000 Alor Gajah Melaka

For the purpose of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad (hereinafter defined as "the Listing"), the Company undertook the acquisition of subsidiary as disclosed in Note 32 to the combined financial statements.

Details of the subsidiary is as follow:-

Name of subsidiary	Date and place of incorporation	Effective equity interest %	Issued share capital RM	Principal activities
MTWC	4 August 2005 Malaysia	100	30,000,000	(i) Manufacturing and distribution of power cables, control and instrumentation cables, and other related products; and (ii) Trading of power cables, fibre optic cables, and other related products

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES****3.1 BASIS OF PREPARATION**

For the purposes of inclusion of combined financial statements in the prospectus of MTG in connection with the Listing, the financial statements comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and FPE 30 June 2023, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FPE 30 June 2023.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the financial statements for the relevant financial years/periods as follows:

Company	Relevant financial years/periods	Accounting standards applied	Auditors
MTG	FPE from 3 November 2022 (date of incorporation) to 30 June 2023	MFRS	Crowe Malaysia PLT
MTWC	FYE 31 December 2020	MFRS	Ernst & Young PLT
	FYE 31 December 2021	MFRS	Crowe Malaysia PLT
	FYE 31 December 2022	MFRS	Crowe Malaysia PLT
	FPE 30 June 2023	MFRS	Crowe Malaysia PLT

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 BASIS OF PREPARATION (CONT'D)**

The combined financial statements for the FPE 30 June 2023 were prepared based on the audited financial statements of MTG and its subsidiary for FPE 30 June 2023.

The combined financial statements for the FYE 31 December 2020 and 2021 do not include MTG as it was only incorporated on 3 November 2022.

The financial statements of MTWC for FYE 31 December 2020 have been re-audited by Crowe Malaysia PLT, prepared in accordance with MFRS and International Financial Reporting Standards for the purpose of inclusion in the prospectus to be issued by MTG in connection with the Listing and should not be relied upon for any other purpose.

The separate statutory audited financial statements of MTWC and MTG were not subject to any modified audit opinions.

3.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

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

MFRSSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the combined financial statements of the Group upon their initial application.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES****(a) Critical Accounting Estimates and Judgements***Key Sources of Estimation Uncertainty*

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

(i) Depreciation of Property, Plant and Equipment

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

(ii) Impairment of Trade Receivables

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

(iii) Impairment of intangible asset

Intangible asset is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the intangible asset as individual asset or as cash-generating unit ("CGU"). Estimating a value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of these cash flows.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates and Judgements (Cont'd)***Key Sources of Estimation Uncertainty (Cont'd)*

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

(iv) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises 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 expense and deferred tax balances in the period in which such determination is made.

Critical Judgement Made in Applying Accounting Policies

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

(i) Lease Terms

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

In determining the incremental borrowing rate of the respective leases, the Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Combination**

The Group resulting from the restructuring exercise, as disclosed in Note 32, comprises entities under common control. Accordingly, the financial statements have been accounted for using principles of merger accounting.

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

Intragroup transactions, balances, income and expenses are eliminated on combination. Intragroup losses may indicate an impairment that requires recognition in the combined financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Combination (Cont'd)****(i) Business Combinations (Cont'd)**

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

However, an acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited combined financial statements of the Group.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the combined statements of financial position, separately from the equity attributable to owners of the Group. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Combination (Cont'd)****(iii) Changes in Ownership Interests in Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Functional and Foreign Currencies**(i) Functional and Presentation Currency**

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

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the functional currency on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments**

Financial assets and financial liabilities are recognised in the combined statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the combined statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments***(a) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(i) Financial Assets (Cont'd)***Debt Instruments (Cont'd)***(a) Amortised Cost (Cont'd)**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(b) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest method.

(c) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(i) Financial Assets (Cont'd)***Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(ii) Financial Liabilities**(a) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(b) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(ii) Financial Liabilities (Cont'd)****(b) Other Financial Liabilities (Cont'd)**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Property, Plant and Equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on the property, plant and equipment, with the exception of capital work in progress are charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	50 years
Plant and machinery	10 to 15 years
Motor vehicles	5 years
Other assets	10 years

Capital work-in-progress included in property, plant and equipment is not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Intangible assets**

Intangible assets recognised by the Group have an indefinite useful life and are not amortised. At the end of each reporting period, the useful lives of the intangible assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets. Such assets are tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. These costs are assigned on a first-in first-out basis.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(j) Impairment**(i) Impairment of Financial Assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Impairment (Cont'd)****(i) Impairment of Financial Assets (Cont'd)**

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the combined statement of financial position.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(k) Employee benefits**(i) Short-term benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(l) Income Taxes****(i) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(m) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the combined profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the combined profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

(p) Fair Value Measurements

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, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

(r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(s) Revenue From Contracts with Customers

Revenue from contract with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(s) Revenue From Contracts with Customers (Cont'd)**

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met (Cont'd):-

- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(t) Other Operating Income**Interest Income**

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

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13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Other assets RM'000	Capital work- in-progress RM'000	Total RM'000
<i>Carrying Amount</i>							
At 1 January 2020	6,000	25,998	152	29,185	256	275	61,866
Additions (Note 26(a))	6	-	-	726	25	9	766
Disposals	-	(62)	-	(6)	-	-	(68)
Depreciation charges (Note 22)	-	(586)	(63)	(2,777)	(59)	-	(3,485)
At 31 December 2020	6,006	25,350	89	27,128	222	284	59,079
At 1 January 2021	6,006	25,350	89	27,128	222	284	59,079
Additions (Note 26(a))	-	-	-	571	31	-	602
Disposals	-	-	-	-	-	(284)	(284)
Depreciation charges (Note 22)	-	(585)	(63)	(2,817)	(56)	-	(3,521)
At 31 December 2021	6,006	24,765	26	24,882	197	-	55,876

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13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Other assets RM'000	Capital work- in-progress RM'000	Total RM'000
<i>Carrying Amount</i>							
At 1 January 2022	6,006	24,765	26	24,882	197	-	55,876
Additions (Note 26(a))	2,033	-	313	464	394	220	3,424
Depreciation charges (Note 22)	-	(585)	(89)	(2,801)	(214)	-	(3,689)
At 31 December 2022	8,039	24,180	250	22,545	377	220	55,611
At 1 January 2023	8,039	24,180	250	22,545	377	220	55,611
Additions (Note 26(a))	2,356	-	-	30	24	4	2,414
Written off (Note 22)	-	-	-	-	(2)	-	(2)
Depreciation charges (Note 22)	-	(293)	(31)	(1,358)	(103)	-	(1,785)
At 30 June 2023	10,395	23,887	219	21,217	296	224	56,238

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13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Other assets RM'000	Capital work- in-progress RM'000	Total RM'000
At 31 December 2020	6,006	28,084 (2,734)	759 (670)	45,720 (18,592)	1,008 (786)	284	81,861 (22,782)
Cost							81,861
Accumulated depreciation	-	(2,734)	(670)	(18,592)	(786)	-	(22,782)
Carrying amount	6,006	25,350	89	27,128	222	284	59,079
At 31 December 2021							
Cost	6,006	28,084 (3,319)	759 (733)	46,291 (21,409)	1,040 (843)	-	82,180 (26,304)
Accumulated depreciation	-	(3,319)	(733)	(21,409)	(843)	-	(26,304)
Carrying amount	6,006	24,765	26	24,882	197	-	55,876
At 31 December 2022							
Cost	8,039	28,084 (3,904)	808 (558)	46,754 (24,209)	1,436 (1,059)	220	85,341 (29,730)
Accumulated depreciation	-	(3,904)	(558)	(24,209)	(1,059)	-	(29,730)
Carrying amount	8,039	24,180	250	22,545	377	220	55,611
At 30 June 2023							
Cost	10,395	28,084 (4,197)	808 (589)	46,784 (25,567)	1,241 (945)	224	87,536 (31,298)
Accumulated depreciation	-	(4,197)	(589)	(25,567)	(945)	-	(31,298)
Carrying amount	10,395	23,887	219	21,217	296	224	56,238

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) The carrying amount of motor vehicles held under finance lease at the reporting date was as follows:-

<i>Carrying Amount</i>	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Motor vehicles	89	26	250	219

- (b) The carrying amount of freehold land and buildings pledged as securities for bank borrowings as disclosed in Note 12(i) to the financial statements was as follows:-

<i>Carrying Amount</i>	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Freehold land	6,006	6,006	8,039	10,395
Buildings	25,350	24,765	24,180	23,887
	<u>31,356</u>	<u>30,771</u>	<u>32,219</u>	<u>34,282</u>

- (c) The carrying amount of plant and machineries pledged as securities for bank borrowings as disclosed in Note 12(v) to the financial statements was as follows:-

<i>Carrying Amount</i>	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Plant and machineries	15,985	14,609	13,233	12,545

- (d) Property, plant and equipment are subject to negative pledge in relation to the bank borrowings granted to the Group as disclosed in Note 12(vi) to the financial statements; and

- (e) Other assets comprise of furniture and fittings, office equipment, alarm system, air conditioner, and renovation.

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**5. RIGHT-OF-USE ASSETS**

<u>Audited</u> <i>Carrying Amount</i>	Hostels RM'000	Sales office RM'000	Freehold land RM'000	Total RM'000
At 1 January 2020	52	107	-	159
Additions (Note 26(a))	38	80	-	118
Depreciation charges (Note 22)	(37)	(41)	-	(78)
At 31 December 2020	<u>53</u>	<u>146</u>	<u>-</u>	<u>199</u>
At 1 January 2021	53	146	-	199
Reassessment/modification and derecognition of lease liabilities	(14)	(10)	-	(24)
Depreciation charges (Note 22)	(28)	(35)	-	(63)
At 31 December 2021	<u>11</u>	<u>101</u>	<u>-</u>	<u>112</u>
At 1 January 2022	11	101	-	112
Additions (Note 26(a))	64	-	460	524
Reassessment/modification of lease liabilities	53	-	-	53
Depreciation charges (Note 22)	(35)	(28)	(33)	(96)
At 31 December 2022	<u>93</u>	<u>73</u>	<u>427</u>	<u>593</u>
At 1 January 2023	93	73	427	593
Additions (Note 26(a))	117	-	-	117
Derecognition due to lease termination	(23)	-	-	(23)
Depreciation charges (Note 22)	(29)	(15)	(37)	(81)
At 30 June 2023	<u>158</u>	<u>58</u>	<u>390</u>	<u>606</u>
	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Hostels				
Cost	126	112	229	323
Accumulated depreciation	(73)	(101)	(136)	(165)
Carrying amount	<u>53</u>	<u>11</u>	<u>93</u>	<u>158</u>
Sales office				
Cost	228	218	218	218
Accumulated depreciation	(82)	(117)	(145)	(160)
Carrying amount	<u>146</u>	<u>101</u>	<u>73</u>	<u>58</u>

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**5. RIGHT-OF-USE ASSETS (CONT'D)**

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Freehold land				
Cost	-	-	460	460
Accumulated depreciation	-	-	(33)	(70)
Carrying amount	<u>-</u>	<u>-</u>	<u>427</u>	<u>390</u>

The Group leases a number of hostels buildings, a sales office and a freehold land of which the leasing activities are summarised below:-

- (i) Hostels The Group has leased a number of hostels with contracts that run between 2 to 3 (31.12.2022 – 2 to 3, 31.12.2021 – 3 to 4, 31.12.2020 – 3 to 4) years with an option to renew the lease after expiry.
- (ii) Sales office The Group has leased a sales office with 4 (31.12.2022 – 4, 31.12.2021 – 6, 31.12.2020 – 6) years contract, with an option to renew the lease after expiry.
- (iii) Freehold land The Group has leased a freehold land with 3 (31.12.2022 – 3, 31.12.2021 – Nil, 31.12.2020 – Nil) years contract, with an option to renew the lease after expiry or purchase the freehold land at any time until 31 July 2028.

6. INTANGIBLE ASSET

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Intangible asset, at cost	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

The Group acquired a customer relationship during the financial year ended 31 December 2015. The Group had determined that the intangible asset has indefinite useful lives.

As at the end of the current and previous financial year, the estimated recoverable amount (based on value in use) of the intangible asset, is determined to be in excess of the carrying amount of the intangible asset.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**8. TRADE RECEIVABLES**

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Third parties	67,891	69,761	78,720	56,149
Due from a company in which a director has interest	2,678	2,541	2,147	1,882
	<u>70,569</u>	<u>72,302</u>	<u>80,867</u>	<u>58,031</u>
Less: Allowance for impairment loss	(331)	(331)	(1,425)	(1,425)
Net trade receivables	<u>70,238</u>	<u>71,971</u>	<u>79,442</u>	<u>56,606</u>
Allowance for impairment losses:-				
At 1 January	3,227	331	331	1,425
Addition during the financial year (Note 21)	242	-	1,094	-
Reversal during the financial year (Note 21)	(3,138)	-	-	-
At 31 December	<u>331</u>	<u>331</u>	<u>1,425</u>	<u>1,425</u>

The Group's normal trade credit terms range from 60 to 90 (31.12.2022 – 60 to 90, 31.12.2021 – 60 to 90 and 31.12.2020 – 60 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Amount due from companies in which a director has interest	3,673	2,647	-	-
Sundry receivables	1,375	163	202	152
Interest receivables	173	575	118	86
Deposit paid for acquisition of land	-	-	225	-
Deposit	41	670	711	645
Deposits paid to machine suppliers	-	-	-	6,574
Prepayments	305	683	981	870
	<u>5,567</u>	<u>4,738</u>	<u>2,237</u>	<u>8,327</u>

The amount due from the companies in which a director has interest is unsecured, interest free and repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**10. FIXED DEPOSITS WITH LICENSED BANKS**

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.80% to 3.10% (31.12.2022 – 1.80% to 2.85%, 31.12.2021 – 1.25% to 3.10% and 31.12.2020 – 1.65% to 3.10%) per annum. The fixed deposits have average maturity periods of 365 (31.12.2022 – 365, 31.12.2021 – 365 and 31.12.2020 – 365) days.
- (b) Included in the fixed deposits of the Group at the end of the reporting period was an amount of RM11,925,000 (31.12.2022 – RM13,790,000, 31.12.2021 – RM17,405,000 and 31.12.2020 – RM16,071,000) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 12(ii) to the financial statement.

11. SHARE CAPITAL AND INVESTED CAPITAL

- (a) Share Capital

	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	Number of Shares ('000)			
Issued And Fully Paid-Up				
<i>Ordinary Shares</i>				
At 1 January/At date of incorporation	-	-	^	^
At 31 December/30 June	-	-	^	^
	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Issued And Fully Paid-Up				
<i>Ordinary Shares</i>				
At 1 January/At date of incorporation	-	-	*	*
At 31 December/30 June	-	-	*	*

Subsequent to the end of FPE 2023, the Company increased its total paid-up share capital to RM86,190,090 through the issuance of 861,899,900 new ordinary shares at RM0.10 pursuant to the acquisition of entire equity interest in MTWC as disclosed in Note 32 to the financial statements.

Note:

(^) – Denote 100 ordinary shares

(*) – Denote RM100

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**11. SHARE CAPITAL AND INVESTED CAPITAL (CONT'D)**

(b) Invested Capital

	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	Number of Shares ('000)			
Issued And Fully Paid-Up				
<i>Ordinary Shares</i>				
At 1 January	3,500	3,500	30,000	30,000
Issuance of bonus shares (Note (iii))	-	26,500	-	-
At 31 December/30 June	<u>3,500</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000			
Issued And Fully Paid-Up				
<i>Ordinary Shares</i>				
At 1 January	3,500	3,500	30,000	30,000
Issuance of bonus shares (Note (iii))	-	26,500	-	-
At 31 December/30 June	<u>3,500</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.
- (ii) For the purpose of this report, the total number of ordinary shares as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 represent the aggregate number of issued and fully paid-up ordinary shares of all combining entities within the Group.
- (iii) During FYE 31 December 2021, MTWC increased its issued and paid-up share capital from RM3,500,000 to RM30,000,000 by way of bonus issue of 26,500,000 new ordinary shares by capitalisation of retained profits on the basis of 265 bonus shares for every 35 existing shares held.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**12. LOANS AND BORROWINGS**

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Current				
Secured:				
Bankers' acceptances	21,920	42,133	62,091	54,815
Bank overdrafts	3,084	2,440	62	-
Invoice financing	2,490	16,445	-	-
Term loans	4,394	6,625	6,052	6,211
	<u>31,888</u>	<u>67,643</u>	<u>68,205</u>	<u>61,026</u>
Non-Current				
Secured:				
Term loans	21,202	19,760	18,793	15,488
Total loans and borrowings	<u>53,090</u>	<u>87,403</u>	<u>86,998</u>	<u>76,514</u>
Bankers' acceptances	21,920	42,133	62,091	54,815
Bank overdrafts	3,084	2,440	62	-
Invoice financing	2,490	16,445	-	-
Term loans	25,596	26,385	24,845	21,699
Total loans and borrowings	<u>53,090</u>	<u>87,403</u>	<u>86,998</u>	<u>76,514</u>

The weighted average effective interest rates at the end of the reporting period for borrowings were as follows:-

	← Audited →			
	31.12.2020 %	31.12.2021 %	31.12.2022 %	31.12.2023 %
Bankers' acceptances	3.92	3.53	4.16	4.52
Bank overdrafts	3.84	7.15	7.64	-
Invoice financing	3.31	3.30	-	-
Term loans	5.45	6.24	7.53	7.64

The loans and borrowings are secured by the following:-

- (i) legal charge over the freehold land and buildings as disclosed in Note 4(b) to the financial statements;
- (ii) pledged of deposits with licensed banks as disclosed in Note 10(b) to the financial statements;
- (iii) by joint and several guarantee of a director and a former director of the Group;
- (iv) by guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad for sum up to 70% of finance fund;
- (v) specific debentures over certain plant and machineries as disclosed in Note 4(c) to the financial statements; and
- (vi) negative pledge of all assets of the Group.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**13. DEFERRED TAX LIABILITIES**

<u>Audited</u>	At 1 January 2020 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 31 December 2020 RM'000
31.12.2020			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	5,469	435	5,904
Right-of-use assets	38	10	48
Unrealised gain on foreign exchange	168	(149)	19
	5,675	296	5,971
<i>Deferred Tax Assets</i>			
Lease liabilities	(27)	(23)	(50)
Hire purchase payable	(12)	(10)	(22)
Unutilised reinvestment allowances	(4,590)	183	(4,407)
Unutilised capital allowances	(153)	(353)	(506)
Provisions	(893)	872	(21)
	(5,675)	669	(5,006)
	-	965	965
 <u>Audited</u>			
31.12.2021	At 1 January 2021 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 31 December 2021 RM'000
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	5,904	295	6,199
Right-of-use assets	48	(21)	27
Unrealised gain on foreign exchange	19	(19)	-
	5,971	255	6,226
<i>Deferred Tax Assets</i>			
Lease liabilities	(50)	21	(29)
Hire purchase payable	(22)	14	(8)
Unutilised reinvestment allowances	(4,407)	559	(3,848)
Unutilised capital allowances	(506)	506	-
Provisions	(21)	-	(21)
	(5,006)	1,100	(3,906)
	965	1,355	2,320

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**13. DEFERRED TAX LIABILITIES (CONT'D)**

<u>Audited</u>	At 1 January 2022 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 31 December 2022 RM'000
31.12.2022			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	6,199	126	6,325
Right-of use assets	27	116	143
	6,226	242	6,468
<i>Deferred Tax Assets</i>			
Lease liabilities	(29)	(117)	(146)
Hire purchase payable	(8)	(1)	(9)
Unutilised reinvestment allowances	(3,848)	3,848	-
Provisions	(21)	(321)	(342)
	(3,906)	3,409	(497)
	2,320	3,651	5,971

<u>Audited</u>	At 1 January 2023 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 30 June 2023 RM'000
30.6.2023			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	6,325	(140)	6,185
Right-of use assets	143	3	146
	6,468	(137)	6,331
<i>Deferred Tax Assets</i>			
Lease liabilities	(146)	(4)	(150)
Hire purchase payable	(9)	9	-
Provisions	(342)	-	(342)
	(497)	5	(492)
	5,971	(132)	5,839

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**14. LEASE LIABILITIES**

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
At 1 January	164	207	121	607
Additions (Notes 26(a) and (d))	118	-	524	117
Interest expense recognised in profit or loss	13	9	18	23
Reassessment/modification of lease (Note 26(d))	-	(10)	53	-
Derecognition due to lease termination (Note 26(d))	-	(14)	-	(23)
Repayment of principal	(75)	(62)	(91)	(76)
Repayment of interest expense	(13)	(9)	(18)	(23)
At 31 December	207	121	607	625
Analysed by:-				
Current liabilities	78	40	136	166
Non-current liabilities	129	81	471	459
	207	121	607	625

15. HIRE PURCHASE PAYABLE

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Minimum hire purchase payments:-				
- not later than 1 year	65	32	62	62
- later than 1 year but not later than 5 years	32	-	190	159
	97	32	252	221
Less: Future finance charges	(4)	*	(23)	(20)
Present value of hire purchase payable	93	32	229	201
Analysed by:-				
Current liability	62	32	54	55
Non-current liability	31	-	175	146
	93	32	229	201

The hire purchase payable at the end of reporting date, bore effective interest rates of 3.89% (31.12.2022 – 3.89%, 31.12.2021 – 2.39%, 31.12.2020 – 4.73%) per annum.

The hire purchase payable of the Group was secured by the Group's motor vehicles under finance lease as disclosed in Note 4(a) to the financial statements.

Note :

(*) – Amount is less than RM500

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**16. TRADE PAYABLES**

	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Amount due to a company in which a director has interest	356	66	-	-
Third parties	51,184	36,142	18,288	15,154
	<u>51,540</u>	<u>36,208</u>	<u>18,288</u>	<u>15,154</u>

The normal trade credit terms granted to the Group is 30 to 180 (31.12.2022 – 30 to 180, 31.12.2021 – 30 to 180 and 31.12.2020 – 30 to 180) days. Other credit terms are assessed and approved on a case-by-case basis.

17. OTHER PAYABLES AND ACCRUALS

	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Amount due to a company in which a director has interest	2,101	-	-	-
Amount due to a director	1,417	-	-	-
Accruals	1,708	2,060	1,836	2,057
Sales tax payables	1,123	934	4,319	3,956
Security deposits	80	75	73	73
Sundry payables	2,690	2,091	4,054	4,115
Dividend payable	-	-	9,778	-
	<u>9,119</u>	<u>5,160</u>	<u>20,060</u>	<u>10,201</u>

The amounts due to a director and a company in which a director has interest are unsecured, interest free and repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**18. REVENUE**

	← Audited →			Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Revenue from contracts with customers					
Sales of wires and cables, representing total revenue recognised at point in time	162,313	275,875	362,685	169,705	138,039
Revenue					
External customers	156,395	269,999	356,888	166,820	135,051
Related parties	5,918	5,876	5,797	2,885	2,988
	<u>162,313</u>	<u>275,875</u>	<u>362,685</u>	<u>169,705</u>	<u>138,039</u>

19. OTHER INCOME

	← Audited →			Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Gain on disposal of property, plant and equipment	12	-	*	*	-
Gain on foreign exchange:-					
- realised	1,127	-	704	327	163
Interest income	518	416	347	125	489
Sale of recoverable materials	2,378	1,673	2,293	323	753
Sundry income	107	452	14	5	12
	<u>4,142</u>	<u>2,541</u>	<u>3,358</u>	<u>780</u>	<u>1,417</u>

Note :

(*) – Amount is less than RM500

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**20. FINANCE COSTS**

	← Audited →			Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Interest expense on financial liabilities that are not at fair value through profit or loss:-					
- Bank overdraft interest	196	193	109	73	15
- Bankers' acceptances interest	902	1,203	2,032	650	1,473
- Invoice financing interest	599	472	483	389	-
- Term loan interest	1,468	1,161	1,522	730	732
- Other *	*	4	-	-	-
- Hire purchase interest	6	3	6	3	3
- Interest expense on lease liabilities	13	9	18	9	23
	<u>3,184</u>	<u>3,045</u>	<u>4,170</u>	<u>1,854</u>	<u>2,246</u>

Note :

(*) – Amount is less than RM500

21. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	← Audited →			Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Impairment losses on:-					
- Trade receivables (Note 8)	242	-	1,094	487	-
Reversal of impairment loss:-					
- Trade receivables (Note 8)	(3,138)	-	-	-	-
	<u>(2,896)</u>	<u>-</u>	<u>1,094</u>	<u>487</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**22. PROFIT BEFORE TAXATION**

	← 1.1.2020 to 31.12.2020 RM'000	Audited 1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	Unaudited 1.1.2022 to 30.6.2022 RM'000	Audited 1.1.2023 to 30.6.2023 RM'000
Profit before taxation is arrived at after charging:-					
Auditors' remuneration:-					
- current financial year	55	35	50	25	27
- under provision in previous financial year	5	-	-	-	-
Bad debts written off	24	114	-	-	-
Depreciation of property, plant and equipment (Note 4)	3,485	3,521	3,689	1,854	1,785
Property, plant and equipment written off (Note 4)	-	-	-	-	2
Depreciation of right-of-use assets (Note 5)	78	63	96	48	81
Lease expenses:-					
- low value assets (Note 26(c))	5	4	3	2	1
Listing expenses	-	-	403	-	565
Loss on foreign exchange:-					
- unrealised	81	79	-	-	-
- realised	-	620	-	-	-
Employee benefits expense (Note 23)	6,557	7,796	10,693	4,666	6,540

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**23. EMPLOYEE BENEFITS EXPENSE**

	← Audited →				
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	Unaudited 1.1.2022 to 30.6.2022 RM'000	Audited 1.1.2023 to 30.6.2023 RM'000
Director:					
Salaries and bonus	390	790	944	363	1,249
Defined contribution plan	47	95	113	44	149
Social security contributions	1	1	1	*	1
	<u>438</u>	<u>886</u>	<u>1,058</u>	<u>407</u>	<u>1,399</u>
Other staff:					
Wages, salaries and bonus	5,525	6,236	8,795	3,915	4,684
Defined contribution plan	484	566	705	245	324
Social security contributions	77	78	98	42	60
Other staff related expenses	33	30	37	57	73
	<u>6,119</u>	<u>6,910</u>	<u>9,635</u>	<u>4,259</u>	<u>5,141</u>
	<u>6,557</u>	<u>7,796</u>	<u>10,693</u>	<u>4,666</u>	<u>6,540</u>

Note:

(*) – Amount less than RM500.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**24. INCOME TAX EXPENSE**

	←	Audited	→	Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Current tax expense:					
- Malaysian tax for the financial year	93	339	2,983	870	4,953
- Over provision in the previous financial year	(86)	(12)	(9)	(9)	(2)
	<u>7</u>	<u>327</u>	<u>2,974</u>	<u>861</u>	<u>4,951</u>
Deferred tax expense (Note 13):					
- Relating to origination or reversal of temporary differences	1,077	1,355	3,687	1,894	(163)
- Over provision in the previous financial year	(112)	-	(36)	(36)	31
	<u>965</u>	<u>1,355</u>	<u>3,651</u>	<u>1,858</u>	<u>(132)</u>
Total income tax expense	<u>972</u>	<u>1,682</u>	<u>6,625</u>	<u>2,719</u>	<u>4,819</u>

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**24. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group is as follows:-

	← Audited →			Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Profit before taxation	6,230	7,215	26,180	10,959	18,451
Taxation at Malaysian statutory tax rate of 24%	1,495	1,732	6,283	2,630	4,428
Tax effects of:-					
Non-deductible expenses	577	139	387	134	362
Utilisation of deferred tax assets previously not recognised	(902)	(177)	-	-	
(Over)/Under provision of deferred taxation in the previous financial year	(112)	-	(36)	(36)	31
Over provision of current tax expense in the previous financial year	(86)	(12)	(9)	(9)	(2)
	<u>972</u>	<u>1,682</u>	<u>6,625</u>	<u>2,719</u>	<u>4,819</u>

25. EARNINGS PER SHARE

	← Audited →			Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Profit attributable to owners of the Group	5,258	5,533	19,555	8,240	13,632
Number of ordinary shares ('000) #	861,900	861,900	861,900	861,900	861,900
Basic and diluted earnings per share (sen)	0.61	0.64	2.27	0.96	1.58

Note :

(#) – It is assumed to be the number of ordinary shares before public issue.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**26. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	← Audited →		← Audited →		
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	Unaudited 1.1.2022 to 30.6.2022 RM'000	Audited 1.1.2023 to 30.6.2023 RM'000
Property, plant and equipment					
Cost of property, plant and equipment purchased (Note 4)	766	602	3,424	854	2,414
Less: Amount financed through hire purchase	-	-	(280)	(280)	-
Less: Deposit paid in previous financial year	-	-	-	(324)	(225)
	<u>766</u>	<u>602</u>	<u>3,144</u>	<u>250</u>	<u>2,189</u>
Right-of-use assets					
Cost of right-of-use assets purchased (Note 5)	118	-	524	524	117
Less: Addition of new lease liabilities (Notes 14 and 26(d))	(118)	-	(524)	(524)	(117)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**26. CASH FLOW INFORMATION (CONT'D)**

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

	← Audited →			Unaudited 30.6.2022 RM'000	Audited 30.6.2023 RM'000
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000		
Cash and bank balances	6,742	15,973	35,279	23,374	36,412
Fixed deposits with licensed banks	16,844	22,060	13,790	18,114	11,925
Bank overdrafts	(3,084)	(2,440)	(62)	(1,081)	-
	<u>20,502</u>	<u>35,593</u>	<u>49,007</u>	<u>40,407</u>	<u>48,337</u>
Less: Fixed deposits pledged to licensed banks (Note 10)	(16,071)	(17,405)	(13,790)	(18,114)	(11,925)
Less: Fixed deposits with tenure of more than 3 months	(366)	-	-	-	-
	<u>4,065</u>	<u>18,188</u>	<u>35,217</u>	<u>22,293</u>	<u>36,412</u>

(c) The total cash outflows for leases as a lessee are as follows:-

	← Audited →			Unaudited 1.1.2022 to 30.6.2022 RM'000	Audited 1.1.2023 to 30.6.2023 RM'000
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000		
Payment of short-term lease	-	-	16	16	8
Payment of low-value assets (Note 22)	5	4	3	2	1
Interest paid on lease liabilities	13	9	18	9	23
Payment of lease liabilities	75	62	91	22	76
	<u>93</u>	<u>75</u>	<u>128</u>	<u>49</u>	<u>108</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. CASH FLOW INFORMATION (CONT'D)

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

	Term Loans RM'000	Lease Liabilities RM'000	Invoice Financing RM'000	Bankers' Acceptances RM'000	Bank Overdrafts RM'000	Hire Purchase Payable RM'000	Total RM'000
31.12.2020							
At 1 January	27,570	164	-	13,303	*	152	41,189
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	-	-	71,459	47,081	-	-	118,540
Repayment of principal	(1,974)	(75)	(68,969)	(38,464)	-	(59)	(109,541)
Repayment of interests	(1,468)	(13)	(599)	(902)	(196)	(6)	(3,184)
Non-cash Changes	(3,442)	(88)	1,891	7,715	(196)	(65)	5,815
Addition of new leases (Notes 14 and 26(a))	-	118	-	-	-	-	118
Interest expense recognised in profit or loss	1,468	13	599	902	196	6	3,184
At 31 December	1,468	131	599	902	196	6	3,302
	25,596	207	2,490	21,920	*	93	50,306

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. CASH FLOW INFORMATION (CONT'D)

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

31.12.2021

	Term Loans RM'000	Lease Liabilities RM'000	Invoice Financing RM'000	Bankers' Acceptances RM'000	Bank Overdrafts RM'000	Hire Purchase Payable RM'000	Total RM'000
At 1 January	25,596	207	2,490	21,920	*	93	50,306
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	5,843	-	16,445	77,460	-	-	99,748
Repayment of principal	(5,054)	(62)	(2,490)	(57,247)	-	(61)	(64,914)
Repayment of interests	(1,161)	(9)	(472)	(1,203)	(193)	(3)	(3,041)
	(372)	(71)	13,483	19,010	(193)	(64)	31,793
<u>Non-cash Changes</u>							
Reassessment/modification of leases (Note 14)	-	(10)	-	-	-	-	(10)
Derecognition due to lease termination (Note 14)	-	(14)	-	-	-	-	(14)
Interest expense recognised in profit or loss	1,161	9	472	1,203	193	3	3,041
	1,161	(15)	472	1,203	193	3	3,017
At 31 December	26,385	121	16,445	42,133	*	32	85,116

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. CASH FLOW INFORMATION (CONT'D)

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

	Term Loans RM'000	Lease Liabilities RM'000	Invoice Financing RM'000	Bankers' Acceptances RM'000	Bank Overdrafts RM'000	Hire Purchase Payable RM'000	Total RM'000
31.12.2022							
At 1 January	26,385	121	16,445	42,133	*	32	85,116
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	5,345	-	4,194	198,861	-	280	208,680
Repayment of principal	(6,885)	(91)	(20,639)	(178,903)	-	(83)	(206,601)
Repayment of interests	(1,522)	(18)	(483)	(2,032)	(109)	(6)	(4,170)
	(3,062)	(109)	(16,928)	17,926	(109)	191	(2,091)
<u>Non-cash Changes</u>							
Addition of new leases (Notes 14 and 26(a))	-	524	-	-	-	-	524
Reassessment/modification of leases (Note 14)	-	53	-	-	-	-	53
Interest expense recognised in profit or loss	1,522	18	483	2,032	109	6	4,170
	1,522	595	483	2,032	109	6	4,747
At 31 December	24,845	607	-	62,091	*	229	87,772

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. CASH FLOW INFORMATION (CONT'D)

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

30.6.2023

At 1 January 24,845 607 62,091 * 229 87,772

Changes in Financing Cash Flows

Proceeds from drawdown	-	-	-	-	-	96,505
Repayment of principal	(3,146)	(76)	(103,781)	-	(28)	(107,031)
Repayment of interests	(732)	(23)	(1,473)	(15)	(3)	(2,246)
	(3,878)	(99)	(8,749)	(15)	(31)	(12,772)

Non-cash Changes

Addition of new leases (Notes 14 and 26(a))	-	117	-	-	-	117
Derecognition due to lease termination (Note 14)	-	(23)	-	-	-	(23)
Interest expense recognised in profit or loss	732	23	1,473	15	3	2,246
	732	117	1,473	15	3	2,340
At 31 December	21,699	625	54,815	*	201	77,340

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. DIVIDENDS**

	← Audited →	→ Unaudited	Audited
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000
Single tier interim dividend of 7.94 sen per ordinary share in respect of the current financial year	-	2,383	-
Single tier final dividend of 32.59 sen per ordinary share in respect of the current financial year	-	-	9,778
	-	-	-

28. 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 or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**28. RELATED PARTY DISCLOSURES (CONT'D)**

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties for the relevant reporting period:-

	← Audited →	← Audited →	← Unaudited →	← Audited →
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2022 to 30.6.2022 RM'000
	1.1.2023 to 30.6.2023 RM'000			
(Income)/Expenses				
Master Cable (B) Sdn Bhd*				
- Sales of goods	(5,905)	(5,873)	(5,792)	(2,884)
Ever Care Solar Sdn Bhd**				
- Sales of goods	-	-	(1)	(1)
Hitech Electrical Trading***				
- Sales of goods	(13)	(3)	(4)	-
- Provision of electrical services	23	23	44	11
BS Tiling Construction Sdn Bhd***				
- Repair and maintenance of factory	-	-	7	-
- Upkeep of plant and machinery	-	-	86	-
E-Control Technology Sdn Bhd****				
- Purchase of goods	75	-	-	-

* A company owned substantially by a director.

** A company wholly owned by a director.

*** A company owned by a family member of a director.

**** A company owned by a director and a former director.

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. OPERATING SEGMENTS**

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

Major Customers

Revenue from external customers which contributed 10% or more to the total revenue recognised is as follows:-

	← Audited →			Unaudited 1.1.2022 to 30.6.2022 RM'000	Audited 1.1.2023 to 30.6.2023 RM'000
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000		
Customer A group of companies	17,122	52,236	105,765	30,854	49,652
Customer B group of companies	35,021	51,171	51,261	28,337	*
Customer C	*	*	*	*	16,212
Customer D	*	*	*	20,866	-

Note:

(*) – Less than 10%

30. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk*(i) Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies the respective functional currencies of entity. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Renminbi ("RMB") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(i) Foreign Currency Risk (Cont'd)*

The Group's exposure to foreign currency risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

31.12.2020	United States Dollar RM'000	Singapore Dollar RM'000	Renminbi RM'000	Brunei Dollar RM'000	Total RM'000
<u>Financial Assets</u>					
Trade and other receivables	1,812	1,041	-	2,678	5,531
Cash and cash balances	92	956	-	-	1,048
	<u>1,904</u>	<u>1,997</u>	<u>-</u>	<u>2,678</u>	<u>6,579</u>
<u>Financial Liabilities</u>					
Trade and other payables	(26,250)	-	(17)	-	(26,267)
	<u>(24,346)</u>	<u>1,997</u>	<u>(17)</u>	<u>2,678</u>	<u>(19,688)</u>
31.12.2021	United States Dollar RM'000	Singapore Dollar RM'000	Renminbi RM'000	Brunei Dollar RM'000	Total RM'000
<u>Financial Assets</u>					
Trade and other receivables	3,376	988	4	2,541	6,909
Cash and bank balances	817	119	-	-	936
	<u>4,193</u>	<u>1,107</u>	<u>4</u>	<u>2,541</u>	<u>7,845</u>
<u>Financial Liabilities</u>					
Trade and other payables	(4,631)	(4)	(201)	-	(4,836)
	<u>(438)</u>	<u>1,103</u>	<u>(197)</u>	<u>2,541</u>	<u>3,009</u>

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(i) Foreign Currency Risk (Cont'd)**Foreign currency exposure (Cont'd)*

	United States Dollar RM'000	Singapore Dollar RM'000	Renminbi RM'000	Brunei Dollar RM'000	Total RM'000
31.12.2022					
<u>Financial Assets</u>					
Trade and other receivables	505	992	2	2,147	3,646
Cash and bank balances	112	2,514	-	-	2,626
	<u>617</u>	<u>3,506</u>	<u>2</u>	<u>2,147</u>	<u>6,272</u>
<u>Financial Liabilities</u>					
Trade and other payables	(895)	-	(1,453)	-	(2,348)
	<u>(278)</u>	<u>3,506</u>	<u>(1,451)</u>	<u>2,147</u>	<u>3,924</u>
30.6.2023					
<u>Financial Assets</u>					
Trade and other receivables	1	1,507	-	1,882	3,390
Cash and bank balances	613	1,285	-	-	1,898
	<u>614</u>	<u>2,792</u>	<u>-</u>	<u>1,882</u>	<u>5,288</u>
<u>Financial Liabilities</u>					
Trade and other payables	(766)	-	(840)	-	(1,606)
	<u>(152)</u>	<u>2,792</u>	<u>(840)</u>	<u>1,882</u>	<u>3,682</u>

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

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

	← Audited →			
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Effects on Profit After Taxation				
USD/RM – strengthened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	(925)	(17)	(11)	(5)
USD/RM – weakened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	925	17	11	5
SGD/RM – strengthened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	76	42	133	106
SGD/RM – weakened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	(76)	(42)	(133)	(106)
RMB/RM – strengthened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	(1)	(7)	(55)	(32)
RMB/RM – weakened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	1	7	55	32
BND/RM – strengthened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	102	97	82	72
BND/RM – weakened by 5% (31.12.2022 – 5%, 31.12.2021 – 5%, 31.12.2020 – 5%)	(102)	(97)	(82)	(72)

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(ii) Interest Rate Risk*

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

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 12 to the financial statements.

Interest rate risk sensitivity analysis

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

	← Audited →			
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Effects on Profit After Taxation				
Increase of 50 basis points (31.12.2022 – 50 basis point, 31.12.2021 – 50 basis points, 31.12.2020 – 50 basis points)	(274)	(265)	(308)	(160)
Decrease of 50 basis points (31.12.2022 – 50 basis point, 31.12.2021 – 50 basis points, 31.12.2020 – 50 basis points)	274	265	308	160

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(iii) Equity Price Risk*

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

(ii) Credit Risk

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

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (31.12.2022 – 2, 31.12.2021 – 1, 31.12.2020 – 2) customers which constituted approximately 44% (31.12.2022 – 36%, 31.12.2021 – 24%, 31.12.2020 – 33%) of its trade receivables (including related companies) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Thailand	1,223	3,374	504	-
Singapore	1,630	988	992	1,507
Brunei	2,678	2,541	2,147	1,882
Malaysia	64,707	65,068	75,799	53,217
	70,238	71,971	79,442	56,606

Maximum Exposure to Credit Risk

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

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Assessment of Impairment Losses

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

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

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

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

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

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 180 days past due.

Trade Receivables

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

- (i) Inputs, assumptions and techniques used for estimating impairment losses

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

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

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(ii) Credit Risk (Cont'd)**Assessment of Impairment Losses (Cont'd)*Trade Receivables (Cont'd)*

- (i) Inputs, assumptions and techniques used for estimating impairment losses (Cont'd)

The expected loss rates are based on the payment profiles of sales over 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis.

Allowance for Impairment Losses

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING AMOUNT RM'000
31.12.2020				
Current (not past due)	52,494	-	(18)	52,476
1 to 30 days past due	5,046	-	(4)	5,042
31 to 60 days past due	4,953	-	(3)	4,950
61 to 90 days past due	2,928	-	(23)	2,905
91 to 120 days past due	1,098	-	(24)	1,074
121 to 180 days past due	3,808	-	(17)	3,791
Credit impaired	242	(242)	-	-
	<u>70,569</u>	<u>(242)</u>	<u>(89)</u>	<u>70,238</u>

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13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(ii) Credit Risk (Cont'd)**Assessment for Impairment Losses (Cont'd)*Trade Receivables (Cont'd)*

Allowance for Impairment Losses (Cont'd)

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING AMOUNT RM'000
31.12.2021				
Current (not past due)	60,224	-	(102)	60,122
1 to 30 days past due	7,123	-	(55)	7,068
31 to 60 days past due	1,160	-	(22)	1,138
61 to 90 days past due	1,196	-	(35)	1,161
91 to 120 days past due	1,532	-	(37)	1,495
121 to 180 days past due	1,062	-	(75)	987
More than 180 days past due	5	-	(5)	-
	72,302	-	(331)	71,971
	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING AMOUNT RM'000
31.12.2022				
Current (not past due)	51,818	-	(346)	51,472
1 to 30 days past due	15,711	-	(121)	15,590
31 to 60 days past due	5,008	-	(50)	4,958
61 to 90 days past due	5,001	-	(74)	4,927
91 to 120 days past due	1,531	-	(40)	1,491
121 to 180 days past due	1,122	-	(118)	1,004
More than 180 days past due	676	-	(676)	-
	80,867	-	(1,425)	79,442

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(iii) Credit Risk (Cont'd)**Assessment for Impairment Losses (Cont'd)*Trade Receivables (Cont'd)*

Allowance for Impairment Losses (Cont'd)

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING AMOUNT RM'000
30.6.2023				
Current (not past due)	34,682	-	(54)	34,628
1 to 30 days past due	8,927	-	(41)	8,886
31 to 60 days past due	8,506	-	(60)	8,446
61 to 90 days past due	2,937	-	(39)	2,898
91 to 120 days past due	739	-	(29)	710
121 to 180 days past due	1,151	-	(113)	1,038
More than 180 days past due	1,089	-	(1,089)	-
	<u>58,031</u>	<u>-</u>	<u>(1,425)</u>	<u>56,606</u>

The movement in the loss allowances in respect of trade receivables are disclosed in Note 8 to the financial statements.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
31.12.2020						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	51,540	51,540	51,540	-	-
Other payables and accruals	-	7,996	7,996	7,996	-	-
Lease liabilities	5.46	207	225	88	137	-
Hire purchase payable	2.48	93	97	65	32	-
Term loans	5.45	25,596	28,878	5,666	14,599	8,613
Bankers' acceptances	3.92	21,920	21,920	21,920	-	-
Bank overdrafts	3.84	3,084	3,084	3,084	-	-
Invoice financing	3.31	2,490	2,490	2,490	-	-
		112,926	116,230	92,849	14,768	8,613

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
31.12.2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	36,208	36,208	36,208	-	-
Other payables and accruals	-	4,226	4,226	4,226	-	-
Lease liabilities	5.79	121	133	46	87	-
Hire purchase payable	2.48	32	32	32	-	-
Term loans	6.24	26,385	32,638	6,293	17,618	8,727
Bankers' acceptances	3.53	42,133	42,133	42,133	-	-
Bank overdrafts	7.15	2,440	2,440	2,440	-	-
Invoice financing	3.30	16,445	16,445	16,445	-	-
		127,990	134,255	107,823	17,705	8,727

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
31.12.2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	18,288	18,288	18,288	-	-
Other payables and accruals	-	15,741	15,741	15,741	-	-
Lease liabilities	7.53	607	726	176	550	-
Hire purchase payable	2.04	229	252	62	190	-
Term loans	7.53	24,845	33,918	7,378	17,237	9,303
Bankers' acceptances	4.16	62,091	62,091	62,091	-	-
Bank overdrafts	7.64	62	62	62	-	-
		121,863	131,078	103,798	17,977	9,303

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
30.6.2023						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	15,154	15,154	15,154	-	-
Other payables and accruals	-	6,245	6,245	6,245	-	-
Lease liabilities	7.64	625	732	207	525	-
Hire purchase payable	3.89	201	221	62	159	-
Term loans	7.64	21,699	29,989	7,378	14,298	8,313
Bankers' acceptances	4.52	54,815	54,815	54,815	-	-
		98,739	107,156	83,861	14,982	8,313

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(b) Capital Risk Management**

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital utilisation on the basis of gearing ratio and net gearing ratio. Gearing ratio represents total borrowings divided by total equity whereas net gearing ratio represents total borrowings less cash and bank balances and fixed deposits with licensed banks divided by total equity. The gearing ratio and net gearing ratio of the Group at the end of the reporting periods were as follows:-

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Bank overdrafts	3,084	2,440	62	-
Hire purchase payable	93	32	229	201
Bankers' acceptances	21,920	42,133	62,091	54,815
Term loans	25,596	26,385	24,845	21,699
Invoice financing	2,490	16,445	-	-
Total borrowings	<u>53,183</u>	<u>87,435</u>	<u>87,227</u>	<u>76,715</u>
Less: Fixed deposits with licensed banks	(16,844)	(22,060)	(13,790)	(11,925)
Less: Cash and bank balances	(6,742)	(15,973)	(35,279)	(36,412)
Net debts	<u>29,597</u>	<u>49,402</u>	<u>38,158</u>	<u>28,378</u>
Total equity	<u>73,305</u>	<u>76,455</u>	<u>86,232</u>	<u>99,864</u>
Gearing ratio (times)	<u>0.73</u>	<u>1.14</u>	<u>1.01</u>	<u>0.77</u>
Net gearing ratio (times)	<u>0.40</u>	<u>0.65</u>	<u>0.44</u>	<u>0.28</u>

There was no change in the Group's approach to capital management during the financial years.

13. ACCOUNTANTS' REPORT (Cont'd)

MASTER TEC GROUP BERHAD

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(c) Classification of Financial Instruments**

	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Financial assets				
<u>Amortised Cost</u>				
Trade receivables (Note 8)	70,238	71,971	79,442	56,606
Other receivables and deposit: (Note 9)	5,262	4,055	1,256	7,457
Fixed deposits with licensed banks	16,844	22,060	13,790	11,925
Cash and bank balances	6,742	15,973	35,279	36,412
	99,086	114,059	129,767	112,400
	← Audited →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Financial liabilities				
<u>Amortised Cost</u>				
Trade payables (Note 16)	51,540	36,208	18,288	15,154
Other payables and accruals (Note 17)	7,996	4,226	15,741	6,245
Bank overdrafts (Note 12)	3,084	2,440	62	-
Lease liabilities (Note 14)	207	121	607	625
Hire purchase payable (Note 15)	93	32	229	201
Bankers' acceptances (Note 12)	21,920	42,133	62,091	54,815
Term loans (Note 12)	25,596	26,385	24,845	21,699
Invoice financing (Note 12)	2,490	16,445	-	-
	112,926	127,990	121,863	98,739

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(d) Gains or Losses Arising from Financial Instruments**

	← Audited →			
	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.1.2023 to 30.6.2023 RM'000
Financial assets				
<u>Amortised Cost</u>				
Net gain/(losses) recognised in profit or loss	2,846	838	(43)	651
Financial liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(1,594)	(4,280)	(4,170)	(2,246)

(e) Fair Values Information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE LEVEL 2 RM'000	TOTAL FAIR VALUE RM'000	CARRYING AMOUNT RM'000
31.12.2020			
<u>Financial Liabilities</u>			
Term loans	25,596	25,596	25,596
31.12.2021			
<u>Financial Liabilities</u>			
Term loans	26,385	26,385	26,385
31.12.2022			
<u>Financial Liabilities</u>			
Term loans	24,845	24,845	24,845
30.6.2023			
<u>Financial Liabilities</u>			
Term loans	21,699	21,699	21,699

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**30. FINANCIAL INSTRUMENTS (CONT'D)****(e) Fair Values Information (Cont'd)****Fair Values of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis: -

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

31. CAPITAL COMMITMENTS

	← Audited →			
	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Purchase of machineries	-	-	-	16,570
Purchase of properties	-	-	2,027	-

32. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL PERIOD

On 9 June 2023, the Company entered into a conditional share sale agreement with Dato' Lau Kim San to acquire the entire equity interest in MTWC of RM30,000,000 comprising 30,000,000 ordinary shares for a purchase consideration of RM86,189,990, satisfied by the issuance of 861,899,900 new shares at an issue price of RM0.10 per share, which was completed on 5 December 2023. Upon completion of the acquisition, the Company became the holding company of MTWC.

13. ACCOUNTANTS' REPORT (Cont'd)**MASTER TEC GROUP BERHAD**

Registration No: 202201040911 (1486608-P)

STATEMENT BY DIRECTORS

We, Dato' Lau Kim San and Tee Kok Hwa, being two of the directors of Master Tec Group Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 5 to 79 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 and of their financial performance, and their cash flows for relevant reporting periods ended on those dates.

Signed in accordance with a resolution of the Directors dated **13 DEC 2023**

On behalf of the Board of Directors,



Dato' Lau Kim San



Tee Kok Hwa

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save for the Shares issued pursuant to the Acquisition and as disclosed in Section 6.4.1 of this Prospectus, our Company and our subsidiary have not issued or proposed to issue any shares, debentures, warrants, options, convertible securities or uncalled capital during the FYE Under Review, FPE 2023 and from 1 July 2023 up to the date of this Prospectus.
- (iv) We have not agreed, conditionally or unconditionally to put the share capital of our Company or our subsidiary under option.
- (v) As at the date of this Prospectus, neither we nor our subsidiary have any outstanding warrants, options, convertible securities or uncalled capital.
- (vi) As at the date of this Prospectus, save for the Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.2.1(ii) of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or our subsidiary.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

14.2.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 7 – Share Capital

Clause 7.1 – Types of shares

The share capital of the Company is its issued share capital which shall be in Ringgit Malaysia. The Shares in the original or any increased capital or any alteration of capital may be divided into several classes and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions whether in regard to dividend, capital, voting or otherwise.

Clause 7.5 – Trusts not to be recognised

Except as required by Applicable Laws, no person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, be bound by or required to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or unit of Share or (except only as by this Constitution or by Applicable Laws otherwise provided) any other rights in respect of any Share except in an absolute right to the entirety thereof in the registered holder.

14. ADDITIONAL INFORMATION (Cont'd)**Clause 14 – Conversion of Shares into Stock*****Clause 14.1 – Conversion of shares into stock and reconversion***

The Company may by Ordinary Resolution passed at a meeting of Members convert any paid up Shares into stock or re-convert any stock into paid up Shares of any denomination.

Clause 14.2 – Transfer of stock

The stockholders may transfer the stock or any part thereof in the same manner and subject to the same in this Constitution and subject to which the Shares from which the stock arose might, before the conversion, have been transferred or as near thereto as circumstances admit, but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum.

Clause 15 – Alteration of Capital***Clause 15.1 – Company may alter its capital in certain ways***

Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and
- (e) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of Shares into any other class of Shares.

Clause 15.2 – Power to reduce capital

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

14. ADDITIONAL INFORMATION (Cont'd)

Clause 16 – Increase of Capital***Clause 16.1 – Increase of Share Capital***

The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation of new Shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct.

Clause 16.2 – Preference shares

Subject to the Applicable Laws and this Constitution, any preference shares may with the sanction of an Ordinary Resolution of shareholders in meeting of Members, be issued on terms that they are redeemable and/or convertible or at the option of the Company are liable to be redeemed and/or converted into ordinary shares on such terms and in such manner as may be provided for by this Constitution from time to time.

Clause 16.3 – Reservation of right to issue further

If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.

Clause 17 – Variation on Rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be two Members at least holding or represented by proxy at least one-third (1/3) of the issued shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

14. ADDITIONAL INFORMATION (Cont'd)**14.2.2 Borrowing and voting powers of Directors**

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 23 – Powers and Duties of Directors***Clause 23.2 – Directors' borrowing powers***

- (a) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.
- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.
- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.
- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

Clause 23.12 – Relaxation of restriction on voting

A Director, notwithstanding his interest may be counted in the quorum present at any meeting (provided that none of Directors present disagree) whereat he or any other Director is appointed to hold any executive office or other office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment are considered, and he may vote on any such matter other than in respect of his own appointment or the arrangement of the terms thereof.

14. ADDITIONAL INFORMATION (Cont'd)

The provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract arrangement or transaction carried out in contravention of this Constitution may be ratified by Ordinary Resolution of the Company.

14.2.3 Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 21 – Directors***Clause 21.4 – Remuneration***

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of profits or turnover;
- (c) fees payable to Directors and any benefits payable to Directors shall be subject to annual shareholder's approval by an Ordinary Resolution at a meeting of Members; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 21.5 – Reimbursement

In addition to the remuneration provided under Clause 21.4, each Director shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending and returning from meetings of the Directors or any committee of the Directors or meeting of Members of which they may otherwise incur in connection with the business of the Company.

Clause 22 – Managing Director***Clause 22.3 – Remuneration of Managing Director***

The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

14. ADDITIONAL INFORMATION (Cont'd)

14.2.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Clause 8 – Lien***Clause 8.3 – Authority to transfer such Shares to purchaser***

To give effect to any such sale, the Directors may authorise a person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale and the remedy of the former holder of such Share or any person claiming under or through him in respect of any alleged irregularity or invalidity shall be against the Company.

Clause 11 – Transfer of Shares***Clause 11.1 – Transfer in writing and to be left at the Office***

For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office together with such fee not exceeding RM3.00 or as the Directors may determine, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within thirty (30) days from receipt of such duly executed and stamped instrument of transfer.

Clause 11.2 – Transfer of Securities

The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities.

Clause 11.3 – Execution

The instrument of transfer of a Share in the Company shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the SICDA and the Rules, an instrument of transfer in respect of which the transferee is the Central Depository shall be effective although not signed by or on behalf of the Central Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the SICDA. Subject to the Applicable Laws, the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

Clause 11.4 – Prohibited Transfer

Subject to this Constitution, the Rules and except as may be required by the Applicable Laws, there should be no restriction on the transfer of fully paid up Securities in the Company. However, no Securities shall, in any circumstances, be transferred to any infant, bankrupt or person of unsound mind.

14. ADDITIONAL INFORMATION (Cont'd)

Clause 11.5 – Directors may refuse registration of transfer

Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same.

Clause 11.6 – Closing of registration of transfers

The registration of transfers may be closed at such times and for such periods as the Directors may from time to time determine but not exceeding in the whole thirty (30) days in any calendar year. Notice of such closure or suspension shall within such period as may from time to time be permitted by the Act and/or the Exchange and be given to the Exchange, stating the period or periods and the purpose or purposes of such closure or suspension.

In relation to the closure, the Company shall give written notice in accordance with the SICDA and the Rules to enable the Central Depository to issue the relevant appropriate Record of Depositors.

Clause 11.7 – Limitation of liability

Neither the Company nor the Directors nor any of its officers shall incur any liability for authorising or causing the registering or acting upon a transfer of Securities apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14. ADDITIONAL INFORMATION (Cont'd)**14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS**

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

14.5 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the period covered by the FYE Under Review and FPE 2023 as disclosed in this Prospectus and up to the date of this Prospectus:

- (i) the conditional share sale agreement dated 9 June 2023 as supplemented by a supplemental share sale agreement dated 26 June 2023 between our Company and the shareholder of MTWC, namely Dato' Lau, for the acquisition by our Company of the entire equity interest in MTWC for a purchase consideration of RM86,189,990 which was fully satisfied via the issuance of 861,899,900 new Shares to Dato' Lau, which was completed on 5 December 2023;
- (ii) the sale and purchase agreement dated 30 May 2022 between MTWC and Solutionpack Technology Academy Sdn Bhd for the acquisition by MTWC of Lot 1297 measuring 56,133.79 sq. ft. by MTWC for a cash consideration of RM1.96 million, which was completed on 26 September 2022;
- (iii) the sale and purchase agreement dated 1 September 2022 between MTWC and LED Vision Sdn Bhd for the acquisition by MTWC of the land held under Lot 1308 measuring 66,230.34 sq. ft. for a cash consideration of RM2.25 million, which was completed on 16 March 2023; and
- (iv) the Underwriting Agreement dated 12 December 2023 between our Company and the Sole Underwriter for the underwriting of 53,144,000 IPO Shares made available for application by the Malaysian Public and the Eligible Persons at an underwriting commission at the rate set out in Section 4.7.1 of this Prospectus. Please refer to Section 4.8 of this Prospectus for further details of the Underwriting Agreement.

14.6 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of our Group.

14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT AND TAXATION

Our Group has not established any other place of business outside Malaysia and is not subject to governmental law, decree, regulation and/or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Malaysian government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

14. ADDITIONAL INFORMATION (Cont'd)**14.8 CONSENTS**

- (i) The written consents of the Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, Financial Adviser, Company Secretaries, Legal Advisers, Share Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion of its names, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Combined Statements of Financial Position as at 30 June 2023 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn; and
- (iii) The written consent of the IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) material contracts referred to in Section 14.5 of this Prospectus;
- (iii) IMR Report as included in Section 8 of this Prospectus;
- (iv) Reporting Accountants' letter on the Proforma Statements of Financial Position as at 30 June 2023 as included in Section 12.10 of this Prospectus;
- (v) Accountants' Report as included in Section 13 of this Prospectus;
- (vi) audited financial statements of MTG for the FPE 2023;
- (vii) audited financial statements of MTWC for the FYE Under Review and FPE 2023; and
- (viii) letters of consent referred to in Section 14.8 of this Prospectus.

14.10 RESPONSIBILITY STATEMENTS

Our Directors, our Promoters and the Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there are no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

SJ Securities, being the Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter for our IPO acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD : 10.00 A.M., 28 DECEMBER 2023

CLOSING OF THE APPLICATION PERIOD : 5.00 P.M., 18 JANUARY 2024

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application for our Issue Shares by the Malaysian Public and the Eligible Persons

Applications must be made in relation to and subject to the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Type of Application and category of investors	Application Method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	<ul style="list-style-type: none"> • White Application Form; • Electronic Share Application; or • Internet Share Application
(b) Non-Individuals	White Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.2.2 Application by Selected Investors and identified Bumiputera investors approved by MITI via private placement

Selected Investors (other than Bumiputera investors approved by the MITI) who have been allocated our IPO Shares will be contacted directly by our Sole Placement Agent and should follow the instructions as communicated by our Sole Placement Agent.

Bumiputera investors approved by the MITI who have been allocated our IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMISE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.3.2 Application by the Malaysian Public

You can only apply for the Issue Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for the Issue Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

15.4 PROCEDURES FOR APPLICATION USING APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.39 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO 633**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the respective official envelopes provided for each category, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

DELIVERED BY HAND AND DEPOSITED in the drop-in boxes provided at Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan

so as to arrive not later than 5.00 p.m. on 18 January 2024 or such other time and date as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

15.5 PROCEDURES FOR APPLICATION USING ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for the Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.6 PROCEDURES FOR APPLICATION USING INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for the Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis and results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within one Market Day after the balloting date.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Under the Listing Requirements, at least 25.00% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of the Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 4.2.5 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.9.2 For Applications by way of Electronic Share Applications and Internet Share Applications**

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at +603-7890 4700
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within one Market Day after the balloting date.

You may also check the status of your Application at the above website, five Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.