

SYNERGISING IN GROWTH

ANNUAL REPORT 2023

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WE ARE GUIDED BY OUR
ACTIONS
WHICH UNDERLIE THE CULTURE
OF THE KOBAY GROUP
OF COMPANIES

A gility
C an-Do Attitude
T eamwork
I nitiative and Accountability
O wnership and Pride
N ever Stop Learning
S peed of Response

OUR VISION

To be a market leader and pre-eminent supplier to customers worldwide.

OUR VALUES & BELIEFS

Our shared values and beliefs are the foundation upon which our company is built. We believe that our people, striving towards a shared vision and guided by a common set of values and beliefs are our most valuable asset and the ultimate sustainable source of our competitive advantage.

OUR MISSION

To pursue excellence in all aspects of our business to serve our customers in the global market.

To achieve sustainable, profitable growth, we combine market leading technology with a highly competent and committed workforce to achieve business excellence which is reflected in the products and services we offer.

Success is measured by our ability to create economic value, bond with our customers and suppliers, promote a sense of pride and ownership amongst our employees and produce a higher return of equity to our shareholders.

CORPORATE INFORMATION

Board of Directors

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
Chairman / Independent and Non-executive Director

Dato' Seri Koay Hean Eng
Managing Director / Chief Executive Officer

Koay Cheng Lye
Executive Director / Chief Administrative Officer

Koay Zee Ee
Executive Director / Chief Operating Officer

Koay Wooi Seong
Non-Independent and Non-executive Director

Khaw Eng Peng
Senior Independent and Non-executive Director

Lee Kooi Hoon
Independent and Non-executive Director

Audit and Risk Management Committee

Chairman
Khaw Eng Peng

Member
Puan Sharifah Faridah Binti
Dato' Syed Mahadzar Jamalullil
Koay Wooi Seong

Nominating Committee

Chairman
Khaw Eng Peng

Member
Puan Sharifah Faridah Binti
Dato' Syed Mahadzar Jamalullil
Koay Wooi Seong

Remuneration Committee

Chairman
Dato' Seri Koay Hean Eng

Member
Puan Sharifah Faridah Binti
Dato' Syed Mahadzar Jamalullil
Khaw Eng Peng

Secretaries

Chan Mun Shee (MAICSA 7003071)
SSM Practising No. 202008002208

Wong Mee Choon (MACS 01562)
SSM Practising No. 201908001211

Email : cosec@kobaytech.com

Auditors

BDO PLT
Chartered Accountants
51-21-F, Menara BHL,
Jalan Sultan Ahmad Shah,
10050 Penang.
Tel: (04) 2220288
Fax: (04) 2220299

Registered Office

3rd Floor, Wisma Kobay,
No. 42-B, Jalan Rangoon,
10400 George Town,
Penang.
Tel.: (04) 3711338
Fax : (04) 2261363
Email : cosec@kobaytech.com

Bankers

Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
CIMB Islamic Bank Berhad
Ambank (M) Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad

Registrar

Securities Services (Holdings) Sdn. Bhd
Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar,
10200 Georgetown,
Penang.
Tel: (04) 2631966
Fax: (04) 2628544
Email : lee.phing.chin@sshsb.com.my

Stock Exchange Listing

Main Market, Bursa Malaysia Securities Berhad
(Stock Code : 6971; Stock Name : KOBAY)

Investor Relation

Chan Mun Shee
Email : mschan@kobaytech.com

Website

www.kobaytech.com

CORPORATE STRUCTURE

AS AT 9 OCTOBER 2023

KOBAY TECHNOLOGY BHD

MANUFACTURING

KOBAY INDUSTRIES SDN. BHD.	100%
Paradigm Aerospace Sdn. Bhd. **	100%
Paradigm Metal Industries Sdn. Bhd. **	100%
Paradigm Precision Components Sdn. Bhd. **	100%
Micro Surface Treatment Sdn. Bhd. **	90%
KT Microhandling Sdn. Bhd. **	100%
Bend Weld Engineering Sdn. Bhd. **	100%
Polytool Technologies Sdn. Bhd. **	100%
Innospec Sdn. Bhd.	100%
Kual Technologies Sdn. Bhd.	51%

INVESTMENT

PROPERTY/PROJECT DEVELOPMENT
100% • Kobay G Sdn. Bhd.
100% • LD Global Sdn. Bhd.
100% • Kobay SB Sdn. Bhd.
100% • Kobay Land Sdn. Bhd.
100% • Kobay Project Venture Sdn. Bhd.
100% • Premierview Property Sdn. Bhd.
100% • Super Tropica Development Sdn. Bhd. **
100% • Ultimate Sanctuary Sdn. Bhd.
ASSET MANAGEMENT
100% • Kobay Assets Sdn. Bhd.
100% • Lavanya Resorts Sdn. Bhd. (Formerly known as Kobay Resorts Sdn. Bhd.)
100% • Lodge 18 Sdn. Bhd.
100% • Kobay UA Sdn. Bhd.
PHARMACEUTICAL & HEALTHCARE
70% • Avelon Healthcare Sdn. Bhd.
70% • Avelon Arise Sdn. Bhd.
70% • Arise Healthcare Sdn. Bhd.
70% • Galaxis Healthcare Sdn. Bhd.
70% • Galaxis Pharma Sdn. Bhd.
OTHERS
100% • Kobay Management Services Sdn. Bhd.
100% • Kewjaya Sdn. Bhd.
100% • Masset Capital Sdn. Bhd.
100% • Maker Technologies Sdn. Bhd. **
15% • Akirakan (Marine Technology) Sdn. Bhd.

Notes :-

** Subsidiary of Kobay Industries Sdn. Bhd.

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

BOARD OF DIRECTORS



Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil

Malaysian | aged 60 | Female

Chairman/Independent and Non-executive Director/Member of Audit and Risk Management Committee/Member of Remuneration Committee/Member of Nominating Committee

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil has 23-years' experience in the real-estate industry. She has held leadership roles in a few companies of which she recruited and managed the sales team. During this time she has built a reputation for operational excellence, recruiting high achieving sales teams, with the highest level of integrity, a deep and passionate commitment to the companies, their staffs and their local and international clients.

Puan Sharifah Faridah began her career with Reapfield Properties as a rookie in the year 2008 and became the Head of Sales in the year 2012, bringing in reputable developers into the company. In the year 2015, she was appointed Vice President of the Property & Investment Division in JB Jurunilai Bersekutu Sdn Bhd. Her mission was to develop a business and a brand its real estate division of this well-known property valuation company. She led all of the company's real estate business operations, had full profit and loss ownership, ensured risk management, compliance and business controls across their property divisions. She then moved to City Two Property in the year 2017 delivering significant revenue to the company by doing the same.

Puan Sharifah Faridah was appointed as Director and Chairman to the Board of Kobay on 11 January 2021 and also being appointed as member of Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

She has also been actively involved in many non-profit organisations, the main one being with Mercy Malaysia since its inception in the year 1999 as Chief Editor as well as President of Asiaworks Foundation as it's President from the year 2006 to 2008. Having an interest in art and culture, she co-organised an art exhibition with Soka Gakkai, a Japanese organization, bringing to the fore several Malaysian emerging and established artists, raising funds from the proceeds to assist in teaching those in need a trade which could assist them in their livelihood. Puan Sharifah Faridah also got the NGO approved as a tax deductible organisation under sub-section 44(6) of the Income Tax Act 1967, and brought Asiaworks Foundation into the lime light with their works and achievements into the various media via television, radio and the newspapers. She is now also serving as a Secretary to a stratified management committee.

She was a student in Convent Bukit Nanas, Wartburg College and Kent State University and holds a LIAM and PIAM Certification in Insurance.

She does not hold any directorship in other public companies and listed issuer.

Puan Sharifah Faridah has no direct/indirect shareholding in Kobay as of 9 October 2023.



Dato' Seri Koay Hean Eng

Malaysian | aged 65 | Male

Managing Director/Chief Executive Officer/Member of Executive Committee/Chairman of Remuneration Committee

Dato' Seri Koay Hean Eng is the Chief Executive Officer ("CEO") and Managing Director of Kobay Technology Bhd. and has been appointed as director since 17 September 1994. As the Group CEO, he is the driver of the Group's strategic direction as well as its business and corporate development and is the conduit between the Board and the management in ensuring the success of the Company's governance and management functions.

Dato' Seri Koay Hean Eng is a co-founder to Kobay Group. His vocational education equipped himself with the requisite skills and knowledge in high precision engineering industry of which he has been involved for more than 40 years with experience ranging from precision tooling, die and mold making to semi-automated machines. His passion in high precision engineering industry has contributed significantly to the growth of Kobay Group.

Dato' Seri Koay Hean Eng completed numerous property projects ranging from residential apartment, landed and commercial properties in various parts of Penang. With his vast experience in property development projects, he contributes extensively in the Group's diversification into property development since year 2013.

He does not hold any directorship in other public companies and listed issuer.

As of 9 October 2023, Dato' Seri Koay Hean Eng has indirect shareholding of 109,048,940 ordinary shares in Kobay via Kobay Holdings Sdn. Bhd., a major shareholder of the Company, by virtue of his substantial direct interest in Kobay Holdings Sdn. Bhd..

BOARD OF DIRECTORS (CONT'D)



Koay Cheng Lye

Malaysian | aged 75 | Male

Executive Director/Chief Administrative Officer/Member of Executive Committee

As a co-founder of Kobay Group, Mr. Koay Cheng Lye graduated with a degree in Mathematics from National Taiwan University. He possessed more than 30 years of experience in high precision engineering industry. He was appointed to the Board on 17 September 1994 and also sits on the Board of all the subsidiaries within the Group and other private limited companies. He has an in depth knowledge of the overall Kobay Group's operations, affairs of administrative and management information system.

Aside from his experience in high precision engineering industry, Mr. Koay Cheng Lye has also possessed more than 25 years of experience in property development industries related knowledges and experiences.

As of 9 October 2023, Mr. Koay Cheng Lye has indirect shareholdings of 123,832,447 ordinary shares in Kobay, via Kobay Holdings Sdn. Bhd., a major shareholder of the Company and Inna Capital Sdn. Bhd.



Koay Zee Ee

Malaysian | aged 36 | Male

Non-Independent Executive Director/Chief Operating Officer – Property Development Division and Engineering & Fabrication Division/Member of Executive Committee

Starting in February 2006, Mr. Koay Zee Ee embarked on his professional journey as a management trainee at Kobay Group after he completed his South Australian Matriculation in Disted College. Progressing through the ranks, he eventually ascended to the position of General Manager at Bend Weld Engineering Sdn. Bhd. ("BWE"), a fully-owned subsidiary of Kobay. In this role, he held the responsibility of overseeing the business unit dedicated to the manufacturing of equipments and structures for the subsea oil and gas sector, a position he held for over ten years.

In the year 2016, he was relocated to Kobay and assumed the role of Personal Assistant to the Chief Executive Officer ("CEO"). Following the company's expansion into property development, he was entrusted with the role of Chief Operating Officer at Kobay on 18 August 2017. In this capacity, he took charge of supervising the operations of both the Property Development Division and the Engineering & Fabrication (EF) Division.

Mr. Koay Zee Ee was appointed as Director to the Board of Kobay on 8 September 2023.

He is subject to retirement by rotation under Article 100 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered himself for re-election.

Mr. Koay Zee Ee is son of Dato' Seri Koay Hean Eng, our CEO, nephew of Mr. Koay Cheng Lye and cousin of Mr. Koay Wooi Seong and Mr. Koay Wooi Tatt.

Saved for his directorship in the subsidiary companies of Property Development Division, EF Division and Pharmaceutical Division, he has no other directorship in any public company.

As of 9 October 2023, Mr. Koay Zee Ee has no direct shareholding in Kobay. He has indirect shareholding of 109,048,940 ordinary shares in Kobay, via Kobay Holdings Sdn. Bhd., a major shareholder of the Company, by virtue of his direct shareholding in Kobay Holdings Sdn. Bhd. and indirect interest via Dato' Seri Koay Hean Eng.

BOARD OF DIRECTORS (CONT'D)



Khaw Eng Peng

Malaysian | aged 56 | Male

Senior Independent and Non-executive Director/Chairman of Audit and Risk Management Committee/Chairman of Nominating Committee and Member of Remuneration Committee

Mr. Khaw Eng Peng is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants. He joined Messrs. Coopers and Lybrand (now merged under the firm PricewaterhouseCoopers) in 1993, attaching to audit and compliance services division, and left in 1996 as Assistant Audit Manager. He then joined Oriental Interest Berhad ("OIB") Group as Senior Manager in Finance and Administration Department. In 2001, he was promoted to Assistant General Manager overseeing all financial reporting, corporate compliance and administrative aspects of OIB Group. Mr. Khaw was appointed as Executive Director of OIB on 5 November 2007 and was re-designated as Chief Financial Officer on 13 December 2013, upon resigning from OIB Board. In January 2017, Mr. Khaw left OIB and started providing freelance consultancy services in corporate, financial reporting and taxation.

Mr. Khaw Eng Peng was appointed to the Board of Kobay on 30 July 2010. On 13 October 2014, he was re-designated as Senior Independent Non-executive Director, and also appointed as Chairman of Audit and Risk Management Committee, Chairman of Nominating Committee and member of Remuneration Committee.

Mr. Khaw Eng Peng is subject to retirement by rotation under Article 101 of the Company's Constitution at the forthcoming Annual General Meeting and has decided not to seek for re-election.

Mr. Khaw Eng Peng has no direct/indirect shareholding in Kobay as of 9 October 2023.



Koay Wooi Seong

Malaysian | aged 50 | Male

Non-Independent and Non-executive Director/Member of Audit and Risk Management Committee/Member of Nominating Committee

Mr. Koay Wooi Seong started his career with Polytool Engineering Sdn. Bhd. as Sales Executive in year 1992 after graduated from high school and obtained his Sijil Pelajaran Malaysia. Polytool Engineering Sdn. Bhd. is now known as Kobay Assets Sdn. Bhd., a wholly owned subsidiary of Kobay Technology Bhd.

In year 1997, he changed his career path from manufacturing industry to property development industry. In year 1998, he was appointed to the Board of Kobay Properties Sdn. Bhd., Kobay Realty Sdn. Bhd. and Kobay Development Sdn. Bhd.. As an Executive Director of Kobay Development Sdn. Bhd., an established Property Development & Property Investment holding company, he has led several projects undertaken by the Company in Penang state ranging from residential to commercial products. During the same period in 2002, he was also appointed as Managing Director of Pembinaan Sendanas Sdn Bhd., a well-established company possessed license from Construction Industry Development Board (CIDB) expert in the construction of building and civil work.

He has more than 25 years extensive experiences in the property development & construction management industry. Throughout those years, he has shed his sweat and blood in numerous development & construction projects where his experience in this field is highly regarded and recognized amongst the peers.

He does not hold any directorship in other public companies and listed issuer.

He has indirect shareholding of 11,822,594 ordinary shares in Kobay, via Premiergrow Capital Sdn. Bhd., a shareholder of the Company in Kobay as of 9 October 2023.

BOARD OF DIRECTORS (CONT'D)



Lee Kooi Hoon

Independent Non-executive Director

Malaysian | aged 53 | Female

Ms Lee Kooi Hoon is a qualified Certified Practising Accountant (CPA) from the Australian Society of CPAs since year 1998 and a member of the Malaysian Institute of Accountants since year 2002. She obtained her master degree in development management from Asian Institute of Management, Philippines in the year 2001 and Bachelor of Business (Accountancy) in Charles Stuart University-Riverina, Australia in year 1993.

She started her career and obtained her audit experience after graduating in year 1993 with Moore Stephens and thereafter Pricewaterhouse as Audit Senior before she embarked on her finance and internal audit journey.

Ms. Lee Kooi Hoon possessed more than 30 years comprehensive experience in all facets of management accounting, financial related operations, business management and administration, tax, auditing and accounting in Malaysia and overseas countries in the industries of healthcare, retail supermarket, health and beauty retail, frozen food manufacturing, hotel and trading. Those companies Ms. Lee has worked with included Hunza Group of Companies, Shangri-La International Management Ltd, Cargill Malaysia Sdn. Bhd and International SOS. Her last role was Chief Financial Officer of Lucky Supermarket Private Limited in Cambodia, one of the subsidiaries of DFI Retail Group Holdings Limited, a retail chain supermarket, health and beauty. Currently, Ms. Lee is a Finance Advisor to a private hospital in Cambodia.

Ms. Lee was appointed as Director to the Board of Kobay on 8 September 2023.

She is subject to retirement by rotation under Article 100 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered herself for re-election.

She does not hold any directorship in other public companies and listed issuer.

She has no direct/indirect shareholding in Kobay as of 9 October 2023.

KEY SENIOR MANAGEMENT



Koay Wooi Tatt

Chief Operating Officer – Manufacturing Division/Member of Executive Committee

Malaysian | aged 46 | Male

Mr. Koay Wooi Tatt was appointed as Chief Operating Officer of Kobay on 10 October 2016 overseeing the entire operations for the Manufacturing Division.

He graduated with Diploma in Mechanical Engineering from German-Malaysian Institute in 1999. He worked for Hup Fatt Brothers Sdn. Bhd. as Design Engineer prior to his appointment as Functional Manager in Paradigm Metal Industries Sdn. Bhd. ("PMI"), a subsidiary of Kobay on 2 May 2003. In year 2004, he was promoted to General Manager of PMI. He has in-depth experience in the entire Manufacturing Division of Kobay Group with his job rotation among the business units. His working experience within Kobay Group has provided him an in-depth knowledge of the Group's operation systems and procedures.

Saved for his directorship in the subsidiary companies of Manufacturing Division, he has no directorship in any public company and Kobay.

Mr. Koay Wooi Tatt is nephew of Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye, brother of Koay Wooi Seong and cousin of Koay Zee Ee .

Mr. Koay Wooi Tatt has no direct/indirect shareholding in Kobay as of 9 October 2023.

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

KEY SENIOR MANAGEMENT (CONT'D)



Yee San Khien, Philip

VP in Corporate Investment/Finance

Malaysian | aged 69 | Male

Mr. Philip has vast experience in commercial banking when he served 22 years in the banking industry. He joined a local bank as a junior officer in the year 1978 and moved on to the bank's Treasury Department in year 1981 as Correspondent Banking Officer and Dealer in Money Market and Foreign Exchange Department and headed the Department as Chief Dealer from year 1983 to 1989. From April 1989, he moved on as senior manager in Branch Operation of the bank.

He left banking in August 2001 and joined Kobay Technology Bhd. as Corporate Manager in October 2001, responsible for corporate control and restructuring, mergers and acquisitions until his retirement from Kobay when he last served as VP-Commercial in August 2013.

From October 2013, he was in contractual engagement as the Chief Financial Officer of a fintech company operating E-payments gateway and providing remittance services regulated by Bank Negara Malaysia. He retired the contractual employment with the fintech company in September 2019.

Mr. Philip joined Kobay again in January 2020, as VP-Investment accountable for researching and analysing possible acquisitions and strategic investments. From July 2020, he assumed added portfolio in finance and treasury management for the Group of Companies.

He obtained his Higher Diploma in Accounting, Certificate in Commercial Law in 1978 and graduated from University of Portsmouth, United Kingdom with Master of Business Administration.

Mr. Philip has direct shareholding of 22,500 ordinary shares in Kobay as of 9 October 2023.



Chan Mun Shee

VP in Investment Group and Investor Relation, Corporate Secretary

Malaysian | aged 58 | Female

Ms. Chan Mun Shee first joined Polytool Engineering Sdn. Bhd. in year 1990 as Office Administrator in charge of purchasing, accounts and human resource function. Since then, Ms Chan liaison with numerous government authority in setting up several core subsidiary companies of Kobay Group.

She was transferred back to holding company in 1996 as Corporate Affairs Manager reporting to Chief Administrative Officer (formerly known as Chief Corporate Affairs Officer) overseeing the Company's Human Resource, IT and all administrative functions and has assisted in drawing up the Group systems inclusive formulating Human Resource Policies and Procedures, participating in developing web purchasing software and maiden version of Enterprise Resource Management System.

As qualified Chartered Secretary, for which currently redesignated by ICSA UK as Chartered Secretary and Chartered Governance Professionals, she was appointed as in house Company Secretary for the Group in charge of the entire Group's company secretarial function and assisted in Kobay floatation exercise as well as its owned subsidiary, Lipo Corporation Berhad. She has also involved in several corporate exercises for which the Group is undertaking.

In year 2013, she was transferred to assist the CEO in Group's assets management, projects and operational related matters. In year 2019, she was officially appointed as VP responsible for the financial performance of some investment entities involved in manufacturing, assets investment and management. In the same year, she also took over the Investor Relation function from corporate finance.

Save as her directorship in Kobay subsidiaries companies, Ms. Chan has no directorship in any public companies and Kobay.

Ms. Chan Mun Shee has direct shareholding of 35,000 ordinary shares in Kobay as of 9 October 2023.

KEY SENIOR MANAGEMENT (CONT'D)



Chan Bee Luang

VP - People and Organizational Development

Malaysian | aged 45 | Female

Ms. Chan Bee Luang joined the Company in 2012 as Group HR Manager and was subsequently appointed as the VP of People and Organizational Development in year 2018. She is responsible for leading our Group HR organization and HR operational excellence in all business divisions. She has over 17 years of HR experience in manufacturing and services industries. Prior to joining Kobay, she held APAC HR Manager and Country HR Manager positions in few multinational companies.

She was graduated from University Malaya with a Bachelor of Business Administration (Honours) Degree in year 2002. She was also a graduate with Diploma in Industrial Relations awarded by the International Labour Organization (ILO)/ Malaysian Employers Federation (MEF) in year 2006. She received the global accreditation from PI Worldwide from India, a Human Resource Certification Institute (HRCI) as Predictive Index Management Practitioner in year 2008. In year 2018, she was further certified as "HR practitioner" by The Australian Human Resources Institute (AHRI) through the Professional Certification in Human Resources that set the bar for HR practice to be in line with international HR standards and confidently assures employers of her human capital capability.

She has broad regional experience in talent acquisition, talent assessment and development, performance management, compensation planning, conflict mediation and resolution, HR budgeting and reporting, HR policies development, and employment legal compliance and has a proven track record in setting up, maintaining and executing Talent and Organizational Development.

Ms. Chan Bee Luang has direct shareholding of 70,000 ordinary shares in Kobay as of 9 October 2023.

OTHER INFORMATION

Family Relationship

Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye are brothers, and Mr. Koay Zee Ee, the son of Dato' Seri Koay Hean Eng and nephew of Mr. Koay Cheng Lye, are deemed substantial shareholders of the Company via their shareholdings in Kobay Holdings Sdn. Bhd., a major shareholder of the Company.

The Non-Independent and Non-executive Director, Mr. Koay Wooi Seong and the Chief Operating Officer for Manufacturing Division, Mr. Koay Wooi Tatt are brothers and they are nephews of Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye. Mr. Koay Zee Ee, Mr. Koay Wooi Seong and Mr. Koay Wooi Tatt are cousin.

Save for the above, none of the Directors and key senior management has any family relationship with other Directors or major shareholders of the Company.

Conflict of Interest

None of the Company's Directors and key senior management has acted in conflict in any arrangement, contract or transaction during the financial year.

Conviction for Offences

None of the Company's Directors and key senior management had convicted any offence (other than traffic offences, if any) within the past five (5) years.

BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

OTHER INFORMATION (CONT'D)

Number of board meetings attended in the financial year ended 30 June 2023

Five (5) board meetings were held during the financial year ended 30 June 2023. Details of attendance of Directors at the board meetings are as follows:

Directors	Attendance
Dato' Seri Koay Hean Eng	5/5
Koay Cheng Lye	5/5
Khaw Eng Peng	5/5
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	5/5
Koay Wooi Seong	5/5

Directors' and Substantial Shareholders' Interests

Name	No. of shares held in Kobay as at 9 October 2023			
	Direct No. of ordinary shares	%	Indirect No. of ordinary shares	%
Directors				
Dato' Seri Koay Hean Eng	-	-	109,048,940*	34.06
Koay Cheng Lye	-	-	123,832,447#	38.68
Koay Zee Ee	-	-	109,048,940*	34.06
Koay Wooi Seong	-	-	11,822,594@	3.69
Khaw Eng Peng	-	-	-	-
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	-	-	-	-
Substantial Shareholders				
Kobay Holdings Sdn. Bhd. ("KHSB")	109,048,940	34.06	-	-
Norinv Kapital Sdn. Bhd.	59,714,100	18.65	-	-

Notes:-

* Deemed interest by virtue of shares held by KHSB in which the director has interest

By virtue of his interest in the shares in Kobay Holdings Sdn. Bhd., Dato' Seri Koay Hean Eng and Koay Zee Ee deemed to have interests in shares in Kobay/the Company and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Deemed interest by virtue of shares held by KHSB and Inna Capital Sdn. Bhd. in which the director has interest

By virtue of his interest in the shares in Kobay Holdings Sdn. Bhd., and Inna Capital Sdn. Bhd. Mr. Koay Cheng Lye also deemed to have interests in shares in Kobay/the Company and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

@ Deemed interest by virtue of shares held by Premiergrow Capital Sdn. Bhd. in which the director has interest

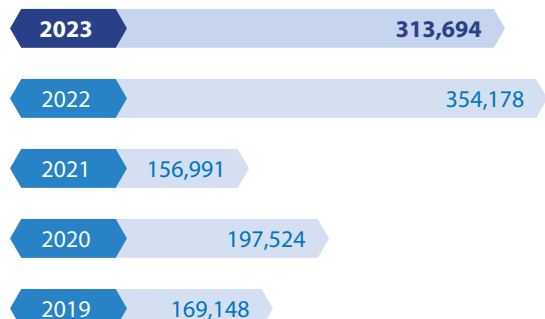
By virtue of his interest in the shares in Premiergrow Capital Sdn. Bhd., Mr. Koay Wooi Seong also deemed to have interests in shares in Kobay/the Company.

Save as disclosed above, none of the other Directors in office at the end of the financial year held any interests in shares in the Company or its related corporations.

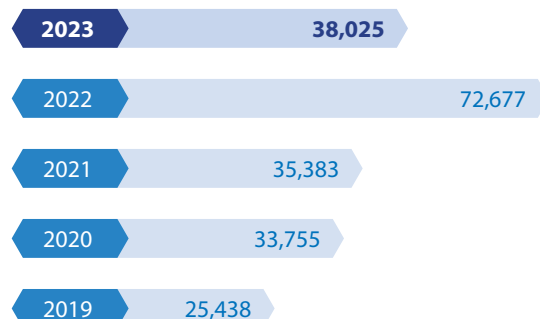
FINANCIAL HIGHLIGHTS

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	169,148	197,524	156,991	354,178	313,694
EBITDA	31,423	41,033	42,777	85,300	53,414
Profit before tax	25,438	33,755	35,383	72,677	38,025
Profit after tax	19,059	24,101	26,933	52,885	25,590
Net profit attributable to equity holders	18,921	23,926	26,761	51,371	26,508
Statement of Financial Position					
Total Assets	244,943	286,049	293,278	568,707	563,904
Total Borrowings	22,064	42,256	41,041	68,565	95,784
Equity attributable to owners of the Company	177,529	198,307	209,419	363,275	380,178
Financial Indicators					
Earning per share (sen)	18.53	7.81	8.76	16.46	8.28
Gearing ratio (%)	12.39	21.25	19.54	18.98	25.71
Net assets per share (RM)	1.74	1.95	0.69	1.18	1.23
Net dividend per share (sen)	3.00	6.00	2.00	3.00	2.00
Share price as at the financial year end (RM)	1.58	1.83	2.70	2.96	1.90
Price earning (PE) ratio as at financial year end (times)	8.53	23.43	30.82	17.98	22.95
Number of ordinary shares issued	102,094	102,094	306,281	326,181	326,181
Weighted average number of ordinary shares in issue	102,094	306,281	305,361	312,112	326,181

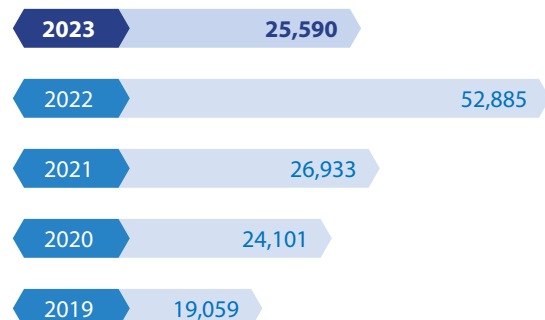
REVENUE (RM'000)



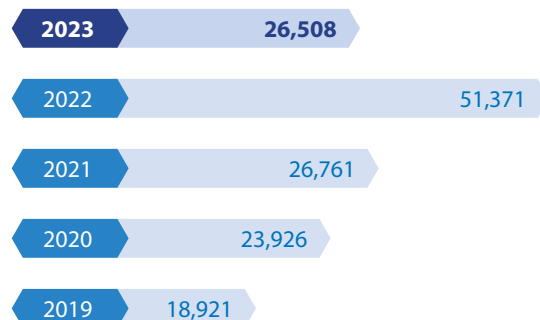
PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

On behalf of the Board of Directors (the “Board”) of Kobay Technology Berhad (“Kobay” or the “Group”), I am delighted to present to you the Management Discussion and Analysis (“MD&A”) for the financial year ended 30 June 2023 (“FY2023”).

BRIEF OVERVIEW OF FY2023

Marked by a taxing economic landscape, FY2023 was heavily influenced by the impacts of rising interest rates environment on the back of inflationary pressures. As a result, many developing economies of emerging markets such as Malaysia faced currency depreciation and slower economic activities. The ongoing geopolitical tensions between various nations further exacerbated the situation, causing disruptions in supply chain, global trades and volatile commodity prices, to name just a few. These uncertainties, alongside fluctuating input costs, caused the operating landscape of businesses to be highly challenging.

The semiconductor industry too, has undergone a significant shift post Covid-19 pandemic. It has moved from a chip shortage situation to grappling with a chip surplus. This change was triggered by rising inflation and weakened consumer demand for electronic devices, resulting in overstocking of inventory. Consequently, industry players have had to swiftly adapt their strategies to traverse this altered landscape effectively.

At Kobay, our manufacturing business, which is our largest segment by revenue, was affected by the slowdown too. On a positive note, we managed to navigate through the difficult economic landscape by leveraging our deep experience, acumen and diversified revenue base that is backed a long history of nearly 40 years. Despite the trying circumstances, the Group delivered a satisfactory set of results for the financial year under review with a net profit attributable to owners of the parent (“net profit”) of RM26.5 million on revenue of RM313.7 million.

GROUP OVERVIEW

Established in 1984, Kobay has evolved to be a leading one-stop engineering solutions provider in the country. Listed on the Main Market of Bursa Malaysia Securities Berhad since 1997, the Group is currently headquartered in George Town, Pulau Pinang, with another 7 manufacturing facilities located in Seberang Perai and Bayan Lepas, Penang as well as Pontian, Johor.

Manufacturing

Kobay specialises in the provision of high-precision engineering and automated equipment, including high-level assembly. Our turnkey engineering solutions encompass precision machining components, customised precision tools and moulds, heavy metal structure fabrication, and the design and manufacturing of semiconductor test handling equipment.

Our customer base spans across various industries, including semiconductors, electronics and electrical (“E&E”), aerospace, oil and gas (“O&G”), medical, and life sciences. Most of our clients are multinational corporations based in Malaysia, with additional customers located in Europe, North America, and the Asia Pacific region.

Property Development

Kobay diversified into property development in 2015 and launched its first maiden project, Lavanya Residences in Langkawi, Kedah with a total gross development value (“GDV”) of RM318 million. Lavanya Residences was developed into 2 phases. The first phase comprised of 37 units private pool villas and was completed in July 2019. The second phase consist of 223 units serviced apartments and was completed recently in FY2023.

No.	Description	Location	Land Area (acre)	Business Mode	Status
1.	Affordable Apartment	Sg. Batu, Penang	1.80	Own & Joint-Venture	Ready to Launch.
2.	Mixed Development	Sg. Nibong, Penang	3.05	Own & Joint-Venture	Under planning stage.
3.	Mixed Development	Bkt. Mertajam, Penang	6.86	Own	Under planning stage.
4.	Serviced Apartment	Tg. Bungah, Penang	1.54	Own	Under design stage.
5.	Residential Development	Lumut, Perak	19.50	Joint-Venture	Under design stage.

GROUP OVERVIEW (CONT'D)

Property Development (Cont'd)

The Group has undeveloped landbank of 32.75 acres and all these are well-planned with various type of developments, namely residential condominiums, serviced apartments, commercial shops and offices and affordable-range apartments. With all these upcoming projects lining up, the Group will continue to strike to achieve more recognitions in property development industry and become 1 of the most well-known property developers in Malaysia.

Pharmaceutical

In August 2021, Kobay ventured into pharmaceutical and healthcare business by acquiring a 70%-stake in Avelon Group, which operates a retail pharmacy chain comprising 4 outlets under the name, "Park@City". In addition, there are 1 retail store marketing healthcare products under its proprietary "Biobay" brand and a single warehouse facility for the wholesale distribution operations. Avelon Group's retail pharmacy stores and facilities are situated in the Klang Valley.

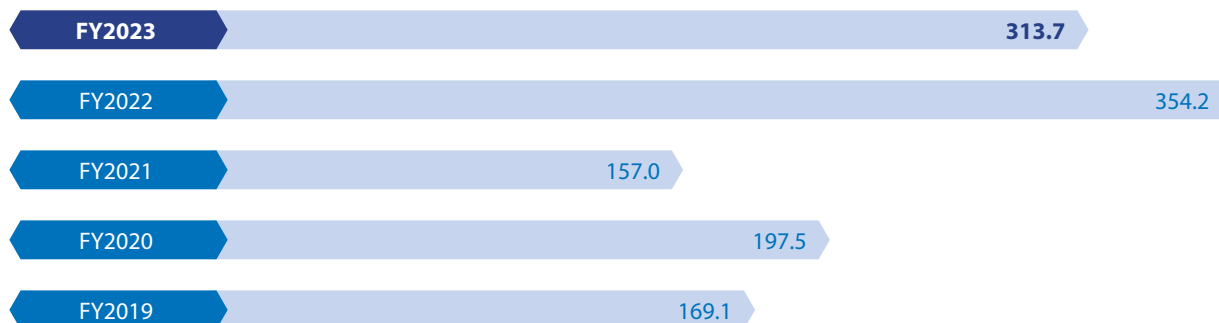
REVIEW OF FINANCIAL RESULTS

INCOME STATEMENT HIGHLIGHTS

Revenue

For the financial year under evaluation, the Group reported a revenue of RM313.7 million as compared to RM354.2 million a year ago. The 11.4% year-on-year ("YoY") decline was mainly due to slowdown in the semiconductor and E&E industries. On the bright side, our diversified revenue base following our previous investments into property development as well as pharmaceutical and healthcare businesses, has enabled us to partially offset the effects of the slowdown.

REVENUE (RM million)



Gross Profit

The Group's gross profit ("GP") declined in tandem with lower revenue, and further compounded by changes in sales mix and higher input costs. As such, FY2023 GP stood at RM81.1 million vis-à-vis RM117.0 million in the previous year.

Profit Before Tax

The profitability of the Group was also affected by higher finance cost as well as setup cost incurred for our new manufacturing plants, resulting in profit before tax ("PBT") for the financial year under review coming in at RM38.0 million versus RM72.7 million in FY2022.

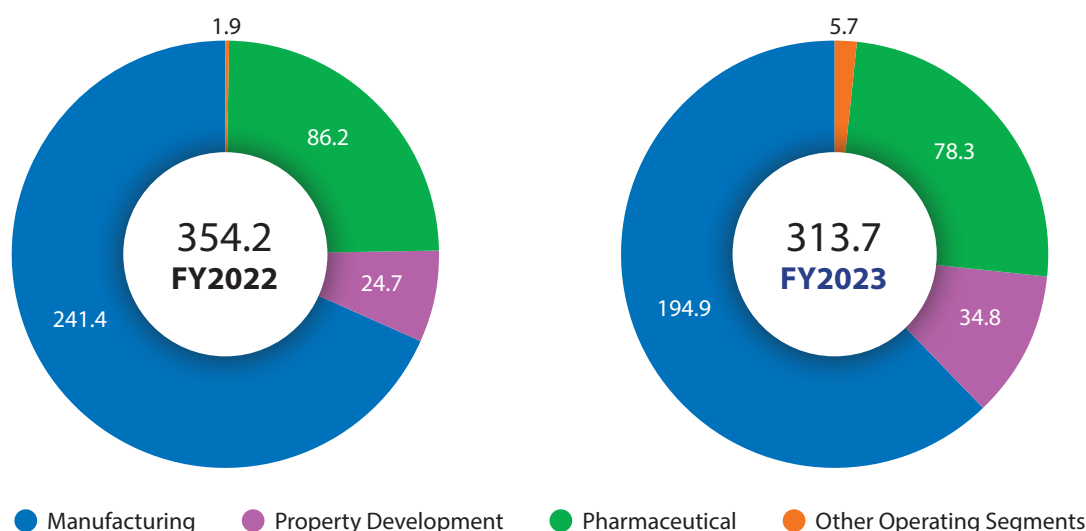
Net Profit

Kobay registered a net profit of RM26.5 million in FY2023 by comparison to RM51.4 million in previous year. The Group's effective tax rate was higher than statutory rate due to losses incurred by certain subsidiaries that could not be offset against other profitable subsidiaries, in addition to incurrence of non-deductible expenses.

REVIEW OF FINANCIAL RESULTS (CONT'D)

SEGMENTAL ANALYSIS

REVENUE BREAKDOWN BY SEGMENT (RM million)



Manufacturing

Our manufacturing segment faced headwinds arising from the weakened market demand with customers adopting a wait-and-see approach and postponing their orders given the economic uncertainties. The global semiconductor industry experienced a slowdown of 17.3% YoY in the second quarter of 2023 according to data from the Semiconductor Industry Association ("SIA"). For full year 2023, the World Semiconductor Trade Statistics ("WSTS") is forecasting a downturn of 10.3% YoY in the global semiconductor market.

As for the O&G industry, the demand for subsea infrastructure remained subdued in FY2023, primarily due to a sluggish recovery in the upstream sector. On the other hand, orders from medical and life sciences industry have been gradually increasing following post-pandemic recovery. Separately, the aerospace segment that we serve experienced an uptick in demand too, on the back of recovery in air travel. Demand for aerospace components was healthy in the financial year under review.

Nevertheless, the recovery in medical and life sciences as well as aerospace sectors was insufficient to compensate for the drop in semiconductor demand, leading to a lower revenue of RM194.9 million in FY2023 in contrast to RM241.4 million posted a year ago. Furthermore, the change in product mix and incurrence of setup cost for the new manufacturing facilities contributed to a lower PBT of RM19.9 million in the financial year under assessment versus RM60.7 million in FY2022.

Property Development

While the manufacturing division endured a challenging period, our property development segment delivered favourable performance. This is largely credited to the completion of our Lavanya Residences development in Langkawi, Kedah. FY2023 revenue rose 41.1% YoY to RM34.8 million from RM24.7 million in the preceding year. Following this uptrend, PBT improved to RM10.5 million, an increase of 21.4% YoY from RM8.6 million in FY2022.

Pharmaceutical

As a result of softer demand, our pharmaceutical segment recorded a slight decline in revenue at RM78.3 million in FY2023 as compared to RM86.2 million last year. Meanwhile, PBT inched higher to RM10.9 million for the financial year under review vis-à-vis RM10.7 million in FY2022. Note that the preceding year's performance was based on 11 months (instead of 12 months) as the acquisition of Avelon Group was completed in August 2021.

REVIEW OF FINANCIAL RESULTS (CONT'D)

BALANCE SHEET POSITION

Total Assets

At the end of the financial year under evaluation, the Group's total assets remained relatively stable at RM563.9 million compared to RM568.7 million. Kobay's total cash as at 30 June 2023 stood at RM47.6 million, against RM73.3 million a year ago following utilisation of funds for our new manufacturing facilities and the associated equipment.

Total Liabilities and Equity

On the other hand, total liabilities were lower at RM169.9 million at end-FY2023 versus RM190.6 million a year ago. This was predominantly owing to decline in trade and other payables, which decreased to RM53.7 million from RM99.3 million in the prior year. Separately, as at the end FY2023, total equity was at RM380.2 million, higher than the RM363.3 million in previous year, stemming from increase in retained profits.

Net Gearing Ratio & Cash Per Share

At the close of FY2023, the Group's net gearing is healthy at 0.14 times with cash of 14.86 sen per share.

Balance Sheet Highlights as at 30 June 2023



Total Assets
RM563.9
million



Total Equity
RM380.2
million



Net Assets
RM1.23
per Share



Cash
14.86 sen
per Share

CORPORATE EXERCISES

Private Placement

Back in November 2021, the Group announced a private placement exercise with the issuance of up to 10% of the total number of issued shares of Kobay (excluding treasury shares). First tranche of the private placement entailed the issuance of 19.9 million placement shares, which raised a total of RM110.0 million after deducting transaction costs. The proceeds were earmarked for the setting up of a new aluminium manufacturing plant along with partial repayment of bank borrowings.

On 9 November 2022, the extension of time for Kobay to complete the exercise had lapsed, thus rendering the private placement as deemed completed. As of 30 June 2023, the balance unutilised proceeds stood at RM23.41 million.

REVIEW OF FINANCIAL RESULTS (CONT'D)

CORPORATE EXERCISES (CONT'D)

Private Placement (Cont'd)

Table: Utilisation of proceeds for the first tranche of private placement (as of 30 June 2023)

No.	Purpose	Proceeds Raised (RM mln)	Actual Utilisation RM mln)	Balance Unutilised (RM mln)	Estimated timeframe for utilisation
1	Setting up of new aluminium manufacturing plant for the Group's manufacturing division	60.00	(36.59)	23.41	Within 2 years
2	Partial repayment of bank borrowings	50.00	(50.00)	-	-
3	Estimated expenses	0.45	(0.45)	-	-
	Total	110.45	(87.04)	23.41	

ANTICIPATED AND KNOWN RISKS

Supply Chain Disruptions

As with many businesses, we are exposed to risk of interruptions to our supply chain especially with the geopolitical tensions between China and the US and the ongoing war in Ukraine. Any disruptions to our supplies would interrupt our operations and impact our financial performance. The Group manages such risks by diversifying our supplier base for critical materials and components. This helps minimise the Group's dependency on a single source and provide alternatives in case of disruptions. In addition, our strong relationships with key suppliers also serve as mitigation to supply risk.

Foreign Currency Risks

We are exposed to foreign currency risks arising from our export activities. For example, a key portion of the Group's financial transactions is conducted in the United States Dollars ("USD"). The Group minimises the impact of fluctuating foreign currencies by closely monitoring the exchange rate movements. Kobay may periodically enter into forward exchange contracts to safeguard against fluctuations in foreign currencies. Additionally, we benefit from having natural hedge where we use our foreign currency proceeds to settle procurement transactions that are in the same currency.

Operational Disruptions

We are dependent on our production to run smoothly and efficiently as any disruptions or unplanned shutdowns of our manufacturing facilities may have an adverse impact on our operations. To protect ourselves against various risks and uncertainties, we have taken up insurance policies to provide us with a safety net that helps mitigate the risk of fire, burglary, and personal accidents for our workers. However, external business risks such as natural disasters, pandemics, riots, and general strikes are beyond our control, and this may materially and negatively impact our capacity to deliver products to our customers on time.

OUTLOOK AND PROSPECTS

Looking ahead, the Group expects the business environment to remain arduous, with continued uncertainties in global markets, geopolitical conflicts, inflationary pressures and weak consumer sentiments.

The International Monetary Fund ("IMF") expects the global growth to experience a modest decline from 3.5% in 2022 to 3.0% in both 2023 and 2024. Back home, the Asian Development Bank anticipates Malaysia's GDP to sustain its growth at 4.9% in 2024 after a projected expansion between 3.0% to 4.0% in 2023.

OUTLOOK AND PROSPECTS (CONT'D)

Manufacturing

The global semiconductor industry's prospect appears to be brighter after a slowdown in 2023 as WSTS projects a strong rebound in 2024 with an estimated growth of 11.8% in 2024, primarily driven by an improved performance from the memory segment.

Although the 5G technology and data processing markets represent the biggest revenue drivers for the semiconductor industry, the automotive industry is also driving up semiconductor demand, especially with the growing popularity of electric vehicles ("EVs") as consumers increasingly prioritise cleaner and greener mobility options. Moreover, the demand for more powerful processors and specialised chips underpinned by artificial intelligence ("AI") and machine learning applications presents global opportunities for the semiconductor industry. The healthcare industry is also experiencing a shift in dependence on advanced technologies for medical imaging, monitoring and diagnostics.

Additionally, we are optimistic on the outlook of the aerospace industry as well. As air travel demand and ageing fleets spur the need for new planes, we look forward to expanding our market share and strengthening our position in the market.

The growing global demand for solar energy also marks an exciting time for the Group given our new capability to extrude aluminium frames for solar panels. This gives us opportunity to diversify our customer base. We are eager to expand our project portfolio by capitalising on this opportunity. Our dedication to sustainability aligns with the global shift towards cleaner and more eco-friendly solutions as we include customers from the renewable energy sector in our portfolio. This transition not only enhances our future prospects but also underscores our commitment to supporting our customers in achieving their sustainability goals.

Property Development

With a growing demand for affordable housing, the Group is going to launch one of our affordable housing projects, the Laguna Bay Residences, which is strategically located in Sungai Batu, Penang.



Artist impression of the Laguna Bay Residences

OUTLOOK AND PROSPECTS (CONT'D)

Property Development (Cont'd)

The Laguna Bay Residences consists of a single 31-story building, featuring a 9-level parking podium, 3 different levels dedicated to recreational facilities, and 19 levels containing residential units. In total, there are 342 units, each with a spacious 900 square feet of built-up area. This project presents an exceptional low-density development option on Penang Island. With these attractive features, we believe it will receive encouraging response from purchasers.

A new prime location in the making at the heart of it all

Laguna Bay Residences in Teluk Kumbar offers its residents a peaceful and tranquil environment while having access to the necessary amenities of city life.



Locality Around Laguna Bay

	Accessibilities
5.8km	Penang International Airport
10.3km	Penang Second Bridge
14.2km	Penang Bridge
	Education
2km	SJK(C) Yang Cheng
1km	SMK Telok Kumbar
5.2km	Straits International School
	Medical
8km	Pantai Hospital Penang
	Hotel / Shopping / Food
0.3km	Lexis Suites Penang
8km	Giant Hypermarket
	Others
8.8km	Bayan Lepas Free Industrial Zone

With recent advancements in nearby districts, Teluk Kumbar is rapidly evolving into an appealing residential choice for those living in Penang. It provides a distinctive combination of traditional allure and contemporary convenience. This locality boasts excellent connectivity, with close proximity to the Penang International Airport, the Second Penang Bridge, the Free Trade Zone, Queensbay Mall, and Pantai Hospital.

Pharmaceuticals

The Group foresees a sustained demand for pharmaceutical and healthcare products, buoyed by rising awareness of health and wellness as well as a shift in community's mindset from treatment to prevention. Nevertheless, the presence of high inflation rate may dampen consumer sentiment and temper this outlook. To address these challenges, the Group will focus on diversifying its product portfolio, exploring international business prospects, and implementing stringent cost control measures.

APPRECIATION

I wish to extend my sincere appreciation to every single member in the Kobay team for their unwavering dedication and diligent efforts. Your hard work and commitment have been instrumental in navigating the challenges we faced throughout FY2023.

Furthermore, I would like to express my sincere gratitude to all our stakeholders, including our esteemed shareholders, valued customers, esteemed business partners, financial institutions, legal advisors, and suppliers, for their steadfast support and look forward to their continued backing in the future.

Additionally, I am delighted to welcome Mr. Koay Zee Ee to the Board as our Executive Director. He has been with the Group for more than 15 years, and has been in the role of Chief Operating Officer of Kobay since 2017. He manages the operations of the property development and engineering & fabrication divisions. We are positive that he will continue to contribute positively, creating further value for Kobay.

Meanwhile, we are also pleased to have Ms. Lee Kooi Hoon on board as our new Independent Non-Executive Director. She brings with her a wealth of experience and knowledge across various industries, contributing to greater diversity within the Group and we are confident her insights will prove advantageous to Kobay.

As we look forward to FY2024, I strongly believe that under the stewardship of our Board together with the dedication of our team at Kobay, we can overcome the present challenges and emerge stronger than before to "Be The Best We Can Be".

Dato' Seri Koay Hean Eng

Managing Director and Chief Executive Officer

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad (“Bursa”) Listing Requirements and the latest Malaysian Code of Corporate Governance (“MCCG”) issued by Securities Commission Malaysia on 28 April 2021, Kobay adopted the CARE (Comprehend, Apply and Report) approach where the Group’s Corporate Governance Overview Statement provides an overview on how the application of Principles as set out in MCCG is practiced throughout the Group in financial year ended 30 June 2023. This Statement is to be read together with Corporate Governance Report in Bursa’s prescribed format which is available for reference at Kobay’s website, www.kobaytech.com and Bursa’s website, www.bursamalaysia.com.

PART I - BOARD LEADERSHIP AND EFFECTIVENESS

Board of Directors (“Board”) is entrusted with the role of steward and guardian of the Company in building its long-term success and deliver sustainable value to its stakeholders. The Board has a vital role in providing leadership and championing good governance and ethical practices throughout the Company as well as the Group. The Board together with the senior management have facilitated and articulated the understanding of the MCCG principle at the Company level since 2000. In tandem with the 2021 MCCG, the Company will advocate the adoption of the best MCCG practices and culture within the Group.

Board Responsibilities

Board has set out the role and responsibilities, code of conduct for individual Directors and Terms of Reference for its Committees in Board Charter which is published at Kobay’s website. The Board will review and revise the Board’s Charter every 5 years interval or whenever is necessary to align with changes in the relevant legislations.

Matters which specifically required the entire Board’s approval are set out in Kobay Board Charter which is made available on the Company’s website (www.kobaytech.com). Please refer to Kobay’s website for more details.

Board has delegated certain specific responsibilities to its Board Committees which operate within the defined Terms of Reference and report regularly to the Board. For effective running of day-to-day operational matters, authority on operational management of the Group has been delegated to the Executive Committee and Chief Executive Officer and they may further delegate to respective senior management for execution.

Further to the updated MCCG, the Board is required to integrate sustainability considerations and underlying environmental, social and governance (ESG) risks and opportunities into its corporate strategy, governance and decision-making functions to create a durable and sustainable value in adapting to shift and change in the global landscape as well as building and maintain confidence of the stakeholders.

Roles and Responsibilities

Position	Roles and Responsibilities
Chairman	<ul style="list-style-type: none">• Providing leadership for the board so that the board can perform its responsibilities effectively.• Leading the board in the adoption and implementation of good corporate governance practices in the Company.• Setting the board agenda and ensuring that directors receive complete and accurate information in a timely manner.• Leading board meetings and discussions.• Encourage active participation and allowing dissenting views to be freely expressed.• Managing the interface between board and management.• Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole.
Chief Executive Officer (“CEO”)	<ul style="list-style-type: none">• CEO plays a vital role in leading the entire Group’s business operations towards attaining Group’s vision and mission. He works along the line of Corporate Direction, Strategic Plans and Key Performance Indicators (“KPI”) set which are reviewed quarterly and revised yearly for company’s sustainability.• CEO is the conduit between the Board and the management in ensuring the success of the Company’s governance and management functions.• CEO has the executive responsibility for the day-to-day operation of the Company’s business.• CEO implements the policies, strategies and decisions adopted by the Board or if the task is so assigned, by the Executive Committee.• All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO’s authority and accountability as far as the Board is concerned.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Roles and Responsibilities (cont'd)

Position	Roles and Responsibilities
Independent Directors	<ul style="list-style-type: none"> Independent Non-executive Directors play a protective role for minority shareholders and other stakeholders in the Group. Their effective participations promote a balance to the Board's decision. Independent Directors shall lead the Nominating Committee in succession planning, appointment of Board members as well as annual review of the individual Director, Board committees and Board performance as a whole. For Remuneration Committee where majority is Independent Directors, its implement remuneration policies and procedures including reviewing and recommending matters relating to remuneration of the Board members and senior management.
Company Secretaries	<ul style="list-style-type: none"> The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed. Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters. Company Secretary is a central source of information and advice to the Board and its Committees on corporate disclosure issues and compliance with laws, rules, procedures and regulations affecting the Company. Company Secretary shall manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications. Company Secretary shall facilitate the orientation of new directors and assist in director training and development. Company Secretary should advise Directors of their obligations to adhere to matters relating to: <ol style="list-style-type: none"> individual board member's roles and responsibilities. disclosure of interest in securities. disclosure of any conflict of interest in a transaction involving the Company. prohibition on dealing in securities. restrictions on disclosure of price-sensitive information. Company Secretary shall monitor corporate governance developments and assist the Board in applying corporate governance practices to meet the board's needs and stakeholders' expectations. The Board members have unlimited access to the professional advice and services of the Company Secretary. Company Secretary shall manage processes pertaining to the annual shareholder meeting. Company Secretary will serve as a focal point for stakeholders' communication and engagement on corporate governance issue.
Senior Management	<ul style="list-style-type: none"> To drive strategic management of material sustainability matters, integrate sustainability considerations in day-to-day company operations and ensuring effective implementation of company's sustainability strategies and plans as set by the Board and its Committee.

The roles of Chairman and Chief Executive Officer are segregated to ensure there is a balance of power and authority. The Chairman is responsible for ensuring effectiveness of Board's policies and conducts whilst the Chief Executive Officer is responsible for entire Group's operations, organization effectiveness, overseeing as well as coordinating development and implementation of Board's policies, corporate strategies and decisions. Their duties are clearly stated in Board Charter and for the Board's conduct, it is governed by Code of Business Conduct Policy. Both the Charter and Policy can be viewed at Company's website.

Every Director can access directly to senior management and Company Secretaries for advice or external independent professionals' advice for additional information before decision making.

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

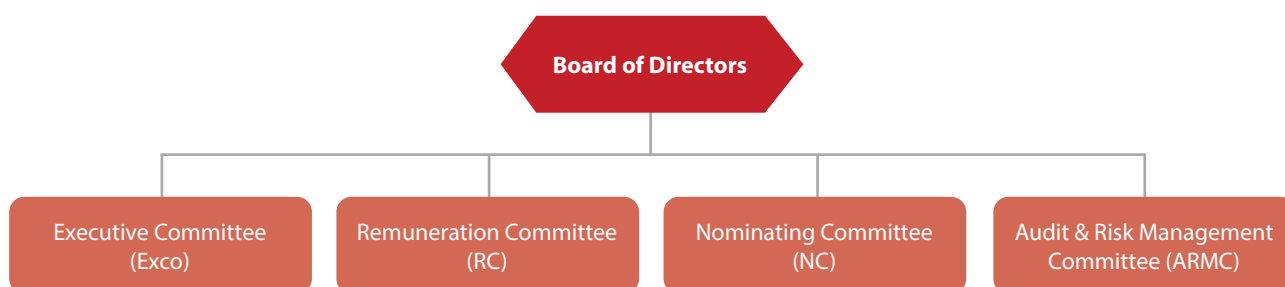
Board Meetings

There were five (5) Board meetings held in the financial year ended 30 June 2023. Management team are invited, if required, to attend the Board meetings and to report on issue raised. Board papers for the Board and its Committee Meetings are furnished to members of the meeting at least five (5) business days prior to the meeting.

No individual or group of individuals dominates the Board's decision making. Each Director contributes his/her skill, experience and expertise accordingly and each agenda/issue raised is deliberated and carefully considered during Board meeting. Documents and information in relation to any corporate or business issue to be discussed in the meeting are furnished to the Board members prior to the meeting. The Board members review updates and reports inclusive of Board attendance, resolutions passed quarterly, Directors' dealing in Company's securities and directorship in other listed entities, financial information, Committees' report, risk management report, external auditor feedback and corporate developments.

Board Committees

The Board has established the following Committees to which it delegates certain responsibilities. Membership and performance of these Committees are reviewed annually. All minutes of these Committees are recorded by the Company Secretaries and make available for all Directors on a timely manner.



Committee	Scope of Responsibilities
Executive Committee (EXCO)	<ul style="list-style-type: none"> Execute all matters assigned by the Board of Directors and receive and review all relevant proposal for which requires Board of Directors' approval. Assist the Board in establishing the Corporate Vision and Mission (and revise it if deemed necessary), as well as the philosophy or corporate culture of the Company, setting aims of the management and monitoring the performance of the management. Assist Board in maintaining and executing the operational day-to-day functions and assist the Board in monitoring the operational performance of the Company/Group and overseeing the operational formulation, implementation and governance of the Company/Group. Receive, review and discuss with the management financial reports of the Company/Group inclusive the forecast, budget variance report. Receive, review and approve proposals in relation to the following matters submitted by the management of the Company/Group per Authority Limit Matrix adopted by the Company/Group: <ol style="list-style-type: none"> Business plan/project. Strategic plans and goals. Property/Project kick start plan and budget. Capital expenditure or disposal inclusive development land. Appointment of auditors and other advisors. Source of finance (either internally or externally). Any tender and order granted for Property or Project Development. Any other corporate and business matters Assist the Board in monitoring the risk management matter and the system of internal controls. Assist the Board in appointment of Advisor as and when is required. Receive, review and recommend to the Board on all legal administrative policies, organization, bye-laws, any waiver or approval for deviation from Company policies and procedures, rules and regulations. Undertake any other functions that may be delegated by the Board from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Committees (cont'd)

Committee	Scope of Responsibilities
Remuneration Committee (RC)	<ul style="list-style-type: none"> To assist Board to review the level and composition of remuneration of individual Director and senior management that aligned with the business strategy and long-term objectives of the Group. To recommend a remuneration package of Directors and senior management that in regards to the Group's operating results, individual performance and comparable market statistics. To recommend fee paid to Non-executive Director. To assist Board in attract right talent into the Board and senior management to drive the Company's long-term objectives.
Nominating Committee (NC)	<ul style="list-style-type: none"> To assess Directors on an on-going basis inclusive the composition of the Board, tenure, gender diversity, evaluate performance and independency of Director prior to recommendation to the Board in appointment and annual re-election of Director. To review annually the required skills and core competencies of Non-Executive Directors, including familiarization with the Company's operations. To assist Board in selecting and reviewing election of each and every Director. To ensure senior management possessed the required skills and experience. To ensure there are measures in place to provide for the orderly succession of board and senior management.
Audit and Risk Management Committee (ARMC)	<ul style="list-style-type: none"> To review the internal controls and risk management (financial and non-financial) periodically. To oversee functions of auditing, financial statements, risk management and internal control, related party transactions and any other topics as may be agreed to by itself and the Board. To assess and evaluate the suitability, objectivity and independence of the external auditors.

Note: Terms of Reference for the Committees is published at Kobay's website (www.kobaytech.com).

Board and its Committee Meeting Attendance for FYE2023

Name of Members	Board Meeting	ARMC Meeting	NC Meeting	RC Meeting
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	5/5	5/5	2/2	1/1
Dato' Seri Koay Hean Eng	5/5	-	-	1/1
Mr. Koay Cheng Lye	5/5	-	-	-
Mr. Khaw Eng Peng	5/5	5/5	2/2	1/1
Mr. Koay Wooi Seong	5/5	5/5	2/2	-

There were EXCO meetings held weekly to resolve day-to-day operational related matters and meeting records are kept by Company Secretaries.

Main Activities of the Board and its Committees during the Financial Year

During the financial year ended 30 June 2023, main activities carried out by the Board and its Committees includes but not limited to the followings:

Main Activities

- Review the Directors' performance for financial year 2022 individually, the Board and/or its Committee as a whole.
- Review the Company and Group's quarterly results of Quarter 4 financial year 2022, Quarter 1, 2 and 3 of financial year 2023 for announcement to Bursa.
- Review and approve the Directors' Report and Audited Accounts for the financial year ended 30 June 2022.
- Review and receive the quarterly Risk Management Reports reported by the VP-Corporate Finance and Risk Assurance Statement by CEO and VP-Corporate Finance for financial year 2022.
- Receive, review and approve the semi-annual return for submission to Bursa.

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Main Activities of the Board and its Committees during the Financial Year (Cont'd)

Main Activities (cont'd)

- Review and approve the Group Strategy Plan and KPI quarterly by EXCO.
- Review and approve the Group's yearly budget by EXCO.
- Receive updates on the Group's Related Party Transactions and Recurrent Related Party Transactions.
- Review and report any major litigation, claims and/or issues with substantial financial impact (if any).
- Review and approve for implementation any revision of any policies and procedures of the Group by EXCO.
- Review the re-appointment and remuneration of external auditors, Messrs. Crowe Malaysia PLT.
- Review and approve the Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control for financial year 2022.
- Review and approve Annual Report 2022.
- Re-affirm the Board resolution passed every quarter.
- Review the attendance of Board members and its Committees every quarter.
- Review and approve the Share Buy-Back Statement and Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
- Review the term of office and assess the retirement of Directors by rotation, the retention of Directors and eligibility for re-election or retention in accordance to the Company's Constitution, Listing Requirement and/or MCGG 2021.
- Review and approve the Auditors' audit plan and note the audit review memorandum for financial year.
- Review on the succession planning including appointing, training, fixing compensation and gender diversity of the Group.
- Review on the investors' communication effectiveness.
- Review the adequacy and integrity of Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules and directives and guidelines.
- Oversee the conduct of Company's business to evaluate whether the business is being properly managed.
- Review the performance and audit fee of external auditors, Messrs. Crowe Malaysia PLT.
- Assessing new auditors' independency, capabilities, audit team and proposed audit fee before appointment and the Board decided to appoint Messrs. BDO PLT.
- Review and assess the integration of existing share registrar Agriteum Share Registration Services Sdn. Bhd. with Securities Services (Holdings) Sdn. Bhd..
- Review Securities Services (Holdings) Sdn. Bhd.'s proposal, job scopes and fees and its appointment.
- Review and assess subsidiaries' banking facilities to support its operations and the provision of corporate guarantee.

Board Composition

The Board composed of three (3) Executive Directors and four (4) Non-executive Directors as of the date of this report. Out of the four (4) Non-executive Directors, three (3) are Independent Directors. The Independent Directors are from diverse professional and business backgrounds, including members with experience in finance and accounting, property development and real estate. All Directors are to discharge their fiduciary duties and responsibilities at all times.

Details of all the Directors and their biographies are provided in page 4-7 of this Annual Report.

Commitment

In facilitating the members of the Board or its Committee, the Board are provided with proposed date for the subsequent 2 meetings whereas the EXCO and senior management are provided with 18 months of meeting calendar to ease their planning ahead. Any special meeting requires to be held, it will be arranged by the Company Secretaries or in the event if the decision required by way of Directors Written Resolution, the Company Secretaries will notify the Board via emails, phone messages and/or social platform like WhatsApp or WeChat. The signed Directors Written Resolution will be filed in statutory record and noted by the Directors in the forthcoming Board meeting.

The Directors shall devote their time in carrying out their responsibilities and regularly update themselves with required skills and knowledge in discharging their fiduciary duties.

Appointment and Re-election of Directors

Pursuant to the Company's Constitution, one-third (1/3) of the Directors shall retire from office by rotation at each Annual General Meeting ("AGM") and the newly appointed Directors are subject to re-election at the next AGM to be held after their appointments. Provided always that all Directors shall retire from office once at least in each three (3) years and if eligible, they can offer themselves for re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Appointment and Re-election of Directors (Cont'd)

Pursuant to the Companies Act 2016, there is no age limit for the Director except they have to meet all the relevant codes or regulations govern the Independent Directors and justification for retention is based on performance and contribution.

The appointment and re-election of Board members are vital process as they determine the quality of Board's capability and competency. The Nominating Committee is vested with the responsibility by the Board to review the candidates for new appointment as well as retired candidates whom eligible for re-election.

For candidates for new appointment, the Nominating Committee will first scrutinize and select those candidates who can fill the skill/gap of the current Board before conducting an assessment on the capability and interact with the selected candidates before convening a meeting to finalize the selection and proposed for the Board's approval on the appointment.

Evaluating the Board

The Board has assigned the Nominating Committee not only to assess its individual Directors annually, also its Committees and the entire Board on the performance and effectiveness.

Notices were sent to those Directors whom due for retirement for them to reply whether to opt for re-election during the forthcoming AGM. Consent letter from retiring Director will be compiled and tabled in the Nominating Committee meeting before the Nominating Committee made any recommendations to the Board to include into the forthcoming AGM's agenda for those Directors whom retired and eligible for re-election.

The Nominating Committee will evaluate the independency of the Independent Directors so to ensure they bring objective judgment and mitigate risks arising from conflict of interest or undue influence from interested parties as set out in the Listing Requirements and Practice Notes of Bursa. Simultaneously, individual Director is required to declare his/her independency prior to his/her appointment/re-appointment as Independent Director of the Company.

Evaluation Forms seeking the feedback on how each Board member views the performance of the Board as a whole and the respective Board Committees had been circulated to the Board in May 2023. The evaluation and questionnaires provide a useful basis of which the key factors/criteria to determine effectiveness may be inferred. The Nomination Committee after considering input provided by each Director, concluded that the various Board Committees generally have the right composition and provide useful recommendations in assisting the Board to make better decisions.

The compositions of the existing Board are summarized as follow: -

Directors	Nationality	Designation	Industry/Background Experience							By Composition						
			Technology	Marketing	Industrial	Corporate	Accounting/Finance	Internal Audit	Law/Legal	Age					Ethnic	Gender
										< 40 years	40-49 years	50 – 59 years	60 – 69 years	> 70 year		
Puan Sharifah	M	Chairman/INED		√		√									√	√
Dato' Seri Koay Hean Eng	M	CEO/Managing Director	√	√	√	√									√	√
Koay Cheng Lye	M	CAO/Executive Director	√	√	√	√									√	√
Khaw Eng Peng	M	INED				√	√	√	√						√	√
Koay Wooi Seong	M	NED		√	√	√									√	√
Koay Zee Ee	M	Deputy CEO/Executive Director	√	√	√	√									√	√
Lee Kooi Hoon	M	INED				√	√	√							√	√

Note: M – Malaysian; INED – Independent Non-Executive Director; CEO – Chief Executive Officer; CAO – Chief Administrative Officer

The Nominating Committee deliberated on the summary of Directors' responses and after conducting its meeting on 29 August 2023 and 25 October 2023 provided to the Board on assessment of Directors' performance and for re-electing/re-appointing those Directors whom retired for approval of the members in its forthcoming AGM to be set. The said Directors' profiles are set out on page 5-7 of this Annual Report.

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Evaluating the Board (Cont'd)

Name of Director	Re-election/Re-appointment	Constitution/MCCG
Mr. Khaw Eng Peng	Senior Independent and Non-executive Director	Article 101 & MCCG
Mr. Koay Zee Ee	Non-independent and Executive Director	Article 100
Ms. Lee Kooi Hoon	Independent and Non-executive Director	Article 100

Pursuant to the MCCG Principle A, the Board noted the tenure of Independent Director should not exceed cumulative term of 9 years whereby members' approval is required for re-appointment and the threshold of 12 years term is the maximum limit of any Independent Director's service tenure.

The Board has appointed Mr. Koay Zee Ee as Executive Director and Ms. Lee Kooi Hoon as Independent Non-executive Director on 8 September 2023 and Mr. Khaw Eng Peng has indicated of his intention not to be re-elected after he due for retirement this forthcoming AGM in compliance to the MCCG and personal commitment.

The Executive Committee and/or its representative has been delegated with the responsibility to evaluate the senior management's performance half yearly pursuant to the Group's Human Resource (HR) Policy and Procedures on the KPIs set aligned with the Group's yearly direction, strategic plan and goals set after assessing the risk and opportunities of material sustainability matters of the Group. Rewards will be given in accordance to the performance attained by each and every senior management based on the rewards allocation approved by EXCO as a whole.

The Board is aware of gender diversification under the best practice and shall form 30% of the Board, hence Ms. Lee Kooi Hoon was selected and appointed as Independent Non-executive Director in replacement of Mr. Khaw Eng Peng's retirement. Furthermore, two key senior management are ladies who are also appointed as board members in the Group's subsidiaries. The Board will actively look for female candidates with caliber in succession planning for the senior management level to balance up the gender diversity and beside the guide to maintain at least 30% women Director at the Board level.

Gender diversity amongst the Board of Directors and Key Senior Management of the Company are as follow: -

	As At 30 June 2023			After AGM		
	Total Headcount	Headcount for		Total Headcount	Headcount for	
		Male	Female		Male	Female
Board of Directors	5	4 (80%)	1 (20%)	6	4 (66%)	2 (34%)
Key Senior Management	5	3 (60%)	2 (40%)	4	2 (50%)	2 (50%)

The gender diversity for the Group's employees is disclosed in Sustainability Statement of Annual Report.

Board's Training and Development

Relevant training is important especially on new laws and regulations which is essential knowledge to enable the Directors to be able to contribute significantly in discharging their duties effectively. The Board has delegated the Nominating Committee to continuously evaluate the training needs of the Directors. As of the date of this report, all Directors have undergone the Mandatory Accreditation Programme Part I and the Nominating Committee is arranging our Directors to attend the new Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP) in complied with the Listing Requirements of Bursa.

The Nominating Committee has formalized an orientation programme, of which included introduction of Company's background, strategic plans and directions of the Company as well as the Group for all newly appointed Directors. The Company Secretaries were assigned with the arrangement of the orientation programme to newly appointed Directors and visitation to our operational business premise should it was requested by the Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board's Training and Development (Cont'd)

The Company Secretaries will update the Board members with new/amended Listing Requirements or relevant laws and regulations via Board of Directors Meetings held. The followings are courses and training programs attended by the Directors for the financial year ended 30 June 2023 -

Name of Director	Training Program Attended	Date
Mr. Khaw Eng Peng	Webinars organized by MIA, ACCA, MICPA, ICDM and IRB on topics related to financial and corporate reporting, tax, and regulatory compliance etc.	July 2022 – June 2023
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	Bantuan Ikhlas Supreme / Motorist PA, Ikhlas Home Protect Takaful Shariah Requirement for Takaful Motor Claim Training	9 August 2022 24 August 2022 16 November 2022 14 June 2023
	Anti-Bribery and Corruption, Whistleblowing & Code of Ethic training	13 September 2022 & 30 May 2023
	How to Become Successful Agent Series 1: Mastering Digital Marketing Series 6: WhatsApp Marketing	22 September 2022 28 October 2022
	Wealth Creation Mastery	17 & 18 June 2023

Remuneration

The Remuneration Committee will review the Director's remuneration package inclusive benefits in-kind to align with business strategy and long-term objective of the Group besides matching with seniority, responsibility and expertise of an individual during recruitment and/or periodically performance evaluation as set out in Group Human Resource (HR) Policy and Procedures.

The performance evaluation interval for employees of which inclusive Executive Directors is half-yearly in accordance with Group Human Resource Policy and Procedures. For remuneration package, the Committee will review yearly Executive Directors' fiducially duties as Directors as well as KPI set in achieving Group's long-term strategic sustainability plans. The Committee's recommendation will be tabled to the Board and execution by EXCO with the aim to "attract and retain" committed and performed Executive Directors to drive the Group. No Director is allowed to approve his/her own evaluation under the Group Human Resource Policy and Procedures.

Remuneration of Non-executive Directors is determined by the Board as a whole and Non-executive Directors shall abstain in discussion of their own remuneration. The compensation of Non-executive Directors is proposed by the Committee which link to their experience and level of responsibility taken and tabled for Board's approval.

The Committee had on 19 May 2022 proposed Directors' fee payable for shareholders' approval in the AGM held on 30 November 2022. The Committee has also vided the meeting on 17 May 2023 proposed Directors' fee payable for financial year ended 30 June 2024 in forthcoming AGM to be held on a date to be set by the Board of Director in due course.

The Committee has also proposed a mandate be given to Group HR Authority Limit Panel for approving salary review and increment of any Executive Director based on his KPIs performance evaluation pursuant to Group HR Policies and Procedures of a quantum not more than 10% of the individual Executive Director's existing salary for financial year 2024.

Directors' Remuneration

The Company pays its Executive Directors salaries, bonuses and other emoluments mandated by the Board pursuant to Group HR Policies and Procedures whereas for Non-executive Directors, Directors' fees and emoluments that are approved at AGM.

PART I - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration (Cont'd)

Summary of the Non-executive Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the Financial Year 2023 are as follows: -

Director's Name	Fee (RM)	Allowance (RM)
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	10,000	2,600
Mr. Khaw Eng Peng	10,000	2,000
Mr. Koay Wooi Seong	10,000	2,000

The detailed disclosure for the remuneration of individual directors and senior management are set out in Corporate Governance Report submitted to Bursa Malaysia which be able to obtain from the weblink <https://www.kobaytech.com/investor-relations/annual-reports/>.

Senior Management Remuneration

In compliance with Listing Requirements and MCCG 2021, below are five (5) senior management remuneration breakdown which inclusive of salary, bonus/incentive, allowances and statutory contributions categorized into bandwidth of RM50,000 for the financial year ended 30 June 2023.

Per Annum	No of Senior Management
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1
RM350,001 to RM400,000	2
RM400,001 to RM450,000	1

Employees' Share Option Scheme

There is no granting of options under the Employees' Share Option Scheme that was established on 19 April 2016 for the 10 years tenure.

PART II - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee ("ARMC") which consists of three (3) Non-executive Directors and two of them are Independent Directors. All the members are financial literate and one of them is a member of an accounting association. The ARMC's composition and its report are set out in page 48-49 of this Annual Report.

Assigned by the Board, the Committee co-ordinates with internal and external auditors in relates to matters that may affect the financial or audit of the Company. During the financial year under review, ARMC has reviewed the audited financial statements for complied with applicable financial reporting standards and provided a true and fair view of state of affairs and financial position of the Company. The ARMC has recommended for Board's approval the financial statements and Statement of Directors' Responsibilities in preparing financial statement as set out on page 50 of this Annual Report.

In accordance with External Auditors Policy as published at Kobay website, ARMC shall assess suitability and independence of external auditors once a year and the external auditors shall provide assurance that they are and have been independent throughout the conduct of the audit engagement in accordance with terms of relevant professional and regulatory requirements. The external auditors have, during August 2023 ARMC meeting, confirmed their independency for audit engagement provided for financial year ended 30 June 2023.

PART II - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit and Risk Management Committee (Cont'd)

Save for the audit services and review of Statement on Risk Management and Internal Control provided during the financial year ended 30 June 2023, there were no non-audit services provided by the external auditors. Prior to engagement of any non-audit services by external auditors, it shall be first reviewed by the ARMC before tabled for Board's approval.

The external auditors have indicated intention to continue providing services and ARMC after reviewed their performance, has recommended their re-appointment to be included into agenda for shareholders' approval in the forthcoming AGM.

Risk Management and Internal Control Framework

The Board is primarily responsible for the Group's to have sound risk management framework and internal control system. The Company has identified and managed key business risks inclusive of material Environmental, Social and Governance risks to safeguard shareholders' and Company's investments. The Group's Risk Management Framework has been established in year 2013, documented down the risk tolerance level, risk management accountability bodies and monitoring procedures for Group's risk management.

The Group has governance structures and processes with performance-focused risk management as parts of our Corporate Culture and integrated internal control systems across all operations to monitor and manage risk. The Board is aware and responsible in ensuring that the Company maintains an effective internal control system. The Company has written documentations on Company's values, expected code of conduct, policies and procedures which clearly defines authorities and responsibilities of the Board, its Committees, each department, manager and employee.

The management is accountable to the Board in monitoring Company's internal control system and provides reasonable assurance that any foreseeable future event or situation that may impact the Company's business objectives be mitigated or managed. Problems identified are highlighted on a timely basis with suggested solutions.

The Company has a customized Enterprise Resource Management System which enables the management to gather information, monitor and manage individual subsidiary company's KPI and operations are operating in accordance to procedures and management expectation.

The Board has established an Executive Committee ("EXCO") which comprises of four (4) members, two (2) Executive Directors and two (2) senior management staff, to oversee the execution of entire Group's strategic direction and goals and properly functioning of Group's policies and procedures. Its primary responsibilities are stated in Board Charter and accessible at Kobay's website. EXCO reviews individual subsidiary's risk management activities in quarterly meetings as an on-going monitoring process.

The Group's Statement on Risk Management and Internal Control is set out on page 45-47 of this Annual Report.

Internal Audit

As regards to the internal audit function, the Board view that it is an integral part of an effective internal control system. The Board has established an in-house Internal Audit Department to periodically review the adequacy, effectiveness and integrity of Group's internal control system, management information system, risk management and governance processes. The internal auditors review and highlight weaknesses in control systems and make recommendations for improvement. One of the internal auditors' functions is also to investigate any complaints on mismanagement of Company's properties and assets and any instances of fraud or malpractice. Internal Audit Department reports directly to ARMC to ensure independence of internal audit function.

Summary of activities of the Internal Audit Department is set out in Audit and Risk Management Committee Report on page 48 of this Annual Report.

PART III - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

Ongoing engagement and effective communication are the Company's values and culture. Continuous effective communication with internal stakeholders during day-to-day operations for Company's success and with external stakeholders will be able to build the trust thus provides the external stakeholders a better picture of the Company's objective and an avenue for the Company to understand the external stakeholders' expectation.

The Company released quarterly financial results after approved by the Board via Bursa Link pursuant to Bursa's Listing Requirements and the Investor Relation personnel will organize a quarterly update on the Group's performance to keep shareholders informed about financial performance and business outlook.

The Board is aware that no information shall be disseminated in any forms and means prior to the announcement first made to Bursa Link pursuant to the Main Market Listing Requirements hence all information released to the public are accessible through the corporate website maintained by the Company globally.

There shall be no information disseminated to the media or any parties unless it is either first approved by Chief Executive Officer or the Board in accordance to the approving authority level and it shall be only released by the Chief Executive Officer in accordance to the Company's Corporate Disclosure Guide established.

Shareholders may direct or post to the Senior Independent and Non-executive Director for any queries or concerns regarding the Company at the registered office address or reach out the person in charge of investor relation at all times or contact the Company Secretaries via office contact number or email to cossec@kobaytech.com for information.

Conduct of General Meetings

Every General Meeting of the Company represents a primary platform between the Shareholders, the Board and senior management team to interact in person other than written communication.

The Company has always served notice within requisite period for meetings as prescribed by the Listing Requirements and MCGG 2021. Special businesses in Notice of AGM will be furnished with explanatory notes to Shareholders on the effects arising of proposed resolutions.

At the AGM, Shareholders are encouraged to actively participate in discussing the resolutions proposed or Company's operations in general. The Board, senior management team and Company's external auditors are present to answer questions raised and provide clarification.

Key matters discussed during the AGM and the minutes will be posted to the Company's website under the weblink <https://www.kobaytech.com/agm-egm/> within 30 days from the date of the AGM.

Compliance Statement by the Board of Directors on Corporate Governance Statement

The Board has reviewed and approved the Corporate Government Overview Statement on 25 October 2023. The Board is pleased to report that, to the best of its knowledge, the Company has fulfilled its obligations in accordance with all the applicable laws, regulations, internal and external guidelines on corporate governance throughout the financial year ended 30 June 2023.

SUSTAINABILITY STATEMENT

INTRODUCTION

Kobay Technology Berhad's ("Kobay" or "the Group") domiciled and operating in Malaysia servicing all of its clients globally. The Group focuses in manufacturing and providing high precision engineering solution, high precision components and parts, high level of assembly for its customers in semiconductor and E&E, aerospace, medical and life science, automation and equipment maker industries. We are committed in escalating our effort to be the pre-eminent supplier offering our sustainable solution product and services to our customers worldwide. We believed that in upholding our responsibility as a corporate citizen in Economic, Environment, Social and Governance (EESG) in our day-to-day operation will enable the Group to move up the value chain.

ABOUT THIS REPORT

The Board of Kobay pleased to present herewith our Annual Sustainability Statement (hereinafter referred to as "the Statement" or "this Statement") for the financial year ended 30 June 2023. This Statement provides you an overview of the Group's sustainability performance during the period from 1 July 2022 to 30 June 2023, unless otherwise stated.

For a comprehensive overview of the Group's performance for FY 2023, this report should be read in conjunction with the other statements in this Annual Report.

REPORTING FRAMEWORK AND STANDARD

This Statement has been drafted in accordance to the Bursa Malaysia Listing Requirements with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), Global Reporting Initiative ("GRI"), Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, Sustainability Accounting Standard Board ("SASB") standards and the International Sustainability Standard Board ("ISSB") standards.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

The sustainability governance has been embedded in all aspects of our Group's operation where the Board of Directors have delegated the Group's sustainability mission to Executive Committee ("EXCO") Committee members that formed by two (2) Executive Directors and two (2) senior management of the Company.

With the MAP training Part II introduced by Bursa Malaysia early August 2023, the Board has committed to equip themselves soonest possible with the necessary knowledge regarding the sustainability management including the climate-related risks and opportunities thus be able to possess the competency to drive the sustainability matters within the Group.

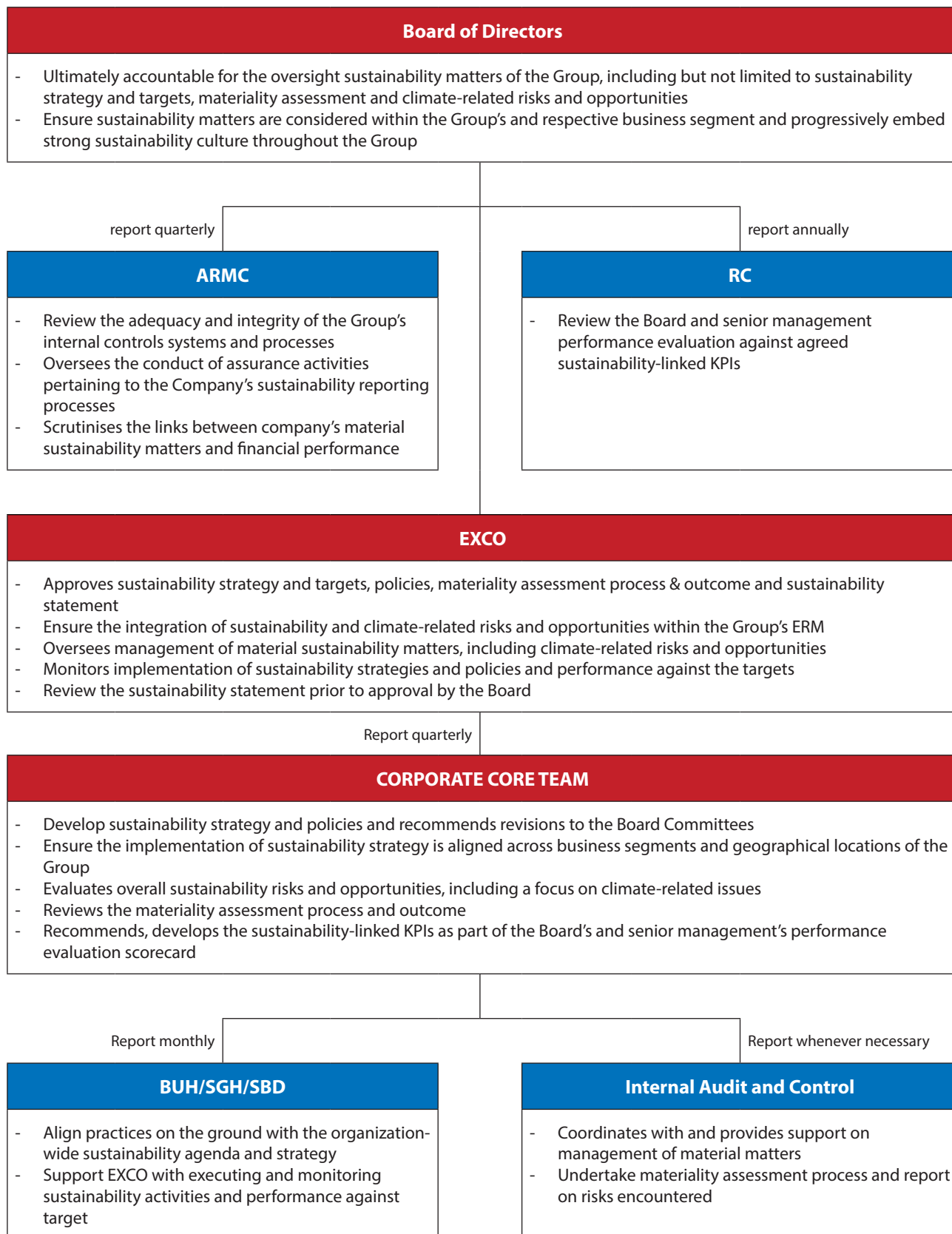
Led by the Chief Executive Officer, the EXCO articulates the sustainability practices across the business units in our two (2) division namely Manufacturing Division and Investment Division. Pursuant to the Board Charter, the Board is ultimately responsible for the Group's sustainable corporate direction, strategic planning and goals where the EXCO is assigned to drive the material sustainability matters across the business units as the sustainability steering committee.

Yearly, the EXCO will integrate the sustainability initiatives in the yearly strategic plans where each head of the business units as members of the workgroup shall carry out the day-to-day operations churning out prevention and remediation to ensure alignment for the entire yearly sustainable strategic plans and goals attainment for the business unit and ultimately achieving the goals as a group basis.

Each and every head of the business units will be assessed with sustainability-linked key performance indicators (KPIs) addressing the material sustainability risks and opportunities established by the Board and/or EXCO embedded in their individual performance evaluation scorecard and drive accountability across the group to steer the Group's sustainable performance.

The Audit and Risk Management Committee (ARMC) has been delegated as an oversight and governance body responsible in ensuring the Company's material sustainability matters carried out within the scope of the Group's sustainability direction.

SUSTAINABILITY GOVERNANCE (CONT'D)



* sustainability matters are economic, environmental, social and governance

Stakeholder Engagement

Kobay have various stakeholder groups and the key stakeholder group includes of shareholders, investors, financiers, government agencies and regulators, customers, vendors, employees, non-governmental organizations, media and community as a whole. They are individually have different level of influences over the business of Kobay.

Kobay Group has strived to maintain various channel to communicate with respective stakeholder either formally or informally. We acknowledge that frequent interactions with stakeholder will enable us to identify material issues in connected thereto hence providing the Group an insight of opportunities and alert us on the risk embedded in our business operation.

Kobay has also maintained a website where user will be able to drop the email to respective personnel using the platform created as well as easily extracted the contact thereof to connect with the respective personnel in charge especially the senior management who are responsible for the respective function have been disclosed in page 7-9 of our Annual Report 2023.

Stakeholders	Stakeholders' Concerns	Sustainability Matters	Forms of Engagement
Customers	<ul style="list-style-type: none"> Pricing Product quality & safety On time delivery Design and features Resources efficiency After sales services 	<ul style="list-style-type: none"> Customers satisfaction Innovation 	<ul style="list-style-type: none"> Market survey Launches/Events Customers visits and engagement by sales personnel Promotions
Employees	<ul style="list-style-type: none"> Corporate direction Job security and career advancement Welfare and benefits Work-life balance Workplace health and safety Employment equality 	<ul style="list-style-type: none"> Employee welfare Training and development Occupation health and safety Talent retention 	<ul style="list-style-type: none"> Periodic meeting at all levels Townhalls with employees Performance management system Flexible work arrangement Flexible benefits plan Whistleblowing policy Training programme and briefings Internal policies and procedures Employees' portal
Investors	<ul style="list-style-type: none"> Growth plans Market diversification Risk management Corporate governance Sustainable performance 	<ul style="list-style-type: none"> Ethic and integrity Transparency Innovation Artificial intelligence Green design and energy 	<ul style="list-style-type: none"> Shareholders' meeting Announcement via Bursa Malaysia Investors and analysts briefing Website enquiry
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> Compliance Securities issues Waste management Migrant workers 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Local authorities' inspection Formal forum or meeting with respective authorities Press release Workshops or briefing
Vendors	<ul style="list-style-type: none"> Legal compliance Payment schedule Pricing Product quality and supply commitment On time delivery 	<ul style="list-style-type: none"> Vendor development 	<ul style="list-style-type: none"> Vendors/Suppliers dialogue Negotiation on pricing and contract Supplier audit and evaluation
Non-Governmental Organization	<ul style="list-style-type: none"> Environmental and social issues in relates to development 	<ul style="list-style-type: none"> Community development 	<ul style="list-style-type: none"> Donation and financial aid Contribution to environment and social enhancement Sustainability related programs

MATERIAL SUSTAINABILITY MATTERS

Kobay aims to create long-term value to its stakeholders and has assessed the sustainable materiality matters which will impact our business directly or indirectly in order to address the concerns of both internal and external stakeholders.

We aware and prior to the introduction of sustainability framework by Bursa, Kobay has embarked in year 2004 to revisit its Group wise Vision, Mission and Value inclusive the Group's holistic strategic planning and goal setting to set the Corporate Direction, the sustainable factors that will impact the business operation and name it as Kobay 7S.

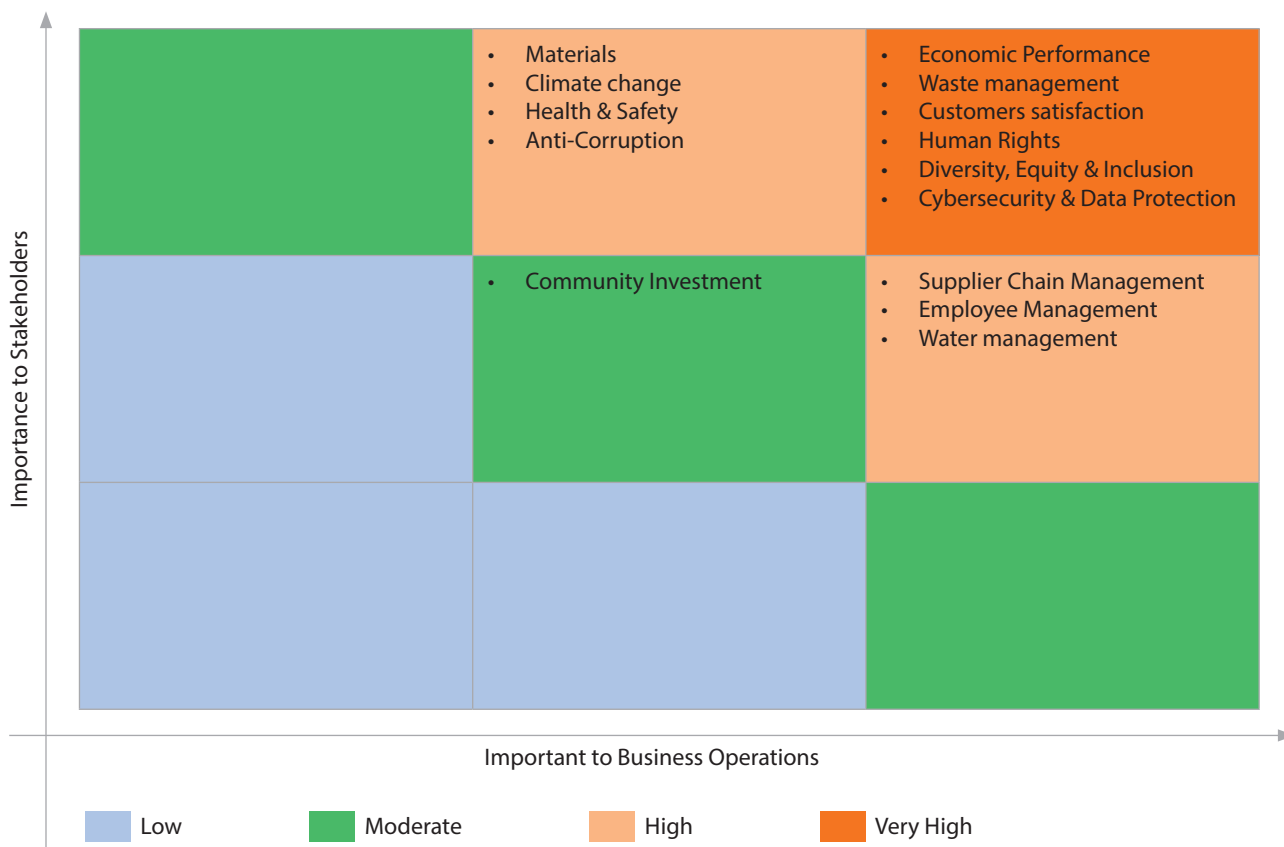
Thereafter, Kobay has vide our internal stakeholders (Executive Directors and employees) assessed with all key external stakeholder group (i.e. shareholders, investors, government agencies and regulator, customers, suppliers, NGO and community) to tabulate our key materiality area and we undertake to introduce an annual review of the Group prioritized economic, environmental, social and governance in our 5 years long term plan and our yearly plan.

The Group views the following sustainability matters crucial in defending today and creating tomorrow: -

ECONOMIC	ENVIRONMENTAL	SOCIAL
<ul style="list-style-type: none"> Customers satisfaction Government compliances Employee management Innovation Supply chain management Shareholders Wealth 	<ul style="list-style-type: none"> Government compliances Climate change Water management Waste Management – 4Rs (Reduce, Reuse, Recycle and Recover) Material Green Investment/design and energy 	<ul style="list-style-type: none"> Ethic and integrity Government compliances Occupation Safety and Health Anti-corruption Diversity, equity and inclusion Community investment Employee Management

Kobay has identified 14 material matters being the priority and the outcome of the process was reviewed by our sustainability steering committee ie Executive Committee and endorsed by the Board.

MATERIALITY MATRIX



Risk Management

In supporting and sustaining our customers' supply chain, we are committed to continuously improve our product's quality through our accredited quality management system and to ensure on time delivery to our customers. To-date, all of our core manufacturing subsidiaries are accredited with the following management system international standards in respective operational portfolio: -

- ISO 9001 : 2015,
- ISO 13485 : 2016,
- AS 9100 : D,
- Nadcap – Chemical Processing, and
- Nadcap – Aerospace Quality System (AC7004)

The said accreditation will be audited by the respective issuance authorities during renewal.

To ensure all the identified risks are being monitored, we have integrated sustainability into all our corporate, operational and financial KPIs which will be reviewed by the Board Committee periodically.

Simultaneously our internal auditors will consistently audit each and individual business unit to ensure compliance and any deviation will be reported to Executive Committee during monthly meeting and ARMC quarterly before the same will be reported to the Board during the quarterly meeting with the remedy and follow up audit.

Material Matters	Risks	Opportunities
Economic Performance	Poor financial performance threatens business health and investment opportunity	Sustainable financial performance attracts potential business partners and investment opportunity for business growth which increase in stakeholders' return
Anti-corruption	Poor governance on anti-corruption will tarnish the business reputation and create unhealthy business culture	Gain trust from stakeholders thus improving the relationship and business reputation
Health & Safety	Workplace health and safety avoid production loss and reduce unnecessarily penalties from authorities	Active promotion of safety working environment will reduce tendency of accident occurs while embed of conducive working culture promotes mental health of employee and maintain productivities ultimately
Cybersecurity & Data Protection	Cyber threats include breach of stakeholders' data which may cause the Company's reputation being tarnished	With digitalisation changing the global business platform, cybersecurity and data protection of all stakeholders will gain trust of stakeholders in doing business with us
Climate Change	Inadequate climate change preparation may cause unexpected loss of production e.g. flood and lead to loss of customers trust e.g. late delivery of goods to them	With climate change factor being considered during any set up of manufacturing plant or property development project will be able to minimizing the probability of the occurrence impact our production or property development
Customers Satisfaction	Dissatisfied customers will not be a repeated customers which will lead to loss of revenue to competitors	Frequent customers engagement facilitates our improvement in product and services rendered to customers, build reputation and gain trust from customers
Employee Management	Disengaged employee will jeopardize the employee morale and contribution to the Company's performance. Unfair and bias rewards system will demotivate employees hence affect the Company culture as a whole	Attractive benefits package will be able to recruit talent, however after recruitment engagement is crucial to able to correct the misaligned employee to follow Kobay culture and simultaneously able to retain the high-performance talent
Diversity, Equity & Inclusion	Discrimination on employees will tarnish the Group's reputation and face tough challenge in recruit and retain talent	Providing a fair and equal platform to all employees will be able to retain talent who can contribute to the business growth
Human Rights	Breach of human rights e.g. ill-treat workers, child labour, illegal labour	Compliance with law and cultivate a good corporate culture

Risk Management (Cont'd)

Material Matters	Risks	Opportunities
Supply Chain Management	Suppliers and vendors are business partners of the Group and any unethical practices undertaken by them will expose Kobay to operations disruption and rejection by customers	Sound procurement governance not only attain to be credible supplier to our customers but also able to build a reliable supply chain, supporting and upholding our products and services standard. Assessment of supplier during recruitment and periodic assessment after recruitment will be able to sustain the reliability of our supply chain to global customers
Waste Management	Non-compliance to environmental regulations will results in consequences with authorities	Effective waste management through effective resource management in operation like recycle, will enable cost reduction and simultaneously contribute to environment safety
Community Investment	Business activities which have negative impact onto the community will affect the Group's social image amongst community	As corporate responsible citizen to walk the talk to ensure the culture being implant into the Group's culture thus build good reputation and brand for the Group
Water Management	Ineffective water management will increase the cost of the Company	Effective water management will reduce cost for the Company and contribute towards the water conservation as a corporate citizen
Materials	Usage of sustainable materials will support the stakeholders' demand else it will result the Company loss in market shares	Commitment in using sustainable materials will open up more opportunities to global customers who share the same direction

SUSTAINABILITY FRAMEWORK

We recognized the impact that our business decision onto the surrounding environment and communities where our business is operated. We integrated Economic, Environmental and Social (EES) issues into our business operations and tabulate our strategic KPIs to track our progress in each and every area.

Our Commitment, Our Mission

We aim to be the market leader and pre-eminent supplier to our customers worldwide so we will pursue excellence in all aspects of our business in order to serve our global customers.

To achieve **sustainable, profitable growth (Goal 8)**, we combine **market leading technology (Goal 9)** with a **highly competent and committed workforce (Goal 16)** to achieve business excellence which is reflected in the products and services we offer.

Success is measured by our ability to create economic value, bond with our **customers and suppliers (Goal 17)**, promote a sense of pride and ownership amongst our **employees (Goal 12)** and produce a higher return of equity to our shareholders.

Creation of Economic Value	Protect our Environment and Creation of Conducive Community	Creation of the "Spirit of Success"
To achieve superior and sustainable profitability	To consciously preserve the environment and contribute to the well-being of the community	To attract, satisfy and retain our valuable customers, business partners and superior employees
Economic Performance Anti-corruption Cybersecurity & Data Protection Customers Satisfaction	Supply Chain Management Climate Change Community Investment Waste Management Water Management Materials	Human Rights Health & Safety Employee Management Diversity, Equity and Inclusion

Alignment to SDGs :



MANAGEMENT APPROACH FOR SUSTAINABILITY MATTERS

ECONOMIC PERFORMANCE

The Group is strived to produce a higher return of equity to our shareholders while creating economic value to other stakeholders and to the local economy. The Board and its Committee are cautious when implementing any expansion plan while defending the performance of all existing operations.

The Group continuously staying abreast with market trend, pursuing expansion and technology advancement, maintaining healthy balance sheet and mitigating risks exposed by our business operations in attaining the business excellence to create economic value to our stakeholders.

Economic Performance	Unit	FY2021	FY2022	FY2023
Economic Value Generated (Revenue)	MYR000s	157.0	354.2	313.7
Economic Value Distributed (OPE)	MYR000s	125.9	287.2	276.8
Economic Value Retained (PAT)	MYR000s	26.8	51.4	26.5

Note : The financial results presented in the table are extracted from the audited financial statement

ANTI-CORRUPTION

The Group acknowledged the importance of ethical corporate governance and uphold high standard of business ethics. "Doing the right thing when nobody's looking", that is, integrity and ethics.

Code of Business Conduct Policy, Anti-Corruption Policy, Whistle Blowing Policy, Group Human and Resource Policy, Group Finance Policy and Group Standard Operating Policy are being formalized to serve as a guidance to all employees (inclusive of Company Directors and Senior Management) on how the organization (includes the Director and employees) within Kobay Group are expected to behave and conduct when performing their duties.

Those policies cover topics related to conflict of interest, gifts and gratuities, integrity of company assets and information, insider trading, act of misconduct, cultivate conducive working environment and compliance to laws and regulations. The new joiners shall undergo an induction/orientation programme where they are required to familiarize themselves with the Group's policies and procedures.

Suppliers or vendors who intends to do business with the Group shall also adhere to the Group's Code of Business Conduct Policy and Anti-Corruption Policy. All suppliers are required to fill and submit the declaration which is part of the registration form for the suppliers/vendors during opening of their business account.

Our performance for the financial year under review is as follow:-

Corruption Risk	Unit	FY2021	FY2022	FY2023
Number of corruption incident/(s)	Number	0	0	0

The Code of Business Conduct Policy, Anti-Corruption Policy and Whistle Blowing Policy are available at Kobay website whereas the Group Human Resource Policy, Group Finance Policy and Group Standard Operating Policy are available on the Group's shared system.

HEALTH & SAFETY

In Kobay, we committed to provide the employees a safe and conducive working environment. The Group has enforced the following rules and regulations related to the environmental, occupational safety and health regulations for the protection of all employees: -

- Malaysian Environmental Quality (Clean Air) Regulations 2014,
- Factories and Machineries (Noise Exposure) Regulation 1989, and
- Occupational Safety and Health (OSHA) (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.

The Group has also incorporated the guide into its Human Resource Policy the safety measure where all employees are required to comply or disciplinary action will be taken against the employee who infringe or breach the said policy.

HEALTH & SAFETY (CONT'D)

The Human Resources Department shall be responsible to conduct an induction upon employee report to work and one of the areas where the Human Resource personnel shall cover is the Human Resource policy and procedures.

Safety Committee has been established which consisted of the Head of Company, Human Resources Personnel/Safety Officer and the Production personnel to monitor the effectiveness of the rules and regulations enforced above. Safety Committee has also set out internal safety and health guidelines to provide direction to the employees at large.

Any accidents which occurred within the premise of the workplace, the Human Resource personnel/Safety Officer shall communicate with the Safety Committee and take initiative to inform the employee's family members on the accident. Thereafter, the Safety Committee shall conduct an investigation of the accident. A report on the investigation shall be sent to the Human Resources Department and a copy provided to the Safety Committee within five (5) days after the accident.

The Human Resources Department shall proceed to inform the Insurance Company, SOCSO or any other related government authority that requires to be reported at the country where the company is operating in. The Safety Committee shall proceed to prepare the necessary documents as soon as the incident has been reported.

During the financial year, excessive noise test and noise risk assessment, stack emission monitoring & analysis and testing and examination of local exhaust ventilation systems have been carried out in our factories.

Our performance is illustrated as below:-

Health & Safety	Unit	FY2022	FY2023
Number of employees trained in health & safety standards	Number	N/A	724
Number of work-related fatalities	Number	0	0
Lost time incident rate (LTIR)	Rate	0	2.32
Total Hours worked	Hours	650336	708970
Number of lost time injuries	Number	0	0

CYBERSECURITY AND DATA PROTECTION

With the Group continuous effort digitalize its operations and the change of the global trend around remote working, e-commerce and automation after Covid 19, the Group's data is more susceptible to cybersecurity risks. As such, we have responsibility to manage the growing threat of cyber-attacks on the Group's data collected including but not limited to protecting our customers' sensitive information to prevent any leaks, threats or loss of customer information.

In Kobay, managing data and security is an integral part where we will conduct periodic review onto our Enterprise Resource Management System (ERM), Electronic Documents Management System (EDMS), Human Resource Management System (HRMS) and Email System to ensure our data privacy and security controls and processes are operating effectively. To ensure that our data is collected vide lawful means, we will obtain consent from respective party before the said data being stored into our operation systems. We have also imposed a strict control in granting access to the user inclusive the list of activities for each and every user authorized personnel.

The group has maintained cybersecurity framework and in the midst of developing our Group's Data Privacy Policy.

Our performance

Under the financial year, we do not received any complaints concerning breaches of our Group's data loss.

Cybersecurity & Data Protection	Unit	FY2021	FY2022	FY2023
Number of complaints concerning breaches in customer privacy or losses of customers	Number	0	0	0

CLIMATE CHANGE

Kobay acknowledges main source of indirect emissions is from electricity usage in our business operations. We recognize as a corporate citizen and our responsibility to reduce our carbon footprint in contributing our effort to create a low-carbon economy.

In the transition journey, Kobay aim to focus the following area:-

- 1) Managing our emissions; and
- 2) Investing in low emissions and green technologies

Initiative	Description
Office and Production	Change to LED bulb for energy-saving and only install air-conditioners with inverter feature
Investing in green technology – solar system	The Group has embarked on the effort to install solar system to factories which qualified for the said green technology

As of the date of this Statement, the Group has yet to implement the tracking system for the KPIs.

CUSTOMERS SATISFACTION

In delivery our sustainable performance, Kobay Group acknowledges that customer satisfaction is a material factor in achieving long term success.

Customers' engagement is crucial to build trust and long-term relationship, through various communication channel, we obtain customer feedback which enable us to gain insight of customers' expectation so we can provide the products or services that meet their needs.

Rejection rate and On Time Delivery Rate are two of our series of Key Performance Indicators set and tracked the performance of each business units in our Manufacturing Division while for the Property Development Division we adopted and benchmarked our developments against the Quality Assessment System in Construction ("QLASSIC"). Those Key Performance Indicators will be closely monitored monthly, quarterly and yearly through meetings set by the Group.

Our customers regardless whether under Manufacturing Division or Property Development Division are able to get in touch with our representative easily via their mobile contact or personal email or through our website.

Our Performance

Customer Satisfaction	Unit	FY2021	FY2022	FY2023
QLASSIC score for Lavanya Langkawi Project	%	75% Phase 1	N/A	85% Phase 2

EMPLOYEE MANAGEMENT

Kobay views employees who equips with the right working attitude and capability aligned with Kobay culture is our most valuable assets and the driving force in contributing the Group's growth and success. Hence, the VP of People and Organization development who reporting direct to the Chief Executive Officer, has been vested with the task to recruit, develop and retain high-performance employee while working under the ambit of our Group Human Resource Policies to continuously engage with the employee to ensure the following core areas throughout the Group supported by all the Human Resource Personnel:-

- Talent Management and On-boarding
- Performance Management and Benefits/Compensation
- Continuous Development Programme
- Succession Planning

In contributing to the Group's performance excellence and growth, the Group has on 2004 embarked to revisit its Vision, Mission and Culture whereby systems have been introduced especially on first 3 core areas of the above and with the VP-People and Organizational Development joined the Group in 2012, she has introduced the on-boarding programme vide the Company website in year 2013. The VP-People and Organizational Development thereof being entrusted, as the business partner of the Group, to continuously improve the system implemented therefrom.

EMPLOYEE MANAGEMENT (CONT'D)

Talent Management and On-boarding

Talent attraction and retainment is vital in building a strong and sustainable talent pool for Kobay future growth. Kobay has developed its Human Resource Policy and Procedures since 1989 with a 5 years interval revision process as a guide and VP-People and Organizational Development leads to build a strong employer brand to attract top talent and participate in various career fairs and forums to attract fresh talent and onboard them.

Performance Management and Benefits/Compensation

Kobay believed that in order to increase the shareholders and stakeholders value, we shall firmly uphold our Kobay culture ie ACTIONS and work towards our Vision and Mission. In cultivating and promoting high performance culture, we have embedded the performance evaluation procedures in our Human Resource Policy and Procedure to measure the performance of employees vide the Key Performance Indicators (KPIs).

Yearly, each and every business unit will derive its yearly strategic plan and goals with KPIs set for evaluation purposes of the performance not only for the business units but also for all key personnel of that particular business units.

The Company will reward performers in accordance to the benefits/compensation under the Group's Human Resource Policy. For Directors and Senior Management, the performance and benefits granted will require to be reviewed by the Remuneration Committee under the Malaysian Code of Corporate Governance.

The Group Human Resource Policy includes the benefit/compensation package, will be reviewed periodically so to ensure benefits and compensation package are at par with peers in order to attract and retain high performance talent.

Continuous Development Programme

It is Kobay's objective to continuously upskill and re-train its workforce so that the employees able to accommodate with the ever-changing technology advances and market trends.

Vide the performance evaluation which will be conducted every half yearly guided under the Group's Human Resource Policy and Procedures, the superior of every employee will access the training needs of each and every employee thus able to recommend the suitable training for the particular employee's career advancement.

Succession Planning

We assess the employee potential and performance to identify leaders for key positions as part of the succession planning.

We identify high-performing employees from all levels as potential leaders and were selected to participate in our Kobay Leadership Acceleration Programme which was conducted since April 2022.

Our performance

Employee Management	Unit	FY2021	FY2022	FY2023
Total hours of training by employee category				
- Management	Hours	248	1069	2607
- Executive	Hours	1049	1328	2127
- Non-executive/Technical Staff	Hours	641	1062	2008
- General Workers	Hours	194	237	396
Total number of employee turnover by employee category				
- Management	Number	12	44	30
- Executive	Number	41	88	79
- Non-executive/Technical Staff	Number	102	227	166
- General Workers	Number	31	102	71
Average training per hours per employee	Hours	17	40	78
Total new hires	Number	197	659	323
New hire rate	%	14	49	27
Turnover rate	%	15	35	21

DIVERSITY, EQUITY AND INCLUSION

We have since 1989 underpinned both fairness and equality in our Group Human Resource Policy from recruitment up to rewards and recognitions. No discrimination nor unfair treatment is allowed and we actively encourage diversity of gender, race, age, religion so that each and every employee is able to reach their full potential and give the Company a competitive edge through their ability, wide range of knowledge, ideas and experience.

Beside advocate for equitable gender representation in our Board, as of the date of this report, we have 30% women representation at our senior management level, then further cascaded down to management level and below.

The gender diversifications of our employees in total workforce categorized by gender, nationality and job level are shown in the table below: -

Diversity, Equity and Inclusion	Unit	FY2021	FY2022	FY2023
Percentage of employees by gender and age group by employee category				
<i>Gender group by employee</i>				
- Management – male	%	8%	7%	8%
- Management – female	%	4%	4%	4%
- Executive – male	%	12%	12%	14%
- Executive – female	%	9%	9%	9%
- Non-executive/technical staff – male	%	39%	45%	38%
- Non-executive/technical staff – female	%	7%	5%	6%
- General workers – male	%	17%	15%	17%
- General workers – female	%	4%	3%	4%
<i>Age group by employee category</i>				
- Management – under 30	%	0%	0%	1%
- Management between 30-50	%	8%	6%	7%
- Management – above 50	%	3%	4%	4%
- Executive – under 30	%	5%	4%	5%
- Executive between 30-50	%	15%	15%	16%
- Executive – above 50	%	2%	2%	3%
- Non-executive/technical staff – under 30	%	20%	25%	24%
- Non-executive/technical staff between 30-50	%	24%	23%	18%
- Non-executive/technical staff – above 50	%	2%	2%	3%
- General workers – under 30	%	10%	9%	8%
- General workers between 30-50	%	10%	9%	11%
- General workers – above 50	%	1%	1%	1%
<i>Percentage of Directors by gender and age</i>				
- Male	%	80%	80%	67%
- Female	%	20%	20%	33%
- Under 30	%	0%	0%	0%
- Between 30 – 50	%	20%	20%	50%
- Above 50	%	80%	80%	50%
<i>Percentage of employees that are contractors or temporary staff</i>				
- Gender diversity – male	%	N/A	N/A	N/A
- Gender diversity - female	%	N/A	N/A	N/A
- Age diversity – under 30	%	N/A	N/A	N/A
- Age diversity – between 30 – 50	%	N/A	N/A	N/A
- Age diversity – above 50	%	N/A	N/A	N/A
- Ethnic diversity - Bumiputra	%	N/A	N/A	N/A
- Ethnic diversity – Chinese	%	N/A	N/A	N/A
- Ethnic diversity – Indian	%	N/A	N/A	N/A
- Ethnic diversity - Others	%	N/A	N/A	N/A

HUMAN RIGHTS

Caring for employee is not just about welfare and benefits. Our effort to build an equitable working environment includes respecting human rights, as outlined in the United Nation's Guiding Principles on Business and Human Rights and the United Nation's Global Compact Principles.

One of the Kobay leadership traits is producing conducive working environment as Kobay believe in human rights and embedded such practices across its business operations to promote healthy working culture.

Incorporated into our Group Human Resource Policy and Procedures, we have abide to the Malaysia's Employment Act 2012 and relevant acts where our business is operated and under the said policies, we covers discrimination and harassment, grievances mechanisms, health and safety, employee engagement and many more since the policy drafted in 1989. Periodic revisions by Kobay Corporate Core Team lead by our Chief Executive Officer and members that consists of our Chief Operating Officer/(s), VP in Corporate Finance, VP in Corporate Investment Group and Investor Relation and VP-People and Organizational Development, to ensure that the policy be updated accordingly.

Simultaneously, with the labour-intensive environment under our Property Development Division, we are cautious in managing our contractor to ensure that labour rights have been attended to. For our workers including the foreign workers, we continuously ensure these workers being provided with fair wages and compensation, decent living quarters and adequate training to perform their jobs safely and effectively.

For the financial year under review, we glad to report our performance as illustrated below.

Human Rights	Unit	FY2021	FY2022	FY2023
No. of substantiated complaints concerning human rights violation	Number	0	0	0

SUPPLY CHAIN MANAGEMENT

In ensuring the entire supply chain of Kobay be able to supply the products or services to our customers worldwide per the customer's requirement and expectation, Kobay dedicated to incorporates sustainability throughout the entire supply chain in order to support the customers worldwide from where our business operations are operated. Kobay intends to conduct yearly supplier/vendor survey and review on their performance. We will also inform the supplier/vendor on the customers' latest requirement from time to time to keep them abreast in order to support our supply chain to our customers worldwide.

All suppliers/vendors will be informed with our policies in anti-corruption, data protection, health and safety as well as our ESG expectation in all the goods and services they supplied to Kobay Group of Companies.

We are committed that our procurement practices are fair and transparent and this has been incorporated into our Finance Policy and Procedures where jobs will only be awarded to the most credible supplier/vendor in our Manufacturing Division whereas in our Property Development Division, open tender will be conducted whereby not only prices will be taken into consideration but also the reliability and reputation of the supplier/vendor will be considered as a crucial factor in our awarding process.

Before every supplier/vendor able to do business with us, they are required to fill up a form and make declaration to adhere to all the policies that Kobay is practiced. Thereafter, the management will perform a due diligence check onto the said supplier/vendor before approval being granted to register them into our ERM system as approved supplier/vendor.

We prioritize to procure our needs in relate to our products or services from local supplier/vendor aiming to support and contribute positively to the local economy.

WASTE MANAGEMENT

Kobay recognized the importance of waste management impacted our environment and as a good corporate citizen, we generate different type of waste for both the Manufacturing and Property Development Division. We understand improper waste management can have impact if not treated properly and causing detrimental effect on air, water and soil contamination thus heightened risk of hazardous exposed to the surrounding communities where our business is operated. Our waste management strategy is driven by 4Rs concept of Reduce, Reuse, Recycle and Recover to minimize environmental pollution.

As for our Property Development Division, we will first ensure compliance to environmental policy of the state where our project situated during the development order application process. For any approved development project where we are contracted out our project construction work, our team will ensure that the respective contractor to treat all their waste properly throughout the construction.

WASTE MANAGEMENT (CONT'D)

Our Group has outlined how to minimize waste per each category of waste generated as below.

1) Liquid Waste

a) Waste Water

For factories where we have generated waste water, waste water treatment plant has been installed and Industrial Effluent Discharge Monitoring Reports were submitted monthly to Department of Environment, Ministry of Environment And Water with certified laboratory's certificate of chemical test analysis on treated water discharged, covering pH, cadmium, chrome, cyanide and suspended solids.

b) Waste Chemical

Our production floor will consume chemical in its metal components production for which the said chemical will be evaporated throughout the process due to its function is to cool the production process. Hence, the said chemical will require to be topped up during the production whenever the quantity is not to expectation. No disposal of this chemical is required.

2) Solid Waste

The Group supports green environment and continuously manage the impact of its operations to minimize environmental pollution.

All Manufacturing Division's factories waste management systems are approved by relevant authority and continuously review and upgrade to ensure compliance.

The Group's Manufacturing Division assigned licensed operator to dispose recyclable and non-recyclable wastes from operations to ensure no hazardous cause to the environment.

3) Other Waste

For waste created other than the production floor or construction site like operation office, we have digitalized some process and go paperless like our ERM, storage of documents/record vide EDMS and moving forward, in compliance with our "Lembaga Hasil Dalam Negeri" (LHDN), we will implement e-Invoicing where further reduce the use of paper in our business operation.

We have in our policies, all confidential company records can only be disposed off with the approval of Executive Committee and we have taken into consideration of data protection for those documents disposal to ensure that it will be destroyed properly during the disposal process.

In the future, we foresee there will be a big challenge on e-Waste created due to digitalization took place tremendously in the next century, hence, e-Waste like spoilt key-board, mouse, PC etc will be the next focus by the Group to lay policy on how to manage and treat those e-Wastes where we shall report our effort in our forthcoming report.

Compliance with waste disposal regulations is of utmost important and we continuously improve production processes to reduce waste.

COMMUNITY INVESTMENT

In Kobay, we strive to give back to the communities as a responsible corporate citizen through our community engagement and impact programmes with a focus on education and social welfare.

The Group believes that by investing in education, we will be able to nurture the next generation who is the foundation for building a highly educated community and moving towards a high-income country.

We support the nation human resource development as with our aim to nurture the local talent and through our participation in internship programs with local universities, colleges, polytechnics and Penang Skill Development Corporation, we trust with the opportunities provided, they will be able to reach their full potential and transform as future leaders where they can give back to the society.

Additionally, we have consistently participated ourselves towards the betterment of the local communities and we also encourage our employees to participate whenever we have group base activities.

WATER MANAGEMENT

Water scarcity is at the alarming stage due to global warming, poor water management and contamination. As water supply and usage is crucial to the Group in both the manufacturing of products, and for the sanitary needs of our employees, we are aware and committed to mitigate the risk of water shortage which will impact our business operation.

Our Group consistently promotes water conservation and regularly, we have a person assigned to perform regular checks on the usage of water and rectification will be recommended to the business unit head to take necessary action.

We have also imposed a penalty on workers should mis-use of water be found whether at the factory premise or at the hostel provided as a continuous effort in preserving the water.

MATERIALS

Kobay is fully aware of the importance of conservation of resources and attempts to minimize the impact caused on the environment, especially the core material used in the manufacturing is aluminium. Currently, most of our aluminium is purchased from local suppliers/vendors.

We have during the financial year set up our aluminium extrusion plant where we will be able to supply extruded material for majority of our manufacturing production consumption and we are planning to install the furnace for melting the re-cycle aluminium material from our manufacturing operation thus supporting in re-cycling through our product life cycle thus minimizing the environmental footprint.

Simultaneously, our aluminium extrusion plant is set up for supplying solar frames and some formed material supply to construction structures as our effort to participate ourselves in the green industry.

MOVING FORWARD

Kobay is committed to achieve sustainability required under the Listing Requirements of Bursa Malaysia Securities Berhad [paragraph 9.45(2), paragraph (29) and Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)].

We take note of the United Nations' 17 Sustainable Development Goals as the foundation for Sustainable Development targeted to be achieved by the year 2030.

We recognize the impact of our business decisions on the surrounding environment and communities where our businesses are operated. We are committed to integrate Economic, Environmental and Social sustainability issues into our business operations while attaining continuous growth and profits in a safe and healthy environment.

We will continue to listen to our people and give them a voice by engaging closely with them to identify and meet their needs in our aspiration to be the most preferred employer. Holding true to our core value of integrity, we will continue to lead our organization, our people and the community with good business governance. We will continue to uphold standards of transparency, accountability and integrity in managing the organization and provide clear leadership and vision to our people in the pursuit of service excellence.

We believe sustainable development is not the responsibility of governments alone. It requires the commitment of all sectors – private, academic, civil society and individuals.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") affirms its responsibilities in establishing a sound risk management framework and internal control system, constantly reviewing their adequacy and integrity to safeguard stakeholders' interests and company's resources. The Board is fully aware that risk management and internal control system cannot eliminate totally the risk of failure in achieving business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. This Statement will address the Group's approach in risk management and internal control, taking note the principles, intended outcome and practices as set out in Malaysian Code on Corporate Governance. The preparation of this Statement is also guided by "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") endorsed by Bursa Malaysia Securities Berhad pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements.

Risk Management

The Board has formalized and adopted a Risk Management Framework ("Framework") which documented down the approach, commitment, practices, policies and procedures to be applied in the Group on risk management and for communicating to all levels of management. The Framework is developed by reference to guidance provided in the Guidelines. To achieve the Group's objectives and goals, in ensuring business sustainability and continuity, the Board is committed to articulate risk management into Group's culture and day to day activities, implement a formalised risk management practices in its strategic planning, organization structure, operation procedures, management processes and internal control systems.

As an on-going process, business risks faced by the Group are reviewed yearly by management to identify, assess their likelihood & impact and come out with action plans to manage and mitigate the risks. Risk management activities are applied to strategic business units in Kobay Group covering Manufacturing Division, Property/ Project Development Division and Pharmaceutical & Healthcare Division. The Framework provides guidance and methods to identify, analyse, evaluate and manage risks. It also provides the acceptable risk tolerance & appetite levels, planning & execution timetable, managing processes & information flow and responsible bodies to monitor and report on effectiveness of risk management activities carried out.

On risk management accountability structure, the key components are as follow:

Board of Directors ("Board")

The Board's role is to establish a sound framework to manage risk. The Board has set in the Framework the level of risk tolerance and appetite in assessing business risks faced by the Group and safeguard stakeholders' interests and Group's resources. Risk appetite measured by loss tolerance level in monetary value has been formally defined in the Framework for application in risk assessment and management.

For effective implementation and management, the Board has delegated its review process role on risk management to Audit and Risk Management Committee ("ARMC"). However, the Board as a whole still maintain the execution role and responsible for all the actions of ARMC.

Audit and Risk Management Committee ("ARMC")

The Audit Committee of the Board has been designated as Audit and Risk Management Committee in 2013, to be more reflective of its functional role in audit and risk management.

ARMC assists the Board in fulfilling its risk management oversight role. ARMC reviews Risk Management Report presented by management quarterly on updates of risk management activities carried out on items identified as high risk during strategic planning process and encountered during the financial year. ARMC is also provided with Internal Audit Report yearly on review of risk management activities carried out in the Group. Results of the review activities by ARMC are reported in Board's meetings.

Management

Executive Committee ("EXCO") that consists of Executive Directors of the Board and Chief Operating Officers spearheads risk management activities' implementation in the Group. EXCO acts as Management Committee of risk management and reports risk management activities and matters of high or extreme risk level and their mitigation actions to ARMC on quarterly basis.

In business operations, the Chief Operating Officer ("COO") and Head of Strategic Business Group and Functional Units ("SBG Head") are responsible for risk management within respective strategic business and functional units. Their responsibilities include develop and implementing a sound system of risk management to identify, assess, monitor and manage major risks that may have impacts on achieving Group's business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Management (Cont'd)

For accountability, Head of Strategic Business Unit ("SBU Head") takes charge of compliance and monitoring roles at individual business units. The business unit's line managers at all management levels are responsible for adoption and implementation of risk management practices as guided by the Framework and monitor the results of risk management activities relevant to their areas of responsibility.

Risk Identification, Evaluation and Management

The Group's risk coverage is divided into three areas, namely strategic & operational, financial and regulatory compliance. To evaluate risk, individual risk item is measured based on scoring of its likelihood in terms of probability and monetary value of the consequence. The calculated risk value is compared against a pre-defined Risk Matrix Table prescribed in Framework to determine the risk level for each of the item, ranging from low to extreme risk. The risk level identified will determine which level of management is to manage and monitor the progress of risk management activities carried out.

To identify and evaluate strategic & operational risks faced by the Group, yearly strategic planning sessions attended by EXCO and operations management are held before beginning of new financial year. The Kick-Off meeting for Financial Year 2024 Strategic Plan commenced in November 2022. The Chief Executive Officer and senior management held brain-storming sessions to evaluate current business environment, competition landscape and sustainability issues, to identify key risks faced by Group's businesses and determined the Group's directions and expectations going forward.

At business operation level, with the guidance set by Group Corporate Strategic Plans & Goals, respective strategic business and functional units' SBG Head performed SWOT(Strengths/Weaknesses/Opportunities/Threats) analysis on operation environment, industry trends, capabilities, past performances to develop its strategic plan encompassing business direction, strategy, focus and expectations. Based on Strategic Business Group's strategic plan, SBU Head and line management prepared individual business unit's strategic plan, covering in details of planned activities, goal set, key performance indicators for guiding, measuring and monitoring performance and annual budget.

Meetings were conducted between EXCO, SBG Head and SBU Head to discuss, review and buy-off the annual strategic plans, goals, key performance indicators and budget. Buy-off of Financial Year 2023 Strategic Plan by EXCO was completed in June 2023.

As for financial and regulatory compliance risks, risk assessments are carried out by SBU Heads and Group Accountants at individual business unit level via Risk Assessment Forms. Risk assessment is done by way of questionnaire which systematically assess currently known risks guided by past records in risk register and any emerging risks foresee.

For managing and monitoring risks, meeting agenda is set in quarterly held Operations Review Meeting for SBG Heads to report to EXCO on risk issues and current business situations that warrant risk management, their impacts or likely impact to the business units in achieving business objectives. Remedy actions taken to address high risk items identified during strategic planning process and the progress of planned risk management activities carried out in individual business units were reported to ARMC by EXCO on quarterly basis.

The Chief Executive Officer and Vice President - Corporate Finance have provided a written assurance to the Board on 25 October 2023 stating that the Group's risk management and internal control system are operating adequately and effectively for the current financial year under review and up to the approval date of this Statement for inclusion in Annual Report.

Internal/ External Audit

Internal Audit is tasked with the responsibility to evaluate the effectiveness and efficiency of risk management carried out and compliance with the Group's laid-down practices and procedures in the Framework. A review is to be conducted once in a year with the outcome reported to ARMC. Internal Audit Department has carried out the annual review on Group's risk management activities for FY2023 and reported in August 2023 ARMC meeting.

The External Auditors review the Statement on Risk Management and Internal Control and report the results thereof to the Board on annual basis. The External Auditors have reviewed the Statement for financial year ended 30 June 2023 which is included in the Annual Report, as guided by Audit and Assurance Practice Guide 3 issued by Malaysian Institute of Accountants. Based on the review, nothing has come to their attention that caused them to believe that the Statement is not prepared in all material respects, in accordance with the disclosures to be set out as required by paragraphs 41 and 42 of the Guidelines, nor is this Statement factually inaccurate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Internal Control System

On the Group's systems of internal control that manage risks to achieve established goals and provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, the internal control systems' key elements are described below: -

- Formal Group Organization Structure defines clearly the line of reporting and hierarchy of authority in alignment with Group's core activities that are managed by segregation into different strategic business groups.
- Group Policies and Procedures Manuals on Financial, Human Resource and Sales and Operations are adopted and laid down the objectives, scopes, policies and operating procedures to be complied by business units.
- Clearly defined authorisation limits at various management levels are set out in a Financial Authority Matrix for controlling and approving capital and revenue expenditures.
- Budgetary control system in place to establish responsibilities and accountabilities of each business unit in term of resources employed, control over costs and expenses and for measuring overall financial performance. The yearly budget of business unit is approved by the EXCO.
- Individual companies with active business operations hold monthly management meeting to review the financial performance, business overview, direction and development with Chief Operating Officer and Head of Strategic Business Group. They are then presented to operation review meeting with corporate management.
- EXCO consists of Executive Directors and Chief Operating Officers hold weekly meeting to discuss, approve and resolve any major issues arising from business operations and corrective action plans.
- Internal Audit Department is established and report directly to ARMC and assigned with tasks to assist ARMC in discharging its duties and responsibilities.
- Regular internal audit visits to business units are carried out by Internal Audit Department to ensure compliance of Group Policies and Procedures and to examine effectiveness and efficiency of operations' internal control systems.
- Internal control issues noted by Internal Audit Department are tabled for discussion and resolution in business unit's monthly management meeting and presented in operation review meeting at corporate level. Improvements in existing policies and procedures or implementation of new policies and procedures are carried out when needed to keep in pace with the evolving business environment.
- ARMC and Board of Directors hold quarterly meeting to discuss internal audit reports, periodic financial statements and issues that warrant the Committee's and Board's attentions.

For the year under review, the Board confirms that there is an on-going process of identifying, evaluating and managing significant risks faced by the Group and reviewing internal control systems to safeguard stakeholders' interests and Group's assets. The Group's system of internal controls is in place and functioning, continuous efforts being taken to strengthen and improve the Group's internal control environment.

The Board is satisfied with the adequacy, integrity and effectiveness of the Group's risk management framework and its internal control systems. There was no material internal control system failure nor has any reported weaknesses resulted in material losses or contingencies that would require mention in the Annual Report for the financial year under review.

This Statement is made in accordance with the resolution of the Board of Directors dated 25 October 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Members of the Committee

1. **Khaw Eng Peng**
Chairman, Senior Independent and Non-executive Director
2. **Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil**
Independent and Non-executive Director
3. **Koay Wooi Seong**
Non-Independent and Non-executive Director

Secretaries to the Committee

1. **Chan Mun Shee** (MAICSA 7003071)
2. **Wong Mee Choon** (MACS 01562)

TERMS OF REFERENCE

The Terms of Reference for Audit and Risk Management Committee ("Committee") is published at Kobay website, www.kobaytech.com.

MEETINGS

The Committee met five times in financial year ended 30 June 2023. The meetings were convened in a structured manner by formal notice of meeting. Meeting agenda and reports were sent to Committee members at least 7 calendar days before the meeting date. Committee Secretary recorded the meeting minutes, confirmed by Committee Chairman and tabled in subsequent meeting for adoption. Vice President - Corporate Finance, Group Accountant, Head of Internal Audit and External Auditors were invited to attend the meetings to provide insights and advice on reports discussed.

Details of meeting attendance were as follows:

Name of Committee Members	Attendance
Khaw Eng Peng	5/5
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	5/5
Koay Wooi Seong	5/5

SUMMARY OF WORK

During the financial year, the Committee had:

1. Reviewed with External Auditors the Audit Review Memorandum for financial year ended 30 June 2022 audit. It covered on status of audit on financial statements and annual report, comparison of results between audited results and announced results and expected audit opinion. There was no management judgments and estimates items highlighted that affecting financial statements.
2. Reviewed quarterly unaudited results with Vice President - Corporate Finance and obtained clarifications before submission to Board for consideration and approval for the purpose of announcement to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The financial statements for financial year ended 30 June 2022 were reviewed and submitted to Board for consideration and approval for the purpose of announcement to Bursa Malaysia and inclusion in Annual Report.
3. Reviewed Internal Auditor Report on Group's risk management activities carried out in financial year ended 30 June 2022 on compliance with policies and procedure as stated in Group Risk Management Framework.
4. Reviewed Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report for adoption and disclosure in 2022 Annual Report.
5. Reviewed Quarterly Internal Audit Department Report on audit activities carried out by Internal Auditor. Committee members discussed and adopted the audit reports issued to management that covered on audit findings, management's corrective actions and status of implementation.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK (CONT'D)

During the financial year, the Committee had (cont'd):

6. Reviewed Quarterly Report presented by Internal Auditor on related party and recurrent related party transactions transacted in Kobay Group. Related party transactions were reviewed for compliance with reporting and approving procedures in accordance with shareholders' mandate for recurrent related party transactions, Bursa Malaysia Listing Requirements and any conflict-of-interest situation arisen.
7. Reviewed Quarterly Risk Management Report presented by Vice President - Corporate Finance on behalf of Executive Committee on risk management activities. Activities carried out in the quarter and progress update on high risk items identified in annual risk management review were reported to the Committee.
8. Reviewed performance and work carried out by Messrs. Crowe Malaysia PLT before recommendation of re-appointment as External Auditors for financial year ending 30 June 2023. The review criteria are based on External Auditors Policy which is published at Kobay website.
In March 2023, Messrs. Crowe Malaysia PLT has resigned as auditors of the Company. After taken the necessary steps in accordance with selection and appointment of new external auditors procedures as set out in External Auditors Policy, the Committee has recommended the appointment of Messrs. BDO PLT in place of the resigned auditors
For evaluation of Internal Auditor's audit plan coverage, competency and job performance, it was carried out by Committee members via Internal Audit Function Evaluation Checklist.
9. Adopted Internal Audit Plan for financial year ending 30 June 2024 presented by Internal Auditor. The planned audit activities are based on risk-based approach with audit emphasis on core business units and audit areas covered are determined by respective unit's key risk areas, business nature and past audit experience. The audit plan includes review on Group's related party transactions and risk management activities.
10. Reviewed Semi-annual Returns before submission to Board for approval for the purpose of submission to Bursa Malaysia.
11. Reviewed External Auditors' Audit Planning Memorandum for financial year ending 30 June 2023. It covered on responsibilities of directors and auditors, audit approach, materiality and performance materiality, areas of significant audit attention, engagement team, reporting & deliverables, ethical requirements including independence, listed issuers updates and transparency report.
12. Held two dialogue sessions in August 2022 and May 2023 with the external auditors and internal auditor to discuss on any issues affecting them in discharging their duties and responsibilities without the present of Executive Directors. There was no major area of concern highlighted by the auditors that warrant the Committee attention and further elaboration.

INTERNAL AUDIT FUNCTION - SUMMARY OF WORK

The Company has an Internal Audit Department, which reports directly to the Committee and assists in discharging its functions and duties. The internal audit function is independent of operational activities and has its own service charter to ensure the internal audit activities are performed with impartiality, proficiency and due professional care. The costs incurred for internal audit function in financial year ended 30 June 2023 amounted RM178,627.

During the financial year, Internal Audit Department has carried out the following activities:

1. Conducted compliance, operational and financial audits covering Group Policies and Procedures Manual and internal control systems.
At Group level, a Cross Internal Audit Framework has been adopted whereby internal auditor and divisional system compliance personnel are to carry out audit at business units on rotational basis based on prefix audit programs with audit cycle of two times per financial year for each of the business units.
The audit works conducted at Manufacturing Division's business units were on compliance of Enterprise Resource Management System's production flow & resigned employee's user access right deactivation, store management, consumable tools inventories, production scrap management, edit control on purchase pricing, finished products profitability, doubtful receivables provision compliance, fixed assets management and maintenance of employee personnel file & overtime calculation.
For Pharmaceutical & Healthcare Division, audits were carried out on store management covering goods receipt & issuance, storage of medicines & healthcare products and expiring inventories management.
2. Issued audit reports to business units' management on audit findings and obtained their corrective actions. The audit reports were tabled for adoption in business unit's management meeting and in operations review meeting at corporate level with senior management. They were also tabled at quarterly Committee meeting for notation.
3. Conducted follow-up audits to ensure corrective actions on audit findings noted in internal and external auditors' reports are practiced in business operations.
4. Reviewed related party and recurrent related party transactions transacted in Kobay Group on quarterly basis and reported to Committee.
5. Reviewed risk management activities carried out in Kobay Group on adequacy and compliance with Group Risk Management Framework's laid down policies and procedures and reported to Committee.

DIRECTORS' RESPONSIBILITIES STATEMENT

Pursuant to Chapter 15 to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") wishes to issue a statement explaining their responsibilities for preparing the annual audited financial statements.

Pursuant to the Companies Act 2016 and the relevant regulations, the Board has prepared the financial statements which give a true and fair view of the state of affairs, its result and cash flows of the Company and the Group. The Directors have:-

- considered and selected relevant accounting policies and applied consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that the applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Board is responsible for ensuring that proper accounting records is kept of which financial position of the Company and the Group were disclosed with reasonable accuracy at any time. The Board of Directors has generally taking such steps that are reasonably available to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Board has reviewed the content/disclosure of this Annual Report inclusive of the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report and Sustainability Statement and approved this Annual Report for dissemination to all shareholders.

The Statement is made in accordance with the resolution of Board of Directors dated 25 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

On 26 November 2021, the Company had completed the First Tranche of the private placement exercise which involves the issuance of 19,900,000 placement shares, raising a total of RM110.44 million.

As of LPD, the status of utilization of proceeds raised from the Private Placement is as follows:-

Purpose	Proceeds Raised (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for utilisation
Setting up new aluminium manufacturing plant for the Group's manufacturing division	59,995	(36,590)	23,405	Within 2 years
Partial repayment of bank borrowings	50,000	(50,000)	-	-
Estimated expenses in relation to the Proposed Private Placement	450	(450)	-	-

AUDIT AND NON-AUDIT FEES

For the financial year under review, the amount of audit fees paid or payable to the Group's external auditors amounted to RM50,000 and RM310,000 respectively for the Company and the Group. Other than the RM6,000 of non-audit fees paid by the Company to the Group's external auditors, there is no other non-audit fees be paid or payable to the external auditors.

MATERIAL CONTRACTS

There are no material contracts of the Company and its subsidiaries being entered into for which involving the interest of the Directors, Chief Executive who is not a Director or major shareholders since the end of the previous financial year and still subsisting at the end of the financial year.

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 30 November 2022, the Company had obtained a general mandate from the shareholders to enter into recurrent related party transactions of a revenue or trading nature.

The details of recurrent related party transactions conducted during the financial year ended 30 June 2023 pursuant to the shareholders' mandate are disclosed as follows:-

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Amount transacted during the financial year (RM)
PMI	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	489,552
PPC	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	1,061,418
Avelon Healthcare	Galaxis Pharma	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Galaxis Pharma from Avelon Healthcare	1,399,851
Avelon Healthcare	Avelon Arise	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Arise from Avelon Healthcare	5,681,508

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Amount transacted during the financial year (RM)
Avelon Healthcare	Arise Healthcare	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Arise Healthcare from Avelon Healthcare	2,865,580
Galaxis Healthcare	Avelon Healthcare	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Healthcare from Galaxis Healthcare	964,600
Galaxis Pharma	Avelon Healthcare	Lim Beng Cheong Chong Huei Shin & persons connected	Purchase of pharmaceutical and healthcare products by Avelon Healthcare from Galaxis Pharma	2,440,674

Note :

PMI - Paradigm Metal Industries Sdn. Bhd.
 PPC - Paradigm Precision Components Sdn. Bhd.
 UA - UA Materials Sdn. Bhd.
 Avelon Healthcare - Avelon Healthcare Sdn. Bhd.
 Avelon Arise - Avelon Arise Sdn. Bhd.
 Arise Healthcare - Arise Healthcare Sdn. Bhd.
 Galaxis Pharma - Galaxis Pharma Sdn. Bhd.
 Galaxis Healthcare - Galaxis Healthcare Sdn. Bhd.

EMPLOYEES SHARE OPTION SCHEME

The Company's Employees Share Option Scheme has been approved by the members during the Extraordinary General Meeting held on 9 December 2015 and became effective on 19 April 2016 and shall be valid for a duration of 10 years from the effective date.

There are no options being granted to any employees of the Group since implementation during the financial year ended 30 June 2023.



FINANCIAL REPORT

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are mainly involved in manufacturing, property development, pharmaceutical and healthcare, asset management, investment holding and others. Further details of the subsidiaries are set out in Note 9 to the financial statements.

There had been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>25,589,953</u>	<u>44,395,838</u>
Attributable to:		
Owners of the parent	26,507,794	44,395,838
Non-controlling interests	<u>(917,841)</u>	<u>0</u>
	<u>25,589,953</u>	<u>44,395,838</u>

DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM
In respect of financial year ended 30 June 2022:	
First and final single tier dividend of 3.0 sen per ordinary share, paid on 20 January 2023	<u>9,605,424</u>

The Directors propose a first and final single tier dividend of 2.0 sen per ordinary share amounting to RM6,403,616 in respect of the financial year ended 30 June 2023, subject to the approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Seri Koay Hean Eng *
 Koay Cheng Lye *
 Khaw Eng Peng
 Sharifah Faridah Binti Dato' Syed Mahadzar Jamalulli
 Koay Wooi Seong
 Koay Zee Ee * (Appointed on 8 September 2023)
 Lee Kooi Hoon (Appointed on 8 September 2023)

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Kobay Technology Bhd. (excluding those who are already the Directors of the Company)

Koay Wooi Tatt
 Chan Mun Shee
 Yee San Khien
 Koay Wei Keong
 Chong Huei Shin
 Tee Yee May
 Tan Kim Fah
 Lim Beng Cheong
 Chan Bee Luang
 Poh Li Pheng (Resigned on 22 August 2022)
 Dennyia Koay Zee Wei (Appointed on 22 August 2022)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[----- Number of ordinary shares -----]			
	Balance as at <u>1.7.2022</u>	<u>Bought</u>	<u>Sold</u>	Balance as at <u>30.6.2023</u>
<u>Shares in the Company</u>				
<u>Indirect interests</u>				
Dato' Seri Koay Hean Eng ^	109,048,940	0	0	109,048,940
Koay Cheng Lye #	115,448,940	6,400,000	0	121,848,940

^ Deemed interested by virtue of shareholdings in Kobay Holdings Sdn. Bhd.

Deemed interested by virtue of shareholdings in Kobay Holdings Sdn. Bhd. and Inna Capital Sdn. Bhd.

DIRECTORS' INTERESTS (continued)

By virtue of their interests in the ordinary shares of the Company, Dato' Seri Koay Hean Eng and Koay Cheng Lye are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

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

DIRECTORS' REMUNERATION

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

	Group RM	Company RM
Fees	30,000	30,000
Salaries and other emoluments	877,936	522,732
Defined contribution plan	34,691	20,617
	<u>942,627</u>	<u>573,349</u>

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision have been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2023 amounted to RM50,000 and RM260,000 respectively.

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

Dato' Seri Koay Hean Eng

Director

Penang

25 October 2023

Koay Cheng Lye

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 64 to 128 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Seri Koay Hean Eng
Director

Koay Cheng Lye
Director

Penang
25 October 2023

STATUTORY DECLARATION

I, Dato' Seri Koay Hean Eng (I/C No.: 581127-07-5439), being the Director primarily responsible for the financial management of Kobay Technology Bhd., do solemnly and sincerely declare that the financial statements set out on pages 64 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Georgetown in the State of
Penang this 25 October 2023

Dato' Seri Koay Hean Eng

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kobay Technology Bhd., which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 128.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters of the Group

1. Impairment assessment of the carrying amounts of trademark and goodwill on consolidation

As disclosed in Notes 7 and 8 to the financial statements, the net carrying amount of trademark and goodwill on consolidation of the Group amounted to RM18,297,000 and RM22,506,704 respectively as at 30 June 2023. Trademark and goodwill on consolidation are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill or intangible assets might be impaired.

We determined this to be a key audit matter as because it requires significant judgement by the management about the future results and key assumption applied to cash flows projection of cash generating unit ('CGU') in determining the recoverable amount. The key assumptions include forecast growth in future revenue and profit margins as well as determining an appropriate pre-tax discount rate and growth rates.

Audit response

Our audit procedures included the following:

- (a) assessed the cash flows projections against recent performance and compared the current period's actual results with previous forecasts to assess the historical accuracy of forecasts;
- (b) assessed the reasonableness of the key assumptions used by management in the cash flows projections;
- (c) assessed the reasonableness of the pre-tax discount rate used by management for each of the CGUs by comparing to market data, weighted average cost of capital of the Group and other relevant risk factors; and
- (d) performed sensitivity analysis to stress test the key assumptions used by management in the impairment assessment.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

2. Revenue and cost of sales recognition for property development activities

Revenue from property development activities during the financial year as disclosed in Note 23 to the financial statements amounted to RM34,792,510. Cost of sales from property development activities for the financial year as disclosed in Note 11 to the financial statements amounted to RM21,594,694.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations.

The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

Audit response

Our audit procedures included the following:

- (a) reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;
- (b) recomputed transaction prices based on historical profit margins of the Group, and compared these transaction prices allocated to profit margins of similar contracts subsequent to the end of reporting period;
- (c) assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (d) inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (e) compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (f) recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF KOBAY TECHNOLOGY BHD.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Other Matters

- (a) The financial statements of the Group and of the Company for the financial year ended 30 June 2022 were audited by another firm of chartered accountants whose report dated 18 October 2022 expressed an unqualified opinion on those statements.
- (b) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Penang
25 October 2023

Tan Chee Hean
03661/04/2024 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Group		Company	
	NOTE	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	182,117,359	184,575,027	617,661	310,737
Investment properties	6	11,495,944	5,513,612	0	0
Intangible assets	7	19,941,802	20,136,725	0	0
Goodwill on consolidation	8	22,506,704	22,506,704	0	0
Investments in subsidiaries	9	0	0	296,814,518	250,561,017
Other investments	10	298,613	451,931	1,500	1,500
Inventories	11	52,647,060	38,496,059	0	0
Trade receivables	12	7,473,042	5,750,564	0	0
Deferred tax assets	13	0	142,000	0	0
		<u>296,480,524</u>	<u>277,572,622</u>	<u>297,433,679</u>	<u>250,873,254</u>
Current assets					
Inventories	11	143,344,215	117,127,769	0	0
Trade and other receivables	12	71,787,266	99,104,078	54,232,057	11,301,441
Derivative assets	14	5,100	716	0	0
Current tax assets		4,704,279	1,241,873	97,377	0
Short term funds	15	22,012,659	23,756,803	606,028	14,037,680
Cash and bank balances	16	25,569,921	49,903,209	1,289,812	17,005,276
		<u>267,423,440</u>	<u>291,134,448</u>	<u>56,225,274</u>	<u>42,344,397</u>
TOTAL ASSETS		<u>563,903,964</u>	<u>568,707,070</u>	<u>353,658,953</u>	<u>293,217,651</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	210,917,984	210,917,984	210,917,984	210,917,984
Treasury shares	17(c)	(9,522,642)	(9,522,642)	(9,522,642)	(9,522,642)
Capital reserve		1,550,000	1,550,000	0	0
Retained earnings		177,232,482	160,330,112	104,669,492	69,879,078
		<u>380,177,824</u>	<u>363,275,454</u>	<u>306,064,834</u>	<u>271,274,420</u>
Non-controlling interests		13,858,245	14,834,284	0	0
TOTAL EQUITY		<u>394,036,069</u>	<u>378,109,738</u>	<u>306,064,834</u>	<u>271,274,420</u>
LIABILITIES					
Non-current liabilities					
Borrowings	18	37,838,063	36,492,759	3,580,177	4,677,584
Lease liabilities	19	3,582,822	2,267,585	273,350	0
Deferred tax liabilities	13	11,771,373	10,989,047	0	0
Government grants	20	171,750	495,523	0	0
		<u>53,364,008</u>	<u>50,244,914</u>	<u>3,853,527</u>	<u>4,677,584</u>
Current liabilities					
Borrowings	18	57,945,624	32,071,820	19,738,324	941,992
Lease liabilities	19	1,945,143	921,905	133,058	0
Trade and other payables	21	53,746,355	99,256,356	23,869,210	16,082,386
Contract liabilities	22	848,540	4,811,961	0	0
Government grants	20	156,213	0	0	0
Derivative liabilities	14	97,404	907,420	0	0
Current tax liabilities		1,764,608	2,382,956	0	241,269
		<u>116,503,887</u>	<u>140,352,418</u>	<u>43,740,592</u>	<u>17,265,647</u>
TOTAL LIABILITIES		<u>169,867,895</u>	<u>190,597,332</u>	<u>47,594,119</u>	<u>21,943,231</u>
TOTAL EQUITY AND LIABILITIES		<u>563,903,964</u>	<u>568,707,070</u>	<u>353,658,953</u>	<u>293,217,651</u>

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	NOTE	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	313,693,513	354,178,481	50,617,778	14,836,024
Cost of sales		(232,563,163)	(237,137,475)	0	0
Gross profit		81,130,350	117,041,006	50,617,778	14,836,024
Other income		4,715,113	7,999,199	1,938,115	3,077,440
Selling and distribution expenses		(6,617,333)	(8,151,380)	0	0
Administrative and general expenses		(37,630,038)	(41,911,980)	(7,582,564)	(4,425,279)
Impairment loss on trade receivables	12(h)	(3,074)	(425,757)	0	0
Finance costs		(3,569,768)	(1,874,177)	(736,187)	(354,291)
Profit before tax		38,025,250	72,676,911	44,237,142	13,133,894
Taxation	26	(12,435,297)	(19,792,325)	158,696	(1,198,529)
Profit for the financial year		25,589,953	52,884,586	44,395,838	11,935,365
Total other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		25,589,953	52,884,586	44,395,838	11,935,365
Profit for the financial year and total comprehensive income attributable to:					
Owners of the parent		26,507,794	51,371,109	44,395,838	11,935,365
Non-controlling interests		(917,841)	1,513,477	0	0
		25,589,953	52,884,586	44,395,838	11,935,365
Earnings per ordinary share attributable to owners of the parent:					
Basic and diluted (Sen)	27	8.28	16.46		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group	NOTE	Non-distributable					Distributable		Total equity RM
		Share capital RM	Treasury shares RM	Capital reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM		
Balance as at 1 July 2021		102,103,907	(9,522,642)	1,550,000	115,288,181	209,419,446	605,625	210,025,071	
Profit for the financial year		0	0	0	51,371,109	51,371,109	1,513,477	52,884,586	
Other comprehensive income, net of tax		0	0	0	0	0	0	0	
Total comprehensive income		0	0	0	51,371,109	51,371,109	1,513,477	52,884,586	
Transactions with owners									
Acquisition of subsidiaries	9(g)	0	0	0	0	0	10,151,220	10,151,220	
Issuance of ordinary shares pursuant to private placement	17	110,445,000	0	0	0	110,445,000	0	110,445,000	
Share issue transaction costs	17	(1,630,923)	0	0	0	(1,630,923)	0	(1,630,923)	
Issuance of shares to non-controlling interests		0	0	0	0	0	2,940,000	2,940,000	
Changes in ownership interest in a subsidiary	9(e)	0	0	0	74,438	74,438	48,962	123,400	
Dividend paid	28	0	0	0	(6,403,616)	(6,403,616)	0	(6,403,616)	
Dividends paid to non-controlling interests		0	0	0	0	0	(425,000)	(425,000)	
Total transactions with owners		108,814,077	0	0	(6,329,178)	102,484,899	12,715,182	115,200,081	
Balance as at 30 June 2022		210,917,984	(9,522,642)	1,550,000	160,330,112	363,275,454	14,834,284	378,109,738	
Balance as at 1 July 2022		210,917,984	(9,522,642)	1,550,000	160,330,112	363,275,454	14,834,284	378,109,738	
Profit for the financial year		0	0	0	26,507,794	26,507,794	(917,841)	25,589,953	
Other comprehensive income, net of tax		0	0	0	0	0	0	0	
Total comprehensive income		0	0	0	26,507,794	26,507,794	(917,841)	25,589,953	
Transactions with owners									
Dividend paid	28	0	0	0	(9,605,424)	(9,605,424)	0	(9,605,424)	
Dividends paid to non-controlling interests		0	0	0	0	0	(1,288,970)	(1,288,970)	
Issuance of shares to non-controlling interests		0	0	0	0	0	1,225,000	1,225,000	
Changes in ownership interest in a subsidiary	9(f)	0	0	0	0	0	5,772	5,772	
Total transactions with owners		0	0	0	(9,605,424)	(9,605,424)	(58,198)	(9,663,622)	
Balance as at 30 June 2023		210,917,984	(9,522,642)	1,550,000	177,232,482	380,177,824	13,858,245	394,036,069	

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Company	NOTE	Share capital RM	Treasury shares RM	Distributable	Total equity RM
				Retained earnings RM	
Balance as at 1 July 2021		102,103,907	(9,522,642)	64,347,329	156,928,594
Profit for the financial year		0	0	11,935,365	11,935,365
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	11,935,365	11,935,365
Transactions with owners					
Issuance of ordinary shares pursuant to private placement	17	110,445,000	0	0	110,445,000
Share issue transaction costs	17	(1,630,923)	0	0	(1,630,923)
Dividend paid	28	0	0	(6,403,616)	(6,403,616)
Total transactions with owners		108,814,077	0	(6,403,616)	102,410,461
Balance as at 30 June 2022		210,917,984	(9,522,642)	69,879,078	271,274,420
Balance as at 1 July 2022		210,917,984	(9,522,642)	69,879,078	271,274,420
Profit for the financial year		0	0	44,395,838	44,395,838
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	44,395,838	44,395,838
Transaction with owners					
Dividend paid	28	0	0	(9,605,424)	(9,605,424)
Total transactions with owners		0	0	(9,605,424)	(9,605,424)
Balance as at 30 June 2023		210,917,984	(9,522,642)	104,669,492	306,064,834

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	NOTE	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		38,025,250	72,676,911	44,237,142	13,133,894
Adjustments for:					
Amortisation of:					
- intangible assets	7	194,923	178,680	0	0
- government grants	20	(167,560)	(263,438)	0	0
Depreciation of:					
- property, plant and equipment	5	12,677,999	11,223,673	113,318	100,673
- investment properties	6	313,929	32,450	0	0
Dividend income	23	0	0	(50,617,778)	(14,836,024)
Fair value (gain)/loss on:					
- derivatives	14(d)	(814,400)	828,749	0	0
- other investment		111,478	1,023,820	0	0
- contingent consideration	21(e)	2,394,551	(2,008,790)	2,394,551	(2,008,790)
Gain on disposal of:					
- property, plant and equipment		(327,379)	(163,080)	0	0
- other investments		(960)	0	0	0
- subsidiary	9(f)	(11,007)	0	(4,949)	0
Gain on lease modification		(5,885)	(109)	0	0
Gain on lease termination		(50,417)	0	0	0
Inventories written down	11(e)	531,225	1,608	0	0
Impairment loss on:					
- investments in subsidiaries	9	0	0	2,391,448	0
- trade receivables	12(h)	3,074	425,757	0	0
Loss on change in ownership interest in subsidiaries		0	0	0	289,866
Reversal of impairment loss on investments in subsidiaries	9	0	0	0	(465,400)
Written off of property, plant and equipment		13,277	8,419	6	0
Interest income		(1,368,022)	(685,829)	(1,932,981)	(603,250)
Interest expense		3,569,768	1,874,177	736,187	354,291
Lease concession		0	(2,400)	0	0
Unrealised gain in foreign exchange		(60,168)	(498,867)	0	0
Operating profit/(loss) before changes in working capital		55,029,676	84,651,731	(2,683,056)	(4,034,740)
Changes in working capital:					
Inventories		(43,807,244)	(54,093,409)	0	0
Trade and other receivables		26,097,693	(28,274,268)	(7,898)	14,858
Trade and other payables		(38,318,087)	33,350,998	(12,033)	(190,827)
Contract liabilities		277,200	4,741,173	0	0
Cash (used in)/generated from operations		(720,762)	40,376,225	(2,702,987)	(4,210,709)
Tax paid		(15,697,020)	(18,370,232)	(179,950)	(692,779)
Tax refunded		105,295	560,779	0	0
Net cash (used in)/from operating activities		(16,312,487)	22,566,772	(2,882,937)	(4,903,488)

STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	NOTE	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of:					
- property, plant and equipment	5(h)	(17,702,163)	(109,147,265)	(3,034)	(46,974)
- investment properties	6	0	(707,867)	0	0
- other investments		0	(575,485)	0	0
Acquisition of subsidiaries, net of cash acquired		0	(11,506,796)	0	(18,013,925)
Contingent consideration paid	21(e)	(9,575,694)	(6,383,796)	(9,575,694)	(6,383,796)
Dividend received	23	0	0	50,617,778	14,836,024
Interest received		1,368,022	685,829	1,932,981	603,250
Net advance to subsidiaries		0	0	(72,639,635)	(10,170,950)
Proceeds from disposal of:					
- property, plant and equipment		3,692,445	214,599	0	0
- other investments		42,800	1,400,828	0	0
- subsidiary	9(f)	4,900	0	5,000	0
- shares to non-controlling interest		0	123,400	0	123,400
Subscription for shares in subsidiaries		0	0	(3,948,083)	(62,638,000)
Net cash used in investing activities		(22,169,690)	(125,896,553)	(33,610,687)	(81,690,971)
CASH FLOWS FROM FINANCING ACTIVITIES					
Change in deposit pledged as security		(92,729)	(343,775)	0	8,000
Dividends paid to:					
- owners of the Company	28	(9,605,424)	(6,403,616)	(9,605,424)	(6,403,616)
- non-controlling interest		(1,288,970)	(425,000)	0	0
Drawdowns of:					
- term loans		8,474,651	17,451,429	0	0
- revolving credit		15,050,769	16,702,151	8,802,794	0
Interest paid		(3,443,394)	(1,754,235)	(734,536)	(354,291)
Proceeds from the issuance of shares pursuant to private placement		0	110,445,000	0	110,445,000
Share issue transaction costs		0	(1,630,923)	0	(1,630,923)
Issuance of shares to non-controlling interest		1,225,000	2,940,000	0	0
Repayment of:					
- term loans		(6,096,177)	(5,504,586)	(1,060,528)	(1,060,850)
- revolving credit		(617,554)	0	0	0
- lease liabilities		(1,256,418)	(1,152,320)	(12,457)	0
Net cash from/(used in) financing activities		2,349,754	130,324,125	(2,610,151)	101,003,320
Net (decrease)/increase in cash and cash equivalents		(36,132,423)	26,994,344	(39,103,775)	14,408,861
Effects of exchange rate changes on cash and cash equivalents		5,603	56,871	0	0
Cash and cash equivalents at beginning of the financial year		70,063,958	43,012,743	31,042,956	16,634,095
Cash and cash equivalents at end of the financial year	16(e)	33,937,138	70,063,958	(8,060,819)	31,042,956

STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 19)		Borrowings (Note 18)	
	Group RM	Company RM	Group RM	Company RM
At 1 July 2021	0	0	38,041,189	6,680,426
Cash flows	(1,152,320)	0	28,648,994	(1,060,850)
Non-cash flows:				
- acquisition of subsidiary	4,236,798	0	1,686,881	0
- unwinding of interest	111,007	0	0	0
- lease concession	(2,400)	0	0	0
- effects of lease termination	(3,595)	0	0	0
- effects of exchange rate changes	0	0	187,515	0
At 30 June 2022	<u>3,189,490</u>	<u>0</u>	<u>68,564,579</u>	<u>5,619,576</u>
At 1 July 2022	3,189,490	0	68,564,579	5,619,576
Cash flows	(1,256,418)	(12,457)	16,811,689	7,742,266
Non-cash flows:				
- addition of lease liabilities	1,105,504	417,214	0	0
- effects of lease modification	65,373	0	0	0
- effects of lease termination	(1,942,979)	0	0	0
- transfer from contract liabilities	4,240,621	0	0	0
- unwinding of interest	126,374	1,651	0	0
- effects of exchange rate changes	0	0	450,760	0
At 30 June 2023	<u>5,527,965</u>	<u>406,408</u>	<u>85,827,028</u>	<u>13,361,842</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at 3rd Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 Georgetown, Penang.

The consolidated financial statements for the financial year ended 30 June 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 October 2023.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are mainly involved in manufacturing, property development, pharmaceutical and healthcare, asset management, investment holding and others. Further details of the subsidiaries are set out in Note 9 to the financial statements.

There had been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 34.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

4. OPERATING SEGMENTS

Kobay Technology Bhd. has arrived at six (6) reportable segments that are organised and managed separately according to the products and service, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- | | |
|-------------------------------------|--|
| (i) Manufacturing | - Manufacture of precision machined components, precision metal stamping, sheet metal parts, surface treatment, precision moulds and parts, tooling and form dies, semiconductor assembly and testing equipment, metal works and structures, modules and parts for oil and gas production and extraction equipment and components and sub-assemblies for aerospace parts |
| (ii) Property development | - Property development and property management |
| (iii) Pharmaceutical and healthcare | - Wholesale and retail sale of pharmaceutical and healthcare products |
| (iv) Asset management | - Property letting, operation of dormitory and hotel operators |
| (v) Investment holding | - Investment holding |
| (vi) Others | - Money lending and management services |

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off. These policies have been applied consistently throughout the current and previous financial years.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the statements of financial position.

The Group has changed the composition of its reportable segments during the financial year. Consequently, the comparatives have been restated to conform with current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

4. OPERATING SEGMENTS (continued)

Business segments

2023	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Asset management RM	Investment holding RM	Others RM	Consolidation adjustments and elimination RM	Group RM
Segment assets	249,754,459	187,417,501	37,346,808	81,479,106	417,006,499	10,316,025	(419,416,434)	563,903,964
Included in the measure of segment assets are:								
- Additions to non-current assets	38,015,903	388,277	431,802	3,611,381	420,248	570,882	(24,630,826)	18,807,667
Segment liabilities	90,321,324	74,861,410	8,636,671	37,749,511	47,711,805	1,152,700	(90,565,526)	169,867,895
Revenue from external customers	194,918,684	34,792,510	78,317,236	5,277,564	175	387,344	0	313,693,513
Inter-segment revenue	30,614,592	2,374,853	14,707,400	5,042,315	97,764,649	7,684,400	(158,188,209)	0
Total revenue	225,533,276	37,167,363	93,024,636	10,319,879	97,764,824	8,071,744	(158,188,209)	313,693,513
Interest income	788,620	205,503	74,212	31,728	1,940,666	10,444	(1,683,151)	1,368,022
Finance costs	(1,757,708)	(2,087,863)	(74,914)	(971,754)	(736,187)	(8,866)	2,067,524	(3,569,768)
Net finance (costs)/income	(969,088)	(1,882,360)	(702)	(940,026)	1,204,479	1,578	384,373	(2,201,746)
Segment profit before tax	19,914,615	10,451,719	10,905,335	2,191,222	90,912,214	336,594	(96,686,449)	38,025,250
Tax expense	6,566,251	2,601,308	2,636,095	841,374	(158,949)	(4,000)	(46,782)	12,435,297
Other material non-cash items:								
- depreciation on property, plant and equipment	12,086,003	165,491	1,197,925	268,920	128,681	98,274	(1,267,295)	12,677,999
- depreciation on investment properties	185,203	0	0	2,048,629	0	0	(1,919,903)	313,929
- fair value loss on contingent consideration	0	0	0	0	2,394,551	0	0	2,394,551
- inventories written down	531,225	0	0	0	0	0	0	531,225
- fair value gain on derivatives	(814,400)	0	0	0	0	0	0	(814,400)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

4. OPERATING SEGMENTS (continued)

Business segments (continued)

	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Asset management RM	Investment holding RM	Others RM	Consolidation adjustments and elimination RM	Group RM
2022 (restated) *								
Segment assets	258,814,360	132,404,192	35,216,947	69,208,282	357,029,527	7,563,631	(291,529,869)	568,707,070
Included in the measure of segment assets are:								
- Additions to non-current assets	57,215,387	13,275	9,314,427	47,711,623	57,244	193,487	(6,307,628)	109,855,132
Segment liabilities	93,772,718	44,984,926	11,246,150	28,292,121	22,053,726	449,680	(10,201,989)	190,597,332
Revenue from external customers	241,374,496	24,661,945	86,226,176	1,893,739	22,125	0	0	354,178,481
Inter-segment revenue	59,790,631	7,199,023	17,312,583	1,368,579	28,198,289	5,949,500	(119,818,605)	0
Total revenue	301,165,127	31,860,968	103,538,759	3,262,318	28,220,414	5,949,500	(119,818,605)	354,178,481
Interest income	179,081	93,944	13,415	7,427	277,750	257,122	(142,910)	685,829
Finance costs	(1,066,690)	(285,133)	(187,857)	(47,799)	(354,291)	(75,317)	142,910	(1,874,177)
Net finance (costs)/income	(887,609)	(191,189)	(174,442)	(40,372)	(76,541)	181,805	0	(1,188,348)
Segment profit before tax	60,719,618	8,611,962	10,705,244	(73,917)	25,135,332	242,725	(32,664,053)	72,676,911
Tax expense	14,351,140	2,158,564	2,586,317	0	334,814	1,217,729	(856,239)	19,792,325
Other material non-cash items:								
- depreciation on property, plant and equipment	7,854,138	166,611	1,340,250	1,769,187	116,470	9,467	(32,450)	11,223,673
- depreciation on investment properties	0	0	0	0	32,450	0	0	32,450
- fair value gain on contingent consideration	0	0	0	0	(2,008,790)	0	0	(2,008,790)
- impairment loss on trade receivables	425,757	0	0	0	0	0	0	425,757
- fair value loss on derivatives	828,749	0	0	0	0	0	0	828,749

* The Group has re-aligned its internal composition of its operating segments which resulted in change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the year ended 30 June 2022.

4. OPERATING SEGMENTS (continued)

(a) Geographical information

The manufacturing facilities and sales offices of the Group are mainly based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from where the customers are originated.

Majority of the segment assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/details of the segment assets and liabilities of the Group.

Revenue information based on the geographical location of customers are presented in Note 23 to the financial statements.

(b) Major customers

During the financial year, there is no single external customer that the revenue generated from exceeded 10% of the Group's revenue.

In the previous financial year, there was revenue from one (1) major customer in the manufacturing segment amounted to RM80,114,290 which is more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings	Buildings improvement and renovation	Factory machinery, moulds and equipment	Furniture, fittings, office equipment and computer software	Motor vehicles	Capital work-in-progress	Leasehold land	Buildings	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At cost											
Balance as at 1 July 2022	4,161,603	51,154,023	11,588,426	108,655,663	14,733,811	1,744,999	51,964,325	47,100,387	4,842,145	350,990	296,296,372
Additions	0	19,090	1,580,456	6,372,938	4,506,165	399,528	4,730,877	0	875,504	323,109	18,807,667
Disposals	0	0	(269,519)	(2,929,253)	(892,125)	(431,569)	(223,324)	0	0	(350,990)	(5,096,780)
Written off	0	0	(6,730)	(422,240)	(352,338)	0	0	0	0	0	(781,308)
Lease modification	0	0	0	0	0	0	0	0	71,258	0	71,258
Lease termination	0	0	0	0	0	0	0	0	(2,821,597)	0	(2,821,597)
Reclassification	0	13,952,051	0	22,707,401	0	0	(33,075,310)	(3,584,142)	0	0	0
Transfer to investment properties (Note 6)	0	(8,407,548)	0	0	0	0	0	(3,530,000)	0	0	(11,937,548)
Transfer from inventories (Note 11)	0	0	0	0	0	0	0	0	2,908,572	0	2,908,572
Balance as at 30 June 2023	4,161,603	56,717,616	12,892,633	134,384,509	17,995,513	1,712,958	23,396,568	39,986,245	5,875,882	323,109	297,446,636
Accumulated depreciation											
Balance as at 1 July 2022	0	12,680,207	6,552,599	73,771,486	9,388,345	973,922	0	5,579,558	1,754,630	245,693	110,946,440
Current charge	0	1,572,954	713,205	5,999,982	1,473,174	128,113	0	1,679,266	993,570	117,735	12,677,999
Disposals	0	0	(32,696)	(1,131,812)	(118,975)	(144,040)	0	0	0	(304,191)	(1,731,714)
Written off	0	0	(3,300)	(415,967)	(348,764)	0	0	0	(929,035)	0	(768,031)
Lease termination	0	0	0	0	0	0	0	0	0	0	(929,035)
Reclassification	0	127,888	0	0	0	0	0	(127,888)	0	0	0
Transfer to investment properties (Note 6)	0	(4,010,559)	0	0	0	0	0	(1,630,728)	0	0	(5,641,287)
Balance as at 30 June 2023	0	10,370,490	7,229,808	78,223,689	10,393,780	957,995	0	5,500,208	1,819,165	59,237	114,554,372
Accumulated impairment losses											
Balance as at 1 July 2022/30 June 2023	0	0	0	512,516	100,837	34,332	127,220	0	0	0	774,905
Carrying amount											
Balance as at 30 June 2023	4,161,603	46,347,126	5,662,825	55,648,304	7,500,896	720,631	23,269,348	34,486,037	4,056,717	263,872	182,117,359

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Buildings	Buildings improvement and renovation	Factory machinery, moulds and equipment	Furniture, fittings, office equipment and computer software	Motor vehicles	Capital work-in-progress	Leasehold land	Buildings	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At cost											
Balance as at 1 July 2021	4,161,603	44,121,021	10,258,754	91,926,526	11,195,121	1,846,999	127,220	16,765,641	0	0	180,402,885
Additions	0	4,433,002	946,886	18,593,664	2,483,366	518,496	51,837,105	30,334,746	0	0	109,147,265
Disposals	0	0	0	(1,853,877)	(27,540)	(813,359)	0	0	0	0	(2,694,776)
Written off	0	0	0	(10,650)	(85,429)	0	0	0	0	0	(96,079)
Lease termination	0	0	0	0	0	0	0	0	(43,571)	0	(43,571)
Acquisition of subsidiaries	0	2,600,000	382,786	0	1,168,293	192,863	0	0	4,885,716	350,990	9,580,648
Balance as at 30 June 2022	4,161,603	51,154,023	11,588,426	108,655,663	14,733,811	1,744,999	51,964,325	47,100,387	4,842,145	350,990	296,296,372
Accumulated depreciation											
Balance as at 1 July 2021	0	11,037,530	5,635,943	70,686,498	7,861,659	1,465,458	0	3,992,769	0	0	100,679,857
Current charge	0	1,550,677	857,672	4,923,034	1,172,125	132,708	0	1,586,789	936,320	64,348	11,223,673
Disposals	0	0	0	(1,831,656)	(15,744)	(795,857)	0	0	0	0	(2,643,257)
Written off	0	0	0	(6,390)	(81,270)	0	0	0	0	0	(87,660)
Lease termination	0	0	0	0	0	0	0	0	(40,085)	0	(40,085)
Acquisition of subsidiaries	0	92,000	58,984	0	451,575	171,613	0	0	858,395	181,345	1,813,912
Balance as at 30 June 2022	0	12,680,207	6,552,599	73,771,486	9,388,345	973,922	0	5,579,558	1,754,630	245,693	110,946,440
Accumulated impairment losses											
Balance as at 1 July 2021/30 June 2022	0	0	0	512,516	100,837	34,332	127,220	0	0	0	774,905
Carrying amount											
Balance as at 30 June 2022	4,161,603	38,473,816	5,035,827	34,371,661	5,244,629	736,745	51,837,105	41,520,829	3,087,515	105,297	184,575,027

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovation RM	Furniture, fittings, and office equipment RM	Motor vehicles RM	Right-of-use assets	Total RM
				Building RM	
At cost					
Balance as at 1 July 2022	427,084	933,698	1,800	0	1,362,582
Additions	0	3,034	0	417,214	420,248
Written off	0	(14,984)	0	0	(14,984)
Balance as at 30 June 2023	427,084	921,748	1,800	417,214	1,767,846
Accumulated depreciation					
Balance as at 1 July 2022	281,724	768,322	1,799	0	1,051,845
Current charge	38,334	63,395	0	11,589	113,318
Written off	0	(14,978)	0	0	(14,978)
Balance as at 30 June 2023	320,058	816,739	1,799	11,589	1,150,185
Carrying amount					
Balance as at 30 June 2023	107,026	105,009	1	405,625	617,661
At cost					
Balance as at 1 July 2021	427,084	886,724	1,800	0	1,315,608
Additions	0	46,974	0	0	46,974
Balance as at 30 June 2022	427,084	933,698	1,800	0	1,362,582
Accumulated depreciation					
Balance as at 1 July 2021	243,389	705,984	1,799	0	951,172
Current charge	38,335	62,338	0	0	100,673
Balance as at 30 June 2022	281,724	768,322	1,799	0	1,051,845
Carrying amount					
Balance as at 30 June 2022	145,360	165,376	1	0	310,737

- (a) All items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 33%
Buildings improvement and renovation	2% - 33%
Factory machinery, moulds and equipment	10% - 20%
Furniture, fittings, office equipment and computer software	10% - 50%
Motor vehicles	10% - 20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents building and machinery in progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) As at the end of the reporting period, the carrying amount of property, plant and equipment charged to licensed banks for credit facilities granted to the Group as disclosed in Note 18 to the financial statements are as follows:

	Group	
	2023	2022
	RM	RM
Leasehold land	34,486,037	41,520,829
Buildings	29,498,224	27,687,148
Factory machinery, moulds and equipment	7,116,145	6,362,203
	<u>71,100,406</u>	<u>75,570,180</u>

- (c) The Group and the Company leases a number of properties and motor vehicles in the location which it operates. The lease of properties and motor vehicles comprise only fixed payments over the lease terms.

The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	26 - 60 years
Buildings	2 - 3 years
Motor vehicles	5 years

- (d) The Group has certain leases of building, hostel, machinery and office equipment with lease term of twelve (12) months or less and low-value leases of office equipment of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemption for these leases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in cost of sales:				
Depreciation charge of right-of-use assets	121,190	0	0	0
Expense relating to lease of short-term leases	550,236	215,708	0	0
Expense relating to lease of low-value assets	249,503	3,105	0	0
Included in administrative expenses:				
Depreciation charge of right-of-use assets	2,669,381	2,587,457	11,589	0
Expense relating to lease of short-term leases	713,654	665,264	137,033	149,490
Expense relating to lease of low-value assets	12,046	23,909	0	0
Included in other income:				
Gain on lease modification	(5,885)	(109)	0	0
Gain on lease termination	(50,417)	0	0	0
Included in finance costs:				
Interest expense on lease liabilities	126,374	111,007	1,651	0
	<u>4,386,082</u>	<u>3,606,341</u>	<u>150,273</u>	<u>149,490</u>

(f) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash (used in)/ from operating activities:				
Payment relating to short-term leases	1,263,890	880,972	137,033	149,490
Payment relating to low-value assets	261,549	27,014	0	0
Included in net cash from/ (used in) financing activities:				
Repayment of lease liabilities	<u>1,256,418</u>	<u>1,152,320</u>	<u>12,457</u>	<u>0</u>
Total cash outflows for leases	<u>2,781,857</u>	<u>2,060,306</u>	<u>149,490</u>	<u>149,490</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (g) The Group has several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

There are no potential future lease payments that are not included in the lease term.

- (h) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Purchase of property, plant and equipment	18,807,667	109,147,265	420,248	46,974
Financed by lease liabilities	(1,105,504)	0	(417,214)	0
Cash payment to purchase property, plant and equipment	<u>17,702,163</u>	<u>109,147,265</u>	<u>3,034</u>	<u>46,974</u>

- (i) During the current financial year, the Group completed its development of properties and leased the buildings back for three (3) years. The Group has fixed lease payments to its lessors over the lease terms. This sale-and-leaseback transaction is for hotel operation.

The Group as lessor

The Group has entered into a non-cancellable lease agreement on a property for term of three (3) years and renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2023	2022
	RM	RM
Less than one (1) year	1,834,874	1,853,374
One (1) to two (2) years	1,515,311	1,818,374
Two (2) to three (3) years	0	1,515,311
	<u>3,350,185</u>	<u>5,187,059</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

6. INVESTMENT PROPERTIES

Group	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
2023				
At cost				
Balance as at 1 July 2022	2,356,000	0	3,223,857	5,579,857
Transfer from property, plant and equipment (Note 5)	0	3,530,000	8,407,548	11,937,548
Balance as at 30 June 2023	2,356,000	3,530,000	11,631,405	17,517,405
Accumulated depreciation				
Balance as at 1 July 2022	0	0	66,245	66,245
Current charge	0	65,063	248,866	313,929
Transfer from property, plant and equipment (Note 5)	0	1,630,728	4,010,559	5,641,287
Balance as at 30 June 2023	0	1,695,791	4,325,670	6,021,461
Carrying amount				
Balance as at 30 June 2023	2,356,000	1,834,209	7,305,735	11,495,944
2022				
At cost				
Balance as at 1 July 2021	2,356,000	0	2,515,990	4,871,990
Additions	0	0	707,867	707,867
Balance as at 30 June 2022	2,356,000	0	3,223,857	5,579,857
Accumulated depreciation				
Balance as at 1 July 2021	0	0	33,795	33,795
Current charge	0	0	32,450	32,450
Balance as at 30 June 2022	0	0	66,245	66,245
Carrying amount				
Balance as at 30 June 2022	2,356,000	0	3,157,612	5,513,612

- (a) Investment properties are held to earn rental yields or, for capital appreciation or the both and are not occupied by Group.

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual value on a straight line basis over the estimated useful life. The principal depreciation periods for the investment properties are as follows:

Leasehold land	60 years
Buildings	50 years

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of investment properties are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

6. INVESTMENT PROPERTIES (continued)

- (b) The fair value of investment properties for disclosure purpose, which are at Level 3 fair value are estimated at approximately RM12,920,000 (2022: RM6,600,000). The fair value was recommended by Directors as at the end of the reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis. It has been derived from observable recent transacted prices of similar properties. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.
- (c) Investment properties with a carrying amount of RM11,495,944 (2022: RM5,513,612) have been charged to bank for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.
- (d) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM1,983,880 (2022: RM75,386).
- (e) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM103,059 (2022: RM3,591).

7. INTANGIBLE ASSETS

	Trademark RM	Customer relationships RM	Intellectual property RM	Total RM
Group				
2023				
Cost				
Balance as at 1 July 2022/ 30 June 2023	18,297,000	1,949,234	69,171	20,315,405
Accumulated amortisation				
Balance as at 1 July 2022	0	178,680	0	178,680
Amortisation	0	194,923	0	194,923
Balance as at 30 June 2023	0	373,603	0	373,603
Carrying amount				
Balance as at 30 June 2023	18,297,000	1,575,631	69,171	19,941,802
2022				
Cost				
Balance as at 1 July 2021	0	0	69,171	69,171
Acquisition of subsidiaries	18,297,000	1,949,234	0	20,246,234
Balance as at 30 June 2022	18,297,000	1,949,234	69,171	20,315,405
Accumulated amortisation				
Balance as at 1 July 2021	0	0	0	0
Amortisation	0	178,680	0	178,680
Balance as at 30 June 2022	0	178,680	0	178,680
Carrying amount				
Balance as at 30 June 2022	18,297,000	1,770,554	69,171	20,136,725

7. INTANGIBLE ASSETS (continued)

(a) Trademark and intellectual property

Trademark acquired in a business combination and intellectual property with an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Trademark represents the "Park@City" which resulting from the acquisition of Avelon Healthcare Sdn. Bhd.. The trademark is with indefinite useful life because this brand has been established in the market for a number of years and there is no foreseeable end to its useful life. Trademark with indefinite useful life is allocated to cash generating units ("CGUs") of Avelon Healthcare Sdn. Bhd..

Intellectual property represents patents for operational use.

(b) Customer relationships

Customer relationships acquired in a business combination are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Customer relationships represent the relationships established with its customers through continuous contracts which give rise to contractual rights.

(c) Amortisation is calculated to write off the cost of the assets to its residual value on a straight line basis over its estimated useful lives. The principal amortisation period is as follows:

Customer relationships	10 years
------------------------	----------

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

(d) Impairment test for trademark with indefinite useful live

Trademark is tested for impairment by comparing the carrying amount with the recoverable amount of the CGU. The recoverable amount of CGU is determined based on value-in-use calculations using cash flows projections from the financial budgets and forecasts approved by management covering a period of five (5) years. Cash flows beyond the five (5)-year period are extrapolated assuming zero growth rates.

Key assumptions used in the value-in-use calculations are as follows:

- (i) budgeted profit margins are projected based on the historical profit margin achieved;
- (ii) the anticipated annual revenue growth rate are determined based on the industry trends and past performance of the CGU; and
- (iii) the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used is 12.00% (2022: 22.37%).

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amount of trademark assessed as at 30 June 2023 as its recoverable amount was in excess of its carrying amount. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. GOODWILL ON CONSOLIDATION

	Group	
	2023	2022
	RM	RM
At cost		
Balance as at 1 July	22,506,704	29,571
Acquisition of subsidiaries	0	22,477,133
Balance as at 30 June	<u>22,506,704</u>	<u>22,506,704</u>

- (a) Goodwill is initially measured at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.
- (b) Goodwill is attributable to the following subsidiaries, each representing a separate cash-generating unit ("CGUs"):

	2023	2022
	RM	RM
Arise Healthcare Sdn. Bhd. ^	150,260	150,260
Avelon Arise Sdn. Bhd. ^	1,414,313	1,414,313
Avelon Healthcare Sdn. Bhd. ^	17,733,713	17,733,713
Galaxis Healthcare Sdn. Bhd. ^	2,709,954	2,709,954
Galaxis Pharma Sdn. Bhd. ^	468,893	468,893
Others	29,571	29,571
	<u>22,506,704</u>	<u>22,506,704</u>

^ Collectively referred to as "Avelon"

The goodwill arising from the acquisition of Avelon is mainly attributable to the competency and experience workforce, the business credibility and promising growth prospects to supplement the Group's existing business and strengthen its operational sustainability.

- (c) Impairment test for goodwill with indefinite useful live

Goodwill is tested for impairment by comparing the carrying amounts with the recoverable amounts of the CGUs. The recoverable amounts of CGUs is determined based on value-in-use calculations using cash flows projections from the financial budgets and forecasts approved by management covering a period of five (5) years. Cash flows beyond the five (5)-year period are extrapolated assuming zero growth rates.

Key assumptions used in the value-in-use calculations are as follows:

- budgeted profit margins are projected based on the historical profit margin achieved;
- the anticipated annual revenue growth rate are determined based on the industry trends and past performance of the CGU; and
- the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used is 12.00% (2022: 22.37%).

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amount of goodwill assessed as at 30 June 2023 as its recoverable amount was in excess of its carrying amount. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
At cost		
Unquoted shares, at cost		
- ordinary shares	122,989,237	122,989,288
- redeemable preference shares	183,504,998	134,859,998
Less: Impairment losses	(9,679,717)	(7,288,269)
	<u>296,814,518</u>	<u>250,561,017</u>

Movement in accumulated impairment losses:

	Company	
	2023	2022
	RM	RM
Balance as at 1 July	7,288,269	7,753,669
Impairment losses charged during the year	2,391,448	0
Reversal of impairment loss	0	(465,400)
Balance as at 30 June	<u>9,679,717</u>	<u>7,288,269</u>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

All components of non-controlling interests shall be initially measured at fair value on the acquisition date, unless another measurement basis is required by MFRS. The choice of the measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of the non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Management has assessed whether there are any indicators of impairment during the financial year. Management has performed impairment assessments and the recoverable amounts are determined based on the value-in-use Cash Generating Units ('CGUs') or the fair value less cost to sell of the underlying CGU. During the financial year, an impairment loss of RM2,391,448 was recognised as the recoverable amounts are lower than the carrying amounts of the CGUs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
Arise Healthcare Sdn. Bhd.	Malaysia	70%	70%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Arise Sdn. Bhd.	Malaysia	70%	70%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Healthcare Sdn. Bhd.	Malaysia	70%	70%	Sale of healthcare products
Galaxis Healthcare Sdn. Bhd.	Malaysia	70%	70%	Sale of healthcare products
Galaxis Pharma Sdn. Bhd.	Malaysia	70%	70%	Retail sale of pharmaceutical, medicine and healthcare products
Gen Plus Technologies Sdn. Bhd. *	Malaysia	0%	51%	Inactive
Innospec Sdn. Bhd.	Malaysia	100%	100%	Electronic manufacturing services, product development and manufacturing services for PCB assembly, cable assembly, electromechanical assembly, and test
Kewjaya Sdn. Bhd.	Malaysia	100%	100%	Money lending
Kobay Assets Sdn. Bhd.	Malaysia	100%	100%	Property letting
Kobay G Sdn. Bhd.	Malaysia	100%	100%	Marketing and project management services for property developers
Kobay Industries Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Kobay Land Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay Management Services Sdn. Bhd.	Malaysia	100%	100%	Management services
Kobay Project Venture Sdn. Bhd.	Malaysia	100%	100%	Property development
Lavanya Resorts Sdn. Bhd. (F.K.A. Kobay Resorts Sdn. Bhd.)	Malaysia	100%	100%	Hotel operator and property management
Kobay SB Sdn. Bhd.	Malaysia	100%	100%	Property development

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
Kobay UA Sdn. Bhd.	Malaysia	100%	100%	Property letting
Kual Technologies Sdn. Bhd.	Malaysia	51%	51%	Manufacture of aluminium extrusion, formation, surface treatment for parts manufactured to all industries
LD Global Sdn. Bhd.	Malaysia	100%	100%	Property development
Lodge 18 Sdn. Bhd.	Malaysia	100%	100%	Operation of dormitory
Masset Capital Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Premierview Property Sdn. Bhd.	Malaysia	100%	100%	Property development
Ultimate Sanctuary Sdn. Bhd.	Malaysia	100%	100%	Property development
<u>Subsidiaries of Kobay Industries Sdn. Bhd.</u>				
Bend Weld Engineering Sdn. Bhd.	Malaysia	100%	100%	Manufacture of metal works and structures, modules and parts for oil & gas production and extraction equipment
KT Microhandling Sdn. Bhd.	Malaysia	100%	100%	Manufacture of semiconductor assembly and testing equipment
Maker Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision moulds and parts
Micro Surface Treatment Sdn. Bhd.	Malaysia	90%	90%	Precision plating and surface treatment
Paradigm Aerospace Sdn. Bhd.	Malaysia	100%	100%	Manufacture of components and sub-assemblies for aerospace parts
Paradigm Metal Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision metal stamping, sheet metal and die casting parts
Paradigm Precision Components Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision machined components

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
	2023	2022		
<u>Subsidiaries of Kobay Industries Sdn. Bhd. (continued)</u>				
Polytool Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacture of industrial equipment, machinery parts and tooling, encapsulation moulds, trim and form dies and progressive tooling for lead frames
Super Tropica Development Sdn. Bhd.	Malaysia	100%	100%	Property development

* Subsidiary not audited by BDO PLT or BDO member firm.

(d) Changes in investments in subsidiaries during the financial year are as follows:

- (i) The Company had subscribed for an additional 1,275,000 redeemable convertible non-cumulative preference shares and 19,500,000 redeemable non-convertible cumulative preference shares in Kual Technologies Sdn. Bhd. for a total consideration of RM20,775,000 which RM17,775,000 was satisfied by way of capitalisation of amount owing by Kual Technologies Sdn. Bhd. and RM3,000,000 was satisfied by cash.
- (ii) The Company had subscribed for an additional 11,750,000 redeemable convertible non-cumulative preference shares in Kobay Project Venture Sdn. Bhd. for a total consideration of RM11,750,000 which RM11,701,917 was satisfied by way of capitalisation of amount owing by Kobay Project Venture Sdn. Bhd. and RM48,083 was satisfied by cash.
- (iii) The Company had subscribed for an additional 1,700,000 redeemable convertible non-cumulative preference shares in Kewjaya Sdn. Bhd. for a total consideration of RM1,700,000 which RM1,700,000 was satisfied by way of capitalisation of amount owing by Kewjaya Sdn. Bhd..
- (iv) The Company had subscribed for an additional 2,000,000 redeemable convertible non-cumulative preference shares in Kobay SB Sdn. Bhd. for a total consideration of RM2,000,000 which RM1,100,000 was satisfied by way of capitalisation of amount owing by Kobay SB Sdn. Bhd. and RM900,000 was satisfied by cash.
- (v) The Company had subscribed for an additional 4,000,000 redeemable convertible non-cumulative preference shares in LD Global Sdn. Bhd. for a total consideration of RM4,000,000 which RM4,000,000 was satisfied by way of capitalisation of amount owing by LD Global Sdn. Bhd..
- (vi) The Company had subscribed for an additional 6,420,000 redeemable convertible non-cumulative preference shares in Innospec Sdn. Bhd. for a total consideration of RM6,420,000 which RM6,420,000 was satisfied by way of capitalisation of amount owing by Innospec Sdn. Bhd..
- (vii) The Company had subscribed for an additional 2,000,000 redeemable convertible non-cumulative preference shares in Lavanya Resorts Sdn. Bhd. for a total consideration of RM2,000,000 which RM2,000,000 was satisfied by way of capitalisation of amount owing by Lavanya Resorts Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Changes in investments in subsidiaries in the previous financial year are as follows:

- (i) The Company had subscribed for an additional 370,000 ordinary shares, 3,060,000 redeemable convertible non-cumulative preference shares and 11,000,000 redeemable non-convertible cumulative preference shares in Kual Technologies Sdn. Bhd. for a total consideration of RM14,438,000 which was satisfied by cash. Subsequently in November 2021, the Company has disposed of 490,000 ordinary shares, represents 49% equity interest in Kual Technologies Sdn. Bhd. for a cash consideration of RM123,400.

The effects of the change in ownership interest on the equity attributable to owners of the Company are as follows:

	RM
Amounts by which non-controlling interests are adjusted	(48,962)
Cash consideration received	123,400
Increase in equity attributable to owners of the Company	<u>74,438</u>

- (ii) The Company had subscribed for an additional 1,200,000 redeemable convertible non-cumulative preference shares in Kewjaya Sdn. Bhd. for a total consideration of RM1,200,000 which was satisfied by cash.

- (iii) The Company had subscribed for an additional 21,000,000 redeemable convertible non-cumulative preference shares in Innospec Sdn. Bhd. for a total consideration of RM21,000,000 which was satisfied by cash.

- (iv) The Company had subscribed for an additional 26,000,000 redeemable convertible non-cumulative preference shares in Kobay UA Sdn. Bhd. for a total consideration of RM26,000,000 which was satisfied by cash.

(f) Disposal of a subsidiary

On 9 January 2023, the Company had disposed off 51 ordinary shares, representing 51% equity interest in Gen Plus Technologies Sdn. Bhd. ("GPTSB") for a cash consideration of RM5,000. Pursuant to the disposal, GPTSB ceased to be subsidiary of the Company.

The financial effects of the disposal at the date of disposal are as follows:

	Group RM	Company RM
Investment in a subsidiary	0	51
Cash and bank balances	100	0
Trade and other payables	(11,879)	0
Carrying amount of net (liabilities)/assets disposed off	(11,779)	51
Non-controlling interests	5,772	0
Gain on disposal of subsidiary	11,007	4,949
Proceeds from disposal	5,000	5,000
Less: Cash and bank balances of a subsidiary disposed off	(100)	0
Net cash inflows from disposal of a subsidiary	<u>4,900</u>	<u>5,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Acquisition of subsidiaries

(i) Acquisition of Avelon

In the previous financial year, the Company had completed the acquisition of 1,890,140 ordinary shares in Avelon Healthcare Sdn. Bhd., Galaxis Healthcare Sdn. Bhd., Avelon Arise Sdn. Bhd., Galaxis Pharma Sdn. Bhd. and Arise Healthcare Sdn. Bhd. (collectively known as Avelon), representing approximately 70% equity interest in Avelon for a purchase consideration of RM47,665,677 payable as follows:

- (i) Cash consideration of RM22,130,493 payable upon execution of the agreement.
- (ii) Contingent consideration of RM25,535,184 payable upon meeting an earnings target.

The acquisition was completed on 5 August 2021 and gave rise to goodwill totalling RM22,477,133.

The amount recognised at the acquisition date for each major classes of assets acquired and liabilities assumed for were as follows:

	Avelon RM
Property, plant and equipment	3,569,770
Right-of-use assets	4,196,966
Trademark	18,297,000
Customer relationships	1,949,234
Inventories	14,617,729
Trade and other receivables	12,430,651
Current tax assets	64,625
Cash and bank balances	5,857,129
Trade and other payables	(14,906,666)
Borrowings	(1,686,881)
Lease liabilities	(4,236,798)
Current tax liabilities	(823,359)
Deferred tax liabilities	(5,491,997)
Net assets	33,837,403
Non-controlling interest	(10,151,220)
Share of net assets acquired	23,686,183
Fair value of cash consideration transferred	(22,130,493)
Fair value of contingent consideration (Note 21(e))	(24,032,823)
Goodwill	<u>(22,477,133)</u>

The amounts of revenue and profit for the financial period recognised since the acquisition date included in the statement of profit or loss and comprehensive income were as follows:

	Avelon RM
Revenue	86,226,176
Profit for the financial period	<u>6,184,735</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Acquisition of subsidiaries (continued)

(i) Acquisition of Avelon (continued)

Had the acquisition date been 1 July 2021, management estimates that the revenue and profit of the Group for the financial year would have been RM370,528,394 and RM54,531,096 respectively.

The effects of the acquisition on the statements of cash flows were as follows:

	Group RM	Company RM
Total cash consideration	22,130,493	22,130,493
Prepayment in previous year	(4,766,568)	(4,766,568)
Cash and bank balances acquired	(5,857,129)	0
Acquisition of subsidiaries, net of cash acquired	<u>11,506,796</u>	<u>17,363,925</u>

(ii) Kobay Management Services Sdn. Bhd.

In the previous financial year, the Company had completed the acquisition of 650,000 ordinary shares in Kobay Management Services Sdn. Bhd. ("KMS"), representing 100% equity interest in KMS from Kobay Industries Sdn. Bhd., a wholly-owned subsidiary of the Company for a cash consideration of RM650,000.

The effects of the acquisition on the statements of cash flows were as follows:

	Group RM	Company RM
Total cash consideration	<u>0</u>	<u>650,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(h) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

		Kual Tech- nologies Sdn. Bhd.	Avelon Healthcare Sdn. Bhd.	Galaxis Healthcare Sdn. Bhd.	Avelon Arise Sdn. Bhd.	Galaxis Pharma Sdn. Bhd.	Arise Healthcare Sdn. Bhd.	Total
2023								
NCI percentage of ownership interest and voting interest		49%	30%	30%	30%	30%	30%	
Carrying amount of NCI (RM)		(100,223)	10,038,796	1,694,571	937,215	263,873	209,546	13,043,778
(Loss)/Profit allocated to NCI (RM)		(3,683,172)	1,743,417	431,079	182,513	1,888	77,433	(1,246,842)
Dividend paid to NCI (RM)		0	654,240	191,580	80,910	63,540	68,700	1,058,970
2022								
NCI percentage of ownership interest and voting interest		49%	30%	30%	30%	30%	30%	
Carrying amount of NCI (RM)		2,357,949	8,949,619	1,455,072	835,612	325,525	200,813	14,124,590
(Loss)/Profit allocated to NCI (RM)		(631,013)	1,087,642	288,191	208,874	124,262	146,452	1,224,408
Dividend paid to NCI (RM)		0	147,000	57,000	12,000	10,500	13,500	240,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(h) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2023	Kual Tech- nologies Sdn. Bhd. RM	Avelon Healthcare Sdn. Bhd. RM	Galaxis Healthcare Sdn. Bhd. RM	Avelon Arise Sdn. Bhd. RM	Galaxis Pharma Sdn. Bhd. RM	Arise Healthcare Sdn. Bhd. RM
Assets and liabilities						
Non-current asset	34,569,698	3,507,149	428,688	154,605	169,165	285,187
Current assets	7,615,125	20,622,459	5,678,834	3,694,926	1,859,000	946,795
Non-current liabilities	(5,187,808)	(314,790)	(67,549)	(8,000)	(88,845)	(75,492)
Current liabilities	(6,701,551)	(5,363,552)	(483,216)	(717,480)	(1,059,743)	(458,004)
Net assets	30,295,464	18,451,266	5,556,757	3,124,051	879,577	698,486
Results						
Revenue	7,486,232	62,810,608	8,413,865	9,937,450	5,177,538	6,685,175
(Loss)/Profit for the financial year	(7,516,677)	5,959,531	1,436,931	608,377	6,292	258,109
Total comprehensive (loss)/income	(7,516,677)	5,959,531	1,436,931	608,377	6,292	258,109
Cash flows (used in)/from operating activities	(9,866,725)	2,223,646	(112,035)	1,521,638	1,171,723	371,491
Cash flows (used in)/from investing activities	(10,528,768)	134,086	(27,997)	22,570	1,478	1,558
Cash flows from/(used in) financing activities	20,202,622	(2,588,344)	(710,600)	(569,700)	(282,600)	(337,000)
Net (decrease)/increase in cash and cash equivalents	(192,871)	(230,612)	(850,632)	974,508	890,601	36,049

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9. INVESTMENTS IN SUBSIDIARIES (continued)

(h) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

2022	Kual Tech- nologies Sdn. Bhd. RM	Avelon Healthcare Sdn. Bhd. RM	Galaxis Healthcare Sdn. Bhd. RM	Avelon Arise Sdn. Bhd. RM	Galaxis Pharma Sdn. Bhd. RM	Arise Healthcare Sdn. Bhd. RM
Assets and liabilities						
Non-current asset	16,030,388	5,639,164	511,898	453,588	166,703	407,666
Current assets	5,107,844	19,378,007	6,858,773	3,033,540	1,440,756	1,134,323
Non-current liabilities	0	(1,877,065)	(129,970)	(80,798)	(87,846)	(179,906)
Current liabilities	(5,326,091)	(8,467,571)	(2,482,275)	(620,956)	(434,528)	(692,706)
Net assets	15,812,141	14,672,535	4,758,426	2,785,374	1,085,085	669,377
Results						
Revenue	7,884,008	112,264,069	14,241,523	11,215,330	8,951,020	10,196,942
(Loss)/Profit for the financial year	(1,545,246)	7,839,445	2,729,974	648,836	703,368	630,883
Total comprehensive (loss)/income	(1,545,246)	7,839,445	2,729,974	648,836	703,368	630,883
Cash flows (used in)/from operating activities	(536,981)	3,954,672	488,700	503,766	195,855	212,753
Cash flows used in investing activities	(14,550,281)	(810,065)	(244,848)	(3,655)	(4,954)	(5,463)
Cash flows from/(used in) financing activities	17,378,000	(2,881,089)	400	(340,000)	(141,102)	(306,999)
Net increase/(decrease) in cash and cash equivalents	2,290,738	263,518	244,252	160,111	49,799	(99,709)

The NCI of all other subsidiaries that are not wholly owned by the Group is deemed to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

10. OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Equity securities				
Shares quoted outside Malaysia	33,493	158,329	0	0
Shares quoted in Malaysia	32,000	72,000	0	0
Unquoted shares outside Malaysia	231,620	220,102	0	0
Unquoted shares inside Malaysia	1,500	1,500	1,500	1,500
	<u>298,613</u>	<u>451,931</u>	<u>1,500</u>	<u>1,500</u>

- (a) The equity securities are classified as financial assets at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.
- (b) Fair value of quoted shares of the Group are determined by reference to the exchange quoted market prices at the close of the business on the reporting date. The fair value of quoted ordinary shares was categorised as Level 1 in the fair value hierarchy.
- (c) Fair value of unquoted shares of the Group are estimated based on Directors' estimation by reference to market evidence of transaction prices. The fair value of unquoted ordinary shares was categorised as Level 3 in the fair value hierarchy.
- (d) There were no transfer between levels in the fair value hierarchy during the financial year.
- (e) Sensitivity analysis for other investments is not disclosed as it is not material to the Group and the Company.

11. INVENTORIES

		Group	
	Note	2023	2022
		RM	RM
Non-current			
At costs:			
Land held for property development	(a)	<u>52,647,060</u>	<u>38,496,059</u>
Current			
At costs:			
Property development costs	(b)	94,556,712	64,642,630
Completed properties held for sale, at cost	(c)	5,096,962	5,096,962
Raw materials		9,986,521	10,871,160
Work-in-progress		10,795,447	16,936,114
Finished goods		22,525,356	19,482,395
		<u>142,960,998</u>	<u>117,029,261</u>
At net realisable value:			
Raw materials		118,485	85,433
Finished goods		264,732	13,075
		<u>383,217</u>	<u>98,508</u>
		<u>143,344,215</u>	<u>117,127,769</u>
Total		<u>195,991,275</u>	<u>155,623,828</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

11. INVENTORIES (continued)

(a) Land held for property development

	Group 2023 RM	2022 RM
Balance as at 1 July		
- Freehold land, at cost	28,750,161	28,043,017
- Development costs	9,745,898	9,314,268
	<u>38,496,059</u>	<u>37,357,285</u>
Add: Cost incurred during the financial year		
- Freehold land, at cost	12,351,907	707,144
- Development costs	1,799,094	431,630
	<u>14,151,001</u>	<u>1,138,774</u>
Balance as at 30 June 2023		
- Freehold land, at cost	41,102,068	28,750,161
- Development costs	11,544,992	9,745,898
	<u>52,647,060</u>	<u>38,496,059</u>

- (i) Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

- (ii) Land held for property development with carrying amount of RM18,385,945 (2022: RM18,353,931) have been charged to banks for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

(b) Property development costs

	Freehold land, at cost RM	Development costs RM	Total RM
Group			
Cumulative property development costs			
Balance as at 1 July 2022	3,075,323	82,046,710	85,122,033
Incurred during the financial year	0	54,417,348	54,417,348
Transfer to property, plant and equipment (Note 5)	0	(2,908,572)	(2,908,572)
Balance as at 30 June 2023	<u>3,075,323</u>	<u>133,555,486</u>	<u>136,630,809</u>
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 July 2022	(392,125)	(20,087,278)	(20,479,403)
Recognised during the financial year	(462,461)	(21,132,233)	(21,594,694)
Balance as at 30 June 2023	<u>(854,586)</u>	<u>(41,219,511)</u>	<u>(42,074,097)</u>
Property development costs as at 30 June 2023	<u>2,220,737</u>	<u>92,335,975</u>	<u>94,556,712</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

11. INVENTORIES (continued)

(b) Property development costs (continued)

Group	Freehold land, at cost RM	Development costs RM	Total RM
Cumulative property development costs			
Balance as at 1 July 2021	3,075,323	29,681,260	32,756,583
Incurred during the financial year	0	52,365,450	52,365,450
Balance as at 30 June 2022	3,075,323	82,046,710	85,122,033
Cumulative costs recognised in the statement of profit or loss and other comprehensive income			
Balance as at 1 July 2021	(93,378)	(6,461,000)	(6,554,378)
Recognised during the financial year	(298,747)	(13,626,278)	(13,925,025)
Balance as at 30 June 2022	(392,125)	(20,087,278)	(20,479,403)
Property development costs as at 30 June 2022	2,683,198	61,959,432	64,642,630

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Cost of property development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

- (c) Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion.
- (d) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out formula. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress included the cost of raw materials, direct labour and other direct costs and an appropriate portion of production overheads based on normal operating capacity of the production facilities.

As at the end of each reporting period, the following are the amounts recognised in cost of sales:

	Group	
	2023 RM	2022 RM
Cost of inventories	154,866,574	174,958,487
Inventories written down	531,225	1,608

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-current				
Trade receivables				
Loan receivables	7,473,042	5,750,564	0	0
Current				
Trade receivables				
Third parties	52,232,179	84,420,651	0	0
Related parties	804,494	1,851,700	0	0
Loan receivables	836,811	524,383	0	0
Retention sums	2,579,458	236,047	0	0
	56,452,942	87,032,781	0	0
Less: Impairment losses				
- third parties	(1,020,770)	(1,017,696)	0	0
	55,432,172	86,015,085	0	0
Other receivables				
Third parties	1,586,448	336,503	0	0
Amounts owing by subsidiaries	0	0	56,438,388	13,515,670
Deposits	7,875,274	8,293,100	56,927	56,927
	9,461,722	8,629,603	56,495,315	13,572,597
Less: Impairment losses				
- amount owing by subsidiaries	0	0	(2,271,156)	(2,271,156)
	9,461,722	8,629,603	54,224,159	11,301,441
Current trade and other receivables (excluding prepayments)	64,893,894	94,644,688	54,224,159	11,301,441
Prepayments	6,893,372	4,459,390	7,898	0
	71,787,266	99,104,078	54,232,057	11,301,441
Total trade and other receivables	79,260,308	104,854,642	54,232,057	11,301,441

- (a) Total trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables (excluding loan receivables) are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2022: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade portion of amounts owing by subsidiaries are unsecured, interest-free and payable within the next twelve (12) months or upon demand in cash and cash equivalents, except for certain amounts totalling RM53,748,000 (2022: RM9,600,000) which bear interest ranging from 2.50% to 5.47% (2022: 2.50% to 4.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

12. TRADE AND OTHER RECEIVABLES (continued)

- (d) Loan receivables are property loans totalling RM8,309,853 (2022: RM6,274,947) granted to several customers and bearing interest ranging from 4.00% to 7.22% (2022: 4.22% to 7.42%) per annum. The loans are effectively secured against the development units sold to the customers and repayable over 2 to 30 years as follows:

	Group	
	2023	2022
	RM	RM
Within one (1) year	836,811	524,383
One (1) to five (5) years	1,643,525	2,094,683
After five (5) years	5,829,517	3,655,881
	8,309,853	6,274,947

- (e) The currency exposure profile of trade and other receivables, net of prepayments is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	49,620,000	64,264,621	54,224,159	11,301,441
United States Dollar	22,153,243	34,931,139	0	0
Singapore Dollar	310,912	776,375	0	0
Euro Dollar	206,243	0	0	0
Pound Sterling	0	37,784	0	0
Japanese Yen	76,538	385,333	0	0
	72,366,936	100,395,252	54,224,159	11,301,441

- (f) Recognition and measurement of impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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

The Group considers credit loss experience and observable data such as current conditions and forecast of future economic conditions by market segment of the Group to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index, gross domestic product, inflation rate and unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Credit impaired refers to individually determined receivables who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

The Group considers trade receivables past due more than one hundred and eighty (180) days as deemed credit impaired and assess for their risk of loss individually.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

12. TRADE AND OTHER RECEIVABLES (continued)

(g) Lifetime expected loss provision for trade receivables of the Group as at 30 June 2023 and 30 June 2022 are as follows:

Group	Gross carrying amount RM	Impairment loss RM	Net carrying amount RM
2023			
Current	43,227,069	0	43,227,069
Past due:			
1 to 30 days	7,850,050	(9,047)	7,841,003
31 to 60 days	3,895,465	(3,802)	3,891,663
61 to 90 days	2,778,186	(86,151)	2,692,035
More than 90 days	6,175,214	(921,770)	5,253,444
Total	<u>63,925,984</u>	<u>(1,020,770)</u>	<u>62,905,214</u>
2022			
Current	62,034,570	(34,000)	62,000,570
Past due:			
1 to 30 days	12,342,970	(2,000)	12,340,970
31 to 60 days	5,758,740	(20,000)	5,738,740
61 to 90 days	5,397,588	(43,000)	5,354,588
More than 90 days	7,249,477	(918,696)	6,330,781
Total	<u>92,783,345</u>	<u>(1,017,696)</u>	<u>91,765,649</u>

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(h) Movements in the impairment loss for trade receivables are as follows:

Group	Lifetime ECL - not credit - impaired RM	Lifetime ECL - credit - impaired RM	Total allowance RM
Balance as at 1 July 2022	99,000	918,696	1,017,696
Charge for the financial year	0	3,074	3,074
Balance as at 30 June 2023	<u>99,000</u>	<u>921,770</u>	<u>1,020,770</u>
Balance as at 1 July 2021	0	862,933	862,933
Charge for the financial year	99,000	326,757	425,757
Written off	0	(270,994)	(270,994)
Balance as at 30 June 2022	<u>99,000</u>	<u>918,696</u>	<u>1,017,696</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

12. TRADE AND OTHER RECEIVABLES (continued)

- (i) Movements in the impairment loss for other receivables are as follows:

	Lifetime ECL - credit - impaired RM
Company	
Balance as at 1 July 2022/30 June 2023	<u>2,271,156</u>
Balance as at 1 July 2021/30 June 2022	<u>2,271,156</u>

- (j) Impairment for other receivables and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on payment trends and operational performance of other receivables and subsidiaries.

The probability of non-payment by other receivables and amounts owing by subsidiaries is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve (12) month or lifetime expected credit loss for other receivables and amounts owing by subsidiaries. The Group has identified the producer price index, gross domestic product, inflation rate and unemployment rate in Malaysia as the key macroeconomic factors of the forward-looking information.

Carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

Credit impaired refers to individually determined receivables who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period. The Group considers other receivables to be in default when there is no reasonable expectation of recovery.

- (k) Information on financial risk of trade and other receivables is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

13. DEFERRED TAX

- (a) The deferred tax (assets) and liabilities are made up of the following:

	Group	
	2023	2022
	RM	RM
Balance as at 1 July	10,847,047	4,255,000
Recognised in profit or loss (Note 26)	924,326	1,100,050
Acquisition of subsidiaries	0	5,491,997
Balance as at 30 June	<u>11,771,373</u>	<u>10,847,047</u>
Presented after appropriate offsetting:		
Deferred tax assets	0	(142,000)
Deferred tax liabilities	<u>11,771,373</u>	<u>10,989,047</u>
	<u>11,771,373</u>	<u>10,847,047</u>

- (b) The components and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Intangible assets RM	Other temporary differences RM	Total RM
Balance as at 1 July 2022	6,338,634	4,816,213	0	11,154,847
Recognised in profit or loss	1,067,908	(46,782)	0	1,021,126
	<u>7,406,542</u>	<u>4,769,431</u>	<u>0</u>	<u>12,175,973</u>
Set off	(404,600)	0	0	(404,600)
Balance as at 30 June 2023	<u>7,001,942</u>	<u>4,769,431</u>	<u>0</u>	<u>11,771,373</u>
Balance as at 1 July 2021	4,255,000	0	0	4,255,000
Acquisition of subsidiary	64,986	4,859,096	567,915	5,491,997
Recognised in profit or loss	2,018,648	(42,883)	(567,915)	1,407,850
	<u>6,338,634</u>	<u>4,816,213</u>	<u>0</u>	<u>11,154,847</u>
Set off	(165,800)	0	0	(165,800)
Balance as at 30 June 2022	<u>6,172,834</u>	<u>4,816,213</u>	<u>0</u>	<u>10,989,047</u>

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Other temporary differences RM	Total RM
Balance as at 1 July 2022	(142,000)	(165,800)	(307,800)
Recognised in profit or loss	(84,900)	(11,900)	(96,800)
	<u>(226,900)</u>	<u>(177,700)</u>	<u>(404,600)</u>
Set off	226,900	177,700	404,600
Balance as at 30 June 2023	<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 1 July 2021	0	0	0
Recognised in profit or loss	(142,000)	(165,800)	(307,800)
	<u>(142,000)</u>	<u>(165,800)</u>	<u>(307,800)</u>
Set off	0	165,800	165,800
Balance as at 30 June 2022	<u>(142,000)</u>	<u>0</u>	<u>(142,000)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

13. DEFERRED TAX (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of the financial position are as follows:

	Group	
	2023	2022
	RM	RM
Unabsorbed capital allowances	1,965,435	1,044,796
Unused tax losses		
- Expired by 30 June 2028	20,496,271	21,124,535
- Expired by 30 June 2029	616,759	618,346
- Expired by 30 June 2030	2,040,736	2,040,736
- Expired by 30 June 2031	2,178,419	2,171,359
- Expired by 30 June 2032	4,769,568	4,769,568
- Expired by 30 June 2033	10,981,892	0
	<u>43,049,080</u>	<u>31,769,340</u>

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences can be utilised.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the local tax authority. Unutilised tax losses of the companies incorporated in Malaysia can be carried forward up to ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

14. DERIVATIVES

	Group	
	2023	2022
	RM	RM
Forward currency contract		
Fair value through profit or loss		
Derivative assets	5,100	716
Derivative liabilities	(97,404)	(907,420)
	<u>(92,304)</u>	<u>(906,704)</u>

- (a) The Group uses forward currency derivatives to manage some of the foreign transaction exposure. These derivatives are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- (b) Derivative assets/(liabilities) of the Group are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) Fair value of a forward foreign currency contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

14. DERIVATIVES (continued)

- (d) The fair value adjustments on derivative financial instruments are as follows:

	Group	
	2023	2022
	RM	RM
(Gain)/Loss on derivative financial instruments	(814,400)	828,749

- (e) The Group had contracts with financial institutions due within one (1) year to deal with the following currencies at contractual forward rates:

	2023		2022	
	To buy	To sell	To buy	To sell
Contract I	RM11,046,365	USD 2,426,317	RM37,688,190	USD 8,779,500
Contract II	0	0	RM45,235	GBP 7,950

15. SHORT TERM FUNDS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Fixed income trust funds in Malaysia (Note 16)	22,012,659	23,756,803	606,028	14,037,680

All short term funds are denominated in RM.

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short term funds of the Group and of the Company are investments in money market fund on highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- (c) Short term funds of the Group and the Company are stated at Level 1 fair value. There is no transfer between levels in the hierarchy during the financial year.
- (d) Information on financial risk of short term funds is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	21,731,138	46,307,155	1,289,812	17,005,276
Deposits with licensed banks	3,838,783	3,596,054	0	0
	<u>25,569,921</u>	<u>49,903,209</u>	<u>1,289,812</u>	<u>17,005,276</u>

- (a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	23,832,545	41,716,832	1,289,812	17,005,276
United States Dollar	1,658,501	8,038,755	0	0
Japanese Yen	74,731	132,954	0	0
Chinese Yuan	4,027	4,296	0	0
Pound Sterling	117	10,372	0	0
	<u>25,569,921</u>	<u>49,903,209</u>	<u>1,289,812</u>	<u>17,005,276</u>

- (b) Included in the cash and bank balances of the Group is an amount of RM389,139 (2022: RM1,572,041) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015.
- (c) The interest rate of deposits with licensed banks of the Group are 1.70% to 2.75% (2022: 1.50% to 1.85%) per annum.
- (d) Included in the deposits with licensed banks is an amount of RM3,688,783 (2022: RM3,596,054) pledged as securities for bank guarantees granted to the Group as disclosed in Note 18 to the financial statements.
- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short term funds placed with financial institutions (Note 15)	22,012,659	23,756,803	606,028	14,037,680
Cash and bank balances	21,731,138	46,307,155	1,289,812	17,005,276
Deposits with licensed banks	3,838,783	3,596,054	0	0
	<u>47,582,580</u>	<u>73,660,012</u>	<u>1,895,840</u>	<u>31,042,956</u>
Less:				
Deposits pledged with licensed banks	(3,688,783)	(3,596,054)	0	0
Bank overdraft (Note 18)	(9,956,659)	0	(9,956,659)	0
	<u>33,937,138</u>	<u>70,063,958</u>	<u>(8,060,819)</u>	<u>31,042,956</u>

- (f) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (g) Information on financial risk of cash and bank balances is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

17. SHARE CAPITAL

	2023		2022	
	Number of shares	RM	Number of shares	RM
Group and Company				
Issued and fully paid with no par value				
Balance as at 1 July	326,180,803	210,917,984	306,280,803	102,103,907
Issuance of shares pursuant to private placement	0	0	19,900,000	110,445,000
Share issue transaction costs	0	0	0	(1,630,923)
Balance as at 30 June	<u>326,180,803</u>	<u>210,917,984</u>	<u>326,180,803</u>	<u>210,917,984</u>

- (a) In the previous financial year, the issued and paid-up share capital of the Company was increased from 306,280,803 to 326,180,803 by way of issuance of 19,900,000 new ordinary shares for cash pursuant to a private placement undertaken by the Company at an issue price of RM5.55 per share.

Newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) Owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (c) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the extraordinary general meeting held on 3 July 2002, approved for the Company to repurchase its own shares. The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:

	2023		2022	
	Number of shares	RM	Number of shares	RM
Group and Company				
Balance as at 1 July/30 June	<u>6,000,000</u>	<u>9,522,642</u>	<u>6,000,000</u>	<u>9,522,642</u>

- (i) When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently, it shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sale consideration and the carrying amount is shown as a movement in equity.

- (ii) As at 30 June 2023, the number of ordinary shares net of treasury shares is 320,180,803 (2022: 320,180,803).
- (iii) None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

18. BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Non-current liability</u>				
Secured				
Term loans	37,838,063	36,492,759	3,580,177	4,677,584
<u>Current liabilities</u>				
Secured				
Revolving credits	41,213,770	26,338,620	8,802,794	0
Bank overdrafts	9,956,659	0	9,956,659	0
Term loans	6,775,195	5,733,200	978,871	941,992
	57,945,624	32,071,820	19,738,324	941,992
<u>Total borrowings</u>				
Revolving credits	41,213,770	26,338,620	8,802,794	0
Bank overdrafts	9,956,659	0	9,956,659	0
Term loans	44,613,258	42,225,959	4,559,048	5,619,576
	95,783,687	68,564,579	23,318,501	5,619,576

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	86,872,712	61,725,959	23,318,501	5,619,576
United States Dollar	8,910,975	6,838,620	0	0
	95,783,687	68,564,579	23,318,501	5,619,576

(c) The borrowings of the Group and the Company are secured over by:

(i) a legal charged over property, plant and equipment, investment properties, inventories and cash and bank balances as disclosed in Note 5, Note 6, Note 11 and Note 16 to the financial statements; and

(ii) a corporate guarantee by the Company

(d) The carrying amounts of the current position of borrowings are reasonable approximation of the fair value due to insignificant impact of discounting.

The carrying amounts of the non-current position of borrowings are reasonable approximation of the fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value of the borrowings of the Group and of the Company are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(e) Information on financial risk of borrowings are disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. LEASE LIABILITIES

Group

Lease liabilities

Carrying amount

Balance as at 1.7.2022 RM	Additions RM	Lease payments RM	Lease modification RM	Lease termination RM	Interest expense RM	Transfer from contract liabilities (Note 22) RM	Balance as at 30.6.2023 RM
3,072,364	875,504	(1,088,874)	65,373	(1,942,979)	114,350	4,240,621	5,336,359
117,126	230,000	(167,544)	0	0	12,024	0	191,606
3,189,490	1,105,504	(1,256,418)	65,373	(1,942,979)	126,374	4,240,621	5,527,965

	Balance as at 1.7.2021 RM	Acquisition of subsidiaries RM	Lease payments RM	Lease concession RM	Lease termination RM	Interest expense RM	Balance as at 30.6.2022 RM
Buildings	0	4,064,203	(1,091,600)	(2,400)	(3,595)	105,756	3,072,364
Motor vehicles	0	172,595	(60,720)	0	0	5,251	117,126
	0	4,236,798	(1,152,320)	(2,400)	(3,595)	111,007	3,189,490

Represented by:

Represented by:	2023	2022
	RM	RM
Current liabilities	1,945,143	921,905
Non-current liabilities	3,582,822	2,267,585
	<u>5,527,965</u>	<u>3,189,490</u>
Lease liabilities owing to non-financial institutions	5,336,359	3,189,490
Lease liabilities owing to financial institutions	191,606	0
	<u>5,527,965</u>	<u>3,189,490</u>

Lease liabilities owing to non-financial institutions

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

19. LEASE LIABILITIES (continued)

Company [2023 ONLY]

	Balance as at 1.7.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2023 RM
Carrying amount					
Building	0	417,214	(12,457)	1,651	406,408
					RM
Current liabilities					133,058
Non-current liabilities					273,350
					406,408
Lease liabilities owing to non-financial institutions					406,408

Information on financial risks of lease liabilities is disclosed in Note 32 to the financial statements.

20. GOVERNMENT GRANTS

	Group	
	2023 RM	2022 RM
Balance as at 1 July	495,523	758,961
Amortisation	(167,560)	(263,438)
Balance as at 30 June	327,963	495,523
Current	156,213	0
Non-current	171,750	495,523
	327,963	495,523

- (a) Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related cost for which the grants are intended to compensate.

- (b) Grants related to assets are presented in the statements of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables				
Third parties	24,281,475	48,324,473	0	0
Amount owing to related parties	630,719	1,092,875	0	0
	24,912,194	49,417,348	0	0
Other payables				
Third parties	4,674,275	15,837,289	158	9,649
Amounts owing to subsidiaries	0	0	15,200,000	220,000
Amounts owing to related parties	0	16,368	0	0
Contingent consideration	8,459,094	15,640,237	8,459,094	15,640,237
Accruals	11,588,984	17,524,688	209,958	212,500
Deposits received	4,111,808	820,426	0	0
	28,834,161	49,839,008	23,869,210	16,082,386
Total trade and other payables	53,746,355	99,256,356	23,869,210	16,082,386

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 to 90 days (2022: 30 to 90 days). Included in trade payables of the Group is retention sum on contracts amounting to RM5,544,426 (2022: RM5,544,426).
- (c) Non-trade portion of amounts owing to subsidiaries and amount owing to related parties represents advances which are unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	51,015,359	92,064,944	23,869,210	16,082,386
United States Dollar	1,749,906	5,372,636	0	0
Chinese Yuan	761,407	1,263,484	0	0
Singapore Dollars	212,813	548,198	0	0
Others	6,870	7,094	0	0
	53,746,355	99,256,356	23,869,210	16,082,386

- (e) Contingent consideration

	Group and Company	
	2023	2022
	RM	RM
Balance as at 1 July	15,640,237	0
Fair value at acquisition date	0	24,032,823
Consideration paid	(9,575,694)	(6,383,796)
Fair value loss/(gain)	2,394,551	(2,008,790)
Balance as at 30 June	8,459,094	15,640,237

- (f) Information on financial risk of trade and other payables is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

22. CONTRACT LIABILITIES

	Group	
	2023 RM	2022 RM
Contract liabilities		
Balance as at 1 July	4,811,961	70,788
Revenue recognised during the year	(34,792,510)	(21,472,200)
Transfer to lease liabilities (Note 19)	(4,240,621)	0
Progress billing during the year	35,069,710	26,213,373
	<u>848,540</u>	<u>4,811,961</u>

Represented by:

Contract liabilities

Property development contracts	<u>848,540</u>	<u>4,811,961</u>
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- (a) Property development contracts

Property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings reflect physical completion of the contracts.

Contract liabilities are recognised in the statements of financial position as excess of progress billings to purchasers over the cumulative revenue recognised.

Contract liabilities are recognised as revenue when performance obligations are satisfied.

- (b) Contract liabilities from property development contracts

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2023 RM	2024 RM	Total RM
30 June 2023	0	2,104,578	2,104,578
30 June 2022	<u>22,218,327</u>	<u>1,667,530</u>	<u>23,885,857</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

23. REVENUE

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Revenue from contracts with customers:					
Recognised at a point in time:					
Sales of goods	(a)	262,492,077	317,828,311	0	0
Services rendered	(a)	14,037,702	9,838,192		
Sales of completed development units	(b)	0	3,189,745	0	0
Recognised over time:					
Property development	(c)	34,792,510	21,472,200	0	0
		311,322,289	352,328,448	0	0
Other revenue:					
Dividend income	(d)	0	0	50,617,778	14,836,024
Interest income from financing	(e)	387,344	0	0	0
Operating lease income	(f)	1,983,880	1,850,033	0	0
		313,693,513	354,178,481	50,617,778	14,836,024

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia	248,525,484	267,462,746	0	0
Singapore	26,765,381	31,960,466	0	0
United States of America	20,672,467	21,544,058	0	0
Others	15,358,957	37,361,178	0	0
	311,322,289	352,328,448	0	0

(a) Sale of goods and services rendered

Revenue from the sale of goods and services rendered is recognised at a point in time when the Group satisfies a performance obligation by transferring a promised goods or the services have been rendered to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales are made on the normal credit terms not exceeding twelve (12) months.

23. REVENUE (continued)

(b) Sale of completed development units

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Company will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(c) Revenue from property development

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the cost incurred relative to the total expected cost for satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

There is no significant financing component in the revenue arising from property development as the contracts are made on the normal credit terms not exceeding twelve months.

(d) Dividend income is recognised when the right to receive payment is established.

(e) Interest income is recognised using the effective interest method.

(f) Operating lease income is accounted for on a straight-line basis over the lease term of an on-going lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

24. DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company				
Directors' fee	30,000	30,000	30,000	30,000
Salaries and other emoluments	877,936	854,424	522,732	513,194
Defined contribution plan	34,691	33,240	20,617	20,241
	942,627	917,664	573,344	563,435
Directors of the subsidiaries				
Directors' fee	0	275,000	0	0
Salaries and other emoluments	1,798,934	1,749,914	0	0
Defined contribution plan	231,362	229,197	0	0
	2,030,296	2,254,111	0	0
Total Directors' remuneration	2,972,923	3,171,775	573,344	563,435

25. EMPLOYEE BENEFITS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Wages, salaries and bonuses	47,571,269	55,124,873	713,511	623,708
Directors' fee	30,000	305,000	30,000	30,000
Contributions to defined contribution plan	4,729,556	4,606,431	44,873	47,894
Social security contributions	644,940	555,189	3,643	2,990
Other benefits	2,321,210	3,408,078	16,076	(39,566)
	55,296,975	63,999,571	808,103	744,158

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM2,972,923 and RM573,349 (2022: RM3,171,775 and RM563,435) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

26. TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax expense based on profit for the financial year	13,027,851	17,736,672	320,000	66,000
(Over)/Underprovision of tax in prior years	(1,516,880)	955,603	(478,696)	1,132,529
	11,510,971	18,692,275	(158,696)	1,198,529
Deferred tax (Note 13):				
- relating to origination and reversal of temporary differences	393,753	1,119,382	0	0
- under/(over)provision in prior years	530,573	(19,332)	0	0
	12,435,297	19,792,325	(158,696)	1,198,529

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.
- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before tax	38,025,250	72,676,911	44,237,142	13,133,894
Tax at the applicable tax rate of 24% (2022: 24%)	9,126,100	17,442,500	10,616,900	3,152,100
Tax effects in respect of:				
Non-allowable expenses	3,913,296	3,629,164	1,900,100	573,200
Non-taxable income	(1,233,414)	(711,029)	(12,197,000)	(3,659,300)
Tax incentive	0	(1,417,541)	0	0
Tax exempt income under pioneer status	(1,091,478)	(1,068,683)	0	0
Different tax rate for the first RM600,000 of chargeable income	0	(182,400)	0	0
Deferred tax assets not recognised during the financial year	2,897,900	1,224,474	0	0
Utilisation of previously unrecognised capital allowances	(190,800)	(60,431)	0	0
(Over)/Underprovision of tax in prior years	(1,516,880)	955,603	(478,696)	1,132,529
Under/(Over)provision of deferred tax in prior years	530,573	(19,332)	0	0
Tax expense for the financial year	12,435,297	19,792,325	(158,696)	1,198,529

- (c) The Group has been granted pioneer status for test head manipulator and docking system and related components which exempt 100% of its statutory income derived from those activities for a period of 5 years beginning on 6 September 2016 and expired on 5 September 2021 and subsequently extended to 5 September 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

27. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
	RM	RM
Profit attributable to owners of the parent	26,507,794	51,371,109
	Group	
	2023	2022
	Unit	Unit
Weighted average number of ordinary shares in issue	320,180,803	312,111,762
Basic earnings per ordinary share (sen)	8.28	16.46

(b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

28. DIVIDENDS

	Group and Company			
	2023		2022	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
Dividends paid/declared:				
In respect of financial year ended 30 June 2022:				
Single tier first and final dividend	3.0	9,605,424	0	0
In respect of financial year ended 30 June 2021:				
Single tier first and final dividend	0	0	2.0	6,403,616
	<u>3.0</u>	<u>9,605,424</u>	<u>2.0</u>	<u>6,403,616</u>

The Directors propose a first and final single tier dividend of 2.0 sen per ordinary share amounting to RM6,403,616 in respect of the financial year ended 30 June 2023, subject to the approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

29. CAPITAL COMMITMENT

	Group	
	2023	2022
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	673,899	5,272,000

30. CONTINGENT LIABILITIES

	Group and Company	
	2023	2022
	RM	RM
Corporate guarantee given to banks for credit facilities granted to subsidiaries - unsecured	68,130,942	61,570,000

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits would be required or the amount is not capable of reliable measurement.

The Directors are of the view that the chances of the financial institutes to call upon the corporate guarantee are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

Information on financial risk of contingent liabilities is disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries. Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
 - (ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;
 - (iii) Companies in which certain Directors, or a family members of the Director have substantial financial interests; and
 - (iv) Immediate family member of Directors of the Company and its subsidiaries.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Related parties:				
Sales of goods	272,333	814,943	0	0
Sale of development units	0	631,000	0	0
Purchase of goods	2,087,146	7,457,377	0	7,405
Services rendered	0	1,800	0	0
Rental expenses	328,588	515,568	149,490	149,490
Subsidiaries:				
Management fee charged	0	0	1,233,540	907,140
Dividend received	0	0	50,617,778	14,836,024
Interest received	0	0	1,683,150	142,910
Subscription of shares	0	0	48,645,000	62,638,000

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short term employee benefits	2,706,870	2,909,338	552,732	543,194
Contributions to defined contribution plan	266,053	262,437	20,617	20,241
	<u>2,972,923</u>	<u>3,171,775</u>	<u>573,349</u>	<u>563,435</u>

Included in the compensation of key management personnel are Directors' remuneration of the Group and of the Company as disclosed in Note 24 to the financial statements.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2023 and 30 June 2022.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings and lease liabilities less short-term funds and cash and bank balances. Capital represents equity attributable to the owners of the Group. The net debt-to-equity ratio as at 30 June 2023 and 30 June 2022 are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Borrowings (Note 18)	95,783,687	68,564,579	23,318,501	5,619,576
Lease liabilities (Note 19)	5,527,965	3,189,490	406,408	0
Less:				
Short term funds (Note 15)	(22,012,659)	(23,756,803)	(606,028)	(14,037,680)
Cash and bank balances (Note 16)	(25,569,921)	(49,903,209)	(1,289,812)	(17,005,276)
Net debt/(cash)	<u>53,729,072</u>	<u>(1,905,943)</u>	<u>21,829,069</u>	<u>(25,423,380)</u>
Total equity	<u>394,036,069</u>	<u>378,109,738</u>	<u>306,064,834</u>	<u>271,274,420</u>
Capital gearing ratio	<u>14%</u>	<u>*</u>	<u>7%</u>	<u>*</u>

* No capital gearing ratio is presented as the Group and the Company are in net cash position.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity more than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2023.

The Group and the Company is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The credit period granted by the Group ranged from one (1) month to four (4) months (2022: one (1) month to four (4) months). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

Credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, majority of the credit risk has been effectively transferred to the financial institutions as provided for in the sales and purchase agreements. For those sales on cash basis, which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments have been made. This is the normal industry practice currently.

In respect of the cash and bank balances placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The primary exposure of the Company is through the amount owing by subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	2023		2022	
	RM	% of total	RM	% of total
By countries				
Malaysia	49,523,404	79%	64,153,047	70%
China	4,185,892	7%	15,757,132	17%
United States of America	3,303,920	5%	3,244,616	4%
Singapore	3,076,904	5%	6,677,730	7%
United Kingdom	1,220,247	2%	799,515	1%
Others	1,594,847	2%	1,133,609	1%
	<u>62,905,214</u>	<u>100%</u>	<u>91,765,649</u>	<u>100%</u>

At the end of the reporting period, approximately:

- (a) During the financial year, there is no major customer with outstanding balance more than 10% of the total receivables of the Group.

In previous financial year, 43% of the trade receivables of the Group were due from two (2) major customers who are located in China and Malaysia.

- (b) 1% (2022: 2%) of the receivables of the Group were due from several related parties whilst approximate 99% (2022: 99%) of the receivables of the Company were balances with its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due. The exposure of the Group and of the Company to liquidity risk arises principally from their various payables, borrowings and lease liabilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing their liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and of the Company.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The table below summaries the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
2023				
Financial liabilities				
Trade and other payables	54,862,955	0	0	54,862,955
Lease liabilities	2,184,836	3,864,883	0	6,049,719
Borrowings	59,708,299	28,794,980	14,322,705	102,825,984
Financial guarantees*	68,130,942	0	0	68,130,942
Total undiscounted financial liabilities	184,887,032	32,659,863	14,322,705	231,869,600
2022				
Financial liabilities				
Trade and other payables	102,767,507	0	0	102,767,507
Lease liabilities	1,011,140	2,389,700	0	3,400,840
Borrowings	33,431,338	26,226,381	15,354,473	75,012,192
Financial guarantees*	61,570,000	0	0	61,570,000
Total undiscounted financial liabilities	198,779,985	28,616,081	15,354,473	242,750,539

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk (continued)

Group	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
Company				
2023				
Financial liabilities				
Trade and other payables	24,985,810	0	0	24,985,810
Lease liabilities	149,490	286,523	0	436,013
Borrowings	19,928,493	3,705,672	53,400	23,687,565
Financial guarantees*	68,130,942	0	0	68,130,942
Total undiscounted financial liabilities	113,194,735	3,992,195	53,400	117,240,330
2022				
Financial liabilities				
Trade and other payables	19,593,537	0	0	19,593,537
Borrowings	1,124,700	4,468,204	687,957	6,280,861
Financial guarantees*	61,570,000	0	0	61,570,000
Total undiscounted financial liabilities	82,288,237	4,468,204	687,957	87,444,398

* This disclosure represents the maximum liquidity risk exposure.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and amounts owing by subsidiaries and interest-bearing borrowings.

As at the end of the reporting period, the Group and the Company do not engage any interest hedging instruments in respect of such interest rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by ten (10) basis points with all other variables held constant:

	Group	
	2023	2022
	RM	RM
Profit after tax		
Increase by 0.1% (2022: 0.1%)	(72,796)	(52,109)
Decrease by 0.1% (2022: 0.1%)	<u>72,796</u>	<u>52,109</u>
	Company	
	2023	2022
	RM	RM
Profit after tax		
Increase by 0.1% (2022: 0.1%)	23,126	3,025
Decrease by 0.1% (2022: 0.1%)	<u>(23,126)</u>	<u>(3,025)</u>

No sensitivity analysis for fixed rate instruments was presented as the change in market interest rate at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	WAEIR %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Over five (5) years RM	Total RM
2023									
Floating rates									
Revolving credits	18	5.06	41,213,770	0	0	0	0	0	41,213,770
Bank overdrafts	18	5.85	9,956,659	0	0	0	0	0	9,956,659
Term loans	18	4.26	6,775,195	6,637,944	6,728,390	6,364,179	4,980,776	13,126,774	44,613,258
2022									
Floating rates									
Revolving credits	18	3.53	26,338,620	0	0	0	0	0	26,338,620
Term loans	18	4.47	5,733,200	5,638,903	5,586,340	5,672,350	5,335,082	14,260,084	42,225,959
Company									
2023									
Floating rates									
Amount owing by subsidiaries	12	5.25	(53,748,000)	0	0	0	0	0	(53,748,000)
Revolving credits	18	5.18	8,802,794	0	0	0	0	0	8,802,794
Bank overdrafts	18	5.85	9,956,659	0	0	0	0	0	9,956,659
Term loans	18	4.62	978,871	1,025,064	1,073,438	1,038,215	334,079	109,381	4,559,048
2022									
Floating rates									
Amount owing by subsidiaries	12	3.88	(9,600,000)	0	0	0	0	0	(9,600,000)
Term loans	18	3.62	941,992	839,140	954,091	999,115	942,506	942,732	5,619,576

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances (in United States Dollar (USD), Japanese Yen (JPY), Chinese Yuan (CNY), and Pound Sterling) amounted to RM1,737,376 (2022: RM8,186,377) for the Group.

The Group is also exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of entities with the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in the United States Dollar ('USD') exchange rates against the respective functional currencies of entities within the Group, with all other variables held constant:

	Group	
	2023	2022
	RM	RM
Profit after taxation		
USD/RM		
- strengthen 1% (2022: 1%)	99,947	233,766
- weaken 1% (2022: 1%)	<u>(99,947)</u>	<u>(233,766)</u>

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

33. MATERIAL LITIGATION

(a) Khor Khye Hing Constructions Sdn. Bhd. ('KKH') between LD Global Sdn. Bhd. ('LD Global')

The main contractor of Lavanya Langkawi Serviced Villa Project ("Project"), KKH has filed Statement of Case in the Arbitration against LD Global, a wholly-owned subsidiary of the Company for the dispute between KKH and LD Global emanated from a contract dated 7 July 2017 for the construction of the project.

KKH has claimed against LD Global for the alleged sum of RM2.3 million for the wrongful liquidated ascertained damages ("LAD") deduction, claim for additional variation orders and second moiety retention sum. LD Global has denied all the purported claims by KKH. LD Global has counterclaimed against KKH a sum of RM2.8 million which includes liquidated ascertained damages and costs of rectification of defects.

The hearing of the arbitration is scheduled on 13 December 2023 to 15 December 2023, 30 January 2024 to 1 February 2024.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

33. MATERIAL LITIGATION (continued)

- (b) Paradigm Metal Industries Sdn. Bhd. ('PMI') between Salutica Allied Solutions Sdn. Bhd. ('SAS')

On 11 August 2023, the supplier, SAS has filed Writ of Summons and Statement of Claim against PMI, a wholly-owned subsidiary of the Company. SAS is claiming against PMI for the sum of USD383,715 or equivalent to RM1.76 million for the supply of products (USD 323,883) and late payment interest (USD59,832).

PMI claimed that the delay in payment was due to operational related disputes that remain unresolved by SAS for which inclusive but not limited to wrongly built parts causing high rejection by end customer.

PMI had filed an application to stay the Penang High Court proceeding on the basis that under the contract between the parties, the dispute between the parties to be resolved by way of arbitration and not in court.

On 19 October 2023, the Court has allowed the Company's application to stay proceedings and refer the matter to arbitration.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

34. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

34.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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

34.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	See MFRS 112 paragraph 98M
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

SHAREHOLDING STATISTIC

AS AT 9 OCTOBER 2023

Issued Share Capital	:	320,180,803 *
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	161	2.48	4,553	0.00
100 - 1,000	1,554	23.94	969,205	0.30
1,001 - 10,000	3,604	55.52	15,959,081	4.98
10,001 - 100,000	1,071	16.50	28,039,031	8.76
100,001 - 16,009,039 #	99	1.53	106,445,893	33.25
16,009,040 and above ##	2	0.03	168,763,040	52.71
TOTAL	6,491	100.00	320,180,803	100.00

SUBSTANTIAL SHAREHOLDERS' INTEREST

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Kobay Holdings Sdn. Bhd.	109,048,940	34.06	-	-
Norinv Kapital Sdn. Bhd.	59,714,100	18.65	-	-
Dato' Seri Koay Hean Eng	-	-	109,048,940^	34.06
Koay Cheng Lye	-	-	123,832,447@	38.68
Koay Zee Ee	-	-	109,048,940^	34.06

DIRECTORS' INTEREST

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Seri Koay Hean Eng	-	-	109,048,940^	34.06
Koay Cheng Lye	-	-	123,832,447@	38.68
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	-	-	-	-
Khaw Eng Peng	-	-	-	-
Koay Wooi Seong	-	-	11,822,594+	3.69
Koay Zee Ee	-	-	109,048,940^	34.06
Lee Kooi Hoon	-	-	-	-

Notes:-

* The issued shares as per Record of Depositors as at 9 October 2023 excluding 6,000,000 shares held as treasury shares

Less than 5% of issued shares

5% and above of issued shares

^ Deemed interest by virtue of shares held by Kobay Holdings Sdn. Bhd. in which the director has interest

@ Deemed interest by virtue of shares held by Kobay Holdings Sdn. Bhd. and Inna Capital Sdn. Bhd. in which the director has interest

+ Deemed interest by virtue of shares held by Premiergrow Capital Sdn. Bhd. in which the director has interest

By virtue of their interests in shares in Kobay Holdings Sdn. Bhd./Inna Capital Sdn. Bhd., Dato' Seri Koay Hean Eng and Koay Zee Ee/Koay Cheng Lye are also deemed to have interests in shares in Kobay/the Company and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations.

SHAREHOLDING STATISTIC (CONT'D)

AS AT 9 OCTOBER 2023

THIRTY (30) LARGEST SHAREHOLDERS (AS AT 9 OCTOBER 2023)

Name of Shareholders		No. of Shares Held	% Shareholding
1.	Kobay Holdings Sdn Bhd	109,048,940	34.06
2.	Norinv Kapital Sdn Bhd	40,050,900	12.51
3.	Norinv Kapital Sdn Bhd	19,663,200	6.14
4.	Premiergrow Capital Sdn. Bhd.	11,822,594	3.69
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 22)	9,739,900	3.04
6.	Inna Capital Sdn.Bhd.	8,383,507	2.62
7.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Balanced Fund	6,924,600	2.16
8.	Inna Capital Sdn.Bhd.	6,400,000	2.00
9.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Dana Makmur	3,830,000	1.20
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	3,679,100	1.15
11.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	3,367,400	1.05
12.	Tan Chen Ghee	3,232,600	1.01
13.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	3,149,900	0.98
14.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 Tr01)	3,081,300	0.96
15.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aiiman Is Eq)	2,443,500	0.76
16.	Lai Shwu Yan	2,401,650	0.75
17.	CIMB Group Nominees (Tempatan) Sdn Bhd Aiiman Asset Management Sdn Bhd For Lembaga Tabung Haji	2,400,200	0.75
18.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberislamic)	2,389,700	0.75
19.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Growth Fund	1,659,000	0.52
20.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Asia-Pacific Dividend Fund	1,524,000	0.48
21.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	1,364,300	0.43
22.	UOBM Nominees (Tempatan) Sdn Bhd UOB Islamic Asset Management Sdn Bhd For Lembaga Tabung Haji	1,332,200	0.42
23.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund (50154 TR01)	1,275,200	0.40
24.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Dana Maa'Rof	1,255,000	0.39
25.	Tan Chen Ghee	1,209,544	0.38
26.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Young Chuan Kim (E-KTU)	1,150,000	0.36
27.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan (5170)	1,135,400	0.35
28.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Kenanga Syariahextra Fund (N14011960240)	958,100	0.30
29.	Tan Lai Hock	954,100	0.30
30.	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd For Hong Leong Foundation (ED100)	890,000	0.28
TOTAL		256,715,835	80.18

LIST OF PROPERTIES

AS AT 30 JUNE 2023

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.23 RM'000
PN5918, Lot 12383, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 130,652 sq. ft./ (85,007 sq. ft.)	01.07.1991	Leasehold for 60 years expiring on 26.12.2051/ (28 years)	6,041
PN4028, Lot 12461, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 83, Medan Bayan Lepas, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory building with an annexed two storey office block	Approx. 87,599 sq. ft./ (58,104 sq. ft.)	24.06.1998	Leasehold for 60 years expiring on 17.01.2062/ (23 years)	5,371
HS(D) No. 38116, PT 1528 & HS(D) No. 47236, PT 1530, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 2631, Lot 376 & 377, Lorong Perusahaan 10, Phase 3, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory building with an annexed single storey office block	Approx. 118,099 sq. ft./ (86,900 sq. ft.)	20.05.1997	Leasehold for 60 years expiring on 07.08.2045/ (32 years)	5,817
HS(D) No. 42050, PT 5, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 967, Jalan Perusahaan, Kawasan Perusahaan Prai, 13600 Pulau Pinang	Single storey factory building	Approx. 22,500 sq. ft./ (20,000 sq. ft.)	19.09.1991	Leasehold for 99 years expiring on 21.01.2071/ (30 years)	1,309
GRN459888, Lot No. 6348, GRN459887, Lot No. 6341, Mukim Rimba Terjun, Daerah Pontian, Negeri Johor Lot 3611, Batu 30, Jalan Johor, 81500 Pekan Nenas, Johor	Single storey factory building	Approx. 4.22 hectares (25,630 sq. ft.)	09.06.2009	Freehold/ (12 years)	4,801
GRN24324, Lot No. 2628, Sek 4, Daerah Seberang Prai Utara, Butterworth, Pulau Pinang No. 1, Lorong Bagan Luar, 12000 Butterworth, Pulau Pinang	8 storey hotel building	Approx. 4,305 sq. ft. (36,822 sq. ft.)	06.01.2011	Freehold/ (41 years)	3,785
HS(D) No. 33005, PT 1529, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang No. 2478, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 203,259 sq. ft. (127,650 sq. ft.)	14.03.2018	Leasehold for 60 years expiring on 17.12.2045/ (35 years)	21,718

LIST OF PROPERTIES (CONT'D)

AS AT 30 JUNE 2023

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.23 RM'000
HS(D) No. 27773, PT 1358, Mukim 1, District of Seberang Perai Tengah, Pulau Pinang. No. 3016, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory & double storey office block	Approx. 659,451 sq. ft. (175,729 sq. ft.)	27.10.2021	Leasehold for 60 years expiring on 03.10.2042/ (21 years)	41,990
No. 33,33-1 & 33-2, Jalan Seri Bintang 2, Taman Sri Bintang, Kepong, 52100 Kuala Lumpur	Three storey mid terraced shop office	Approx. 1,712 sq. ft. (5,133 sq. ft.)	5.08.2021 * date of acq of subsidiary	Freehold/ (2 year)	2,435
Plot W7, Type A, Premium Villa, No.3A, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One unit of three storey detached house	Approx. 5,404 Sq. ft. (4,640 Sq. ft.)	1.04.2021	Freehold/ (4 years)	2,719
Plot W9, Type A, Premium Villa, No.5, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One unit of three storey detached house	Approx. 5,404 Sq. ft. (4,640 Sq. ft.)	1.04.2021	Freehold/ (4 years)	2,736
Land Held For Property Development					
GRN47092 Lot 34, GRN46881 Lot 35, GRN46882 Lot 36, GRN28204 Lot 249, GRN44961 Lot 251, GRN52732 Lot 990, GRN52733 Lot 992, GRN28217 Lot 993, GRN28218 Lot 995, GRN28219 Lot 996, HS (D) No. 18014, PT143 Bandar Tanjung Bungah, Daerah Timur Laut, Pulau Pinang	Vacant land for future development	Approx. 67,336 sq. ft.	01.12.2009/ 25.02.2010/ 18.05.2011/ 29.02.2012	Freehold	14,009
GM 653, Lot 1671, Mukim 12, Daerah Barat Daya, Pulau Pinang GM 836, Lot 1672, Mukim 12, Daerah Barat Daya, Pulau Pinang GM3427, Lot 71125, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 90,084 sq. ft.	12.02.2015 - 21.04.2017	Freehold	14,308
H.S.(M) 940, Lot 21224, Mukim 11, Daerah Barat Daya, Pulau Pinang	1/3 undivided share of the vacant land for future development	Approx. 14,768 sq. ft.	17.08.2018	Freehold	3,553

LIST OF PROPERTIES (CONT'D)

AS AT 30 JUNE 2023

Location	Description/ Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.23 RM'000
Land Held For Property Development (Cont'd)					
GM452,Lot 886,Mukim 11,Daerah Seberang Perai Tengah,Pulau Pinang GM352,Lot 42,Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang HS (D) No. 63503, Lot 10418,Mukim 7, Daerah Seberang Perai Tengah,Pulau Pinang HS (D) No. 63501, Lot 50806,Mukim 11, Daerah Seberang Perai Tengah,Pulau Pinang	Vacant land for future development	Approx. 309,461 sq. ft.	18.01.2022 - 22.12.2022	Freehold	16,232

Location	Land Area	Tenure	Advances to Landowners & Development Cost @ 30.06.23 RM'000
Development Land Under Landowner and Developer Agreement			
Mukim Lumut, Manjung, Perak	849,509 sq. ft.	Leasehold for 99 years expiring on 07.02.2112	4,545

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth (29th) Annual General Meeting ("AGM") of Kobay Technology Bhd. will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang on Friday, 1 December 2023 at 2.30 p.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of first and final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 30 June 2023. Resolution 1
3. To approve the payment of Directors' fees for a sum of RM30,000.00 to the Non-executive Directors for the financial year ended 30 June 2023. Resolution 2
4. To approve the payment of Directors' fees and/or benefits payable to the Non-executive Directors up to an amount of RM100,000.00 for the period commencing from the beginning of financial year ending 2024 until the next AGM of the Company. Resolution 3
5. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Constitution and being eligible, has offered themselves for re-election :-
 - i) Mr. Koay Zee Ee Resolution 4
 - ii) Ms. Lee Kooi Hoon Resolution 5

Mr. Khaw Eng Peng who retires by rotation in accordance with Article 101 of the Company's Constitution has expressed not to seek re-election. Hence, he will retain office until the close of the 29th AGM.
6. To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. Resolution 6

SPECIAL BUSINESSES

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTION

7. **AUTHORITY TO ISSUE SHARES IN ACCORDANCE TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016** Resolution 7

"THAT subject always to the Companies Act, 2016 ("the Act") and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Section 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit PROVIDED THAT the aggregate number of shares to be issued (inclusive employee share option scheme exercised by the employees, if any) pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company."

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the compliance by the Company with all applicable laws, regulations and guidelines pursuant to the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares in the Company ("shares") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT the maximum number of aggregate shares purchased or treasury shares held pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at any given point in time and that the maximum amount of fund allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits account of the Company.

THAT authority be and is hereby given to the Directors to treat the shares so purchased by the Company pursuant to this Proposed Share Buy-back in accordance with the provision of the Act, which allows a Company that has purchased its own shares to either retain part of or entire shares as treasury shares or cancel part of or entire shares, or a combination of both. The shares so retained as treasury shares by the Company may, either be distributed as share dividends to shareholders or resell on Bursa Securities or in any manner pursuant to the Act, Bursa Securities Listing Requirements or any other relevant authority for the time being in force.

THAT such authority from the shareholders would be effective immediately upon passing of this resolution and would continue to be in force until:-

- a. the conclusion of the next AGM of the Company following the AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act, 2016); or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first.

AND THAT authority be and is hereby given to the Directors to take all such steps as are necessary or expedient to implement or to give effect of the Proposed Share Buy-back Authority with full powers to assent to any conditions, modifications, re-valuations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time."

9. ORDINARY RESOLUTION

Resolution 9

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a mandate of the shareholders be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature ("RRPTs"), which are necessary for the day-to-day operations of the Company and/or its subsidiary companies ("Kobay Group"), to be entered into by the Kobay Group in the ordinary course of business, PROVIDED THAT such transactions are entered into at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in Part B Section 2.4 of the Circular to Shareholders of Kobay dated 31 October 2023 ("Proposed Shareholders' Mandate");

THAT disclosure of the breakdown of the aggregate value of transactions conducted will be made based on the type of RRPTs made, names of the related parties involved in each type of the RRPTs made and their relationship with the Company, in the annual report of the Company during the current financial year and in the annual report for the subsequent financial year during which the Proposed Shareholders' Mandate is in force;

THAT the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act, 2016); or
- c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to give effect to the Proposed Shareholders' Mandate with full powers to deal with all matters relating thereto and to complete and do all acts and things (including executing such documents as may be required) in connection with the Proposed Shareholders' Mandate."

10. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty-Ninth (29th) Annual General Meeting, the first and final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 30 June 2023 will be paid on 19 January 2024 to depositors registered in the Records of Depositors on 29 December 2023.

A depositor shall qualify for entitlement to the dividend only in respect of :-

- a) Shares transferred into the depositor's securities account before 4.00 p.m. on 29 December 2023 in respect of ordinary transfers;
- b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

BY ORDER OF THE BOARD

WONG MEE CHOON (MACS 01562)
CHAN MUN SHEE (MAICSA 7003071)
Company Secretaries
Penang, 31 October 2023

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES :

1. A member entitled to attend, participate, speak and vote at the AGM of the Company shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote for him. A proxy may but need not be a member of the Company.
2. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Form of Proxy.
4. The duly completed Form of Proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time set for holding the AGM of the Company PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED ALWAYS that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 November 2023.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

EXPLANATORY NOTES :

Agenda 1 is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders of the Company for the Audited Financial Statements for the financial year ended 30 June 2023. Hence, this Agenda item is not put forward for voting.

Resolution 2 and Resolution 3

Pursuant to Section 230(1) of the Companies Act 2016, the Directors' fees and/or any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board wishes to seek shareholders' approval at the 29th AGM of the Company on the Directors' remuneration in two (2) separate resolutions as below:

- (a) Resolution 2 on payment of Directors' fees in respect of the year ended 30 June 2023; and
- (b) Resolution 3 on payment of Directors' benefits from 1 July 2023 to the next AGM in 2024.

The proposed Ordinary Resolution 2 is to obtain shareholders' approval for the payment of Directors' fees for a sum of Ringgit Malaysia Thirty Thousand (RM30,000) only to the Non-executive Directors for the financial year ended 30 June 2023 as required under Article 109 of the Company's Constitution as per chart below:-

Directors' Fee

Name of Director	Servicing Period	Amount
Mr. Koay Wooi Seong	1 July 2022 – 30 Jun 2023	RM10,000-00
Mr. Khaw Eng Peng	1 July 2022 – 30 Jun 2023	RM10,000-00
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	1 July 2022 – 30 Jun 2023	RM10,000-00

The proposed Ordinary Resolution 3 is to seek the shareholders' approval for the payment of Directors' fees and/or benefits payable to the Non-executive Directors up to an amount of RM100,000.00 for the period commencing from financial year ending 2024 until the next AGM of the Company to be paid out quarterly to eligible Non-executive Directors for meetings to be held during the period herein before mentioned based on the Board size and on the assumption that all Directors will hold their office until the date of next AGM.

In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES (CONT'D) :

Resolution 4 and Resolution 5

The proposed Ordinary Resolutions 4 and 5, if passed, will allow the named Directors to be re-elected as the Directors of the Company.

Article 100 of the Constitution provides that any Director so appointed shall hold office only until the next general meeting of the Company, and shall be eligible for re-election.

Mr. Koay Zee Ee and Ms. Lee Kooi Hoon were appointed as Directors of the Company on 8 September 2023 and are due for retirement at this AGM under Article 100 of the Company's Constitution and being eligible, has offered themselves for re-election at this AGM.

The profiles of the Directors standing for re-election are set out in the Directors' Profiles section under page 5 & 7 of the Annual Report 2023.

Mr. Khaw Eng Peng, who have served on the Board of Kobay for 12 years since his appointment as Independent Director in year 2010, has decided not to seek for re-election. Hence, he will retain office until the close of the 29th AGM, and retires in accordance with Article 101 of the Company's Constitution.

Resolution 7

A mandate was sought and approved by the members during the Twenty-Eighth (28th) AGM held on 30 November 2022 empowered the Board, pursuant to Section 75 and 76 of the Act, to issue and allot shares of not more than ten per cent (10%) of the total number of issued share of the Company at any given point in time.

This mandate will provide flexibility to the Company for any possible fund raising exercises including but not limited to placing of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s) and such other application as the Directors may deem fit and in the best interest of the Company.

The Directors wish to seek the approval from shareholders for the mandate at the forthcoming AGM and if the proposed Ordinary Resolution is passed, the Directors will be empowered to issue and allot shares in the Company at any time and for such purposes as the Directors consider would be in the interests of the Company up to an aggregate not exceeding 10% of the Company's total number of issued shares (of which is not inter-conditional with the other corporate exercise carried out by the Group) without the need to convene separate general meetings to obtain its shareholders' approval so as to avoid incurring additional cost and time. This authority unless revoked or varied at the general meeting, will expire at the next AGM.

Resolution 8

The proposed Ordinary Resolution under item 8 is of renewal and if passed, will allow the Company to purchase up to ten per cent (10%) of the total number of issued share of the Company, excluding treasury shares retained by the Company at any given point in time. This authority unless revoked or varied at the general meeting, will expire at the next AGM. The details of this proposal are set out in the Share Buy-Back Statement to Shareholders dated 31 October 2023.

Resolution 9

Pursuant to Paragraph 10.09(1) of the Bursa Malaysia Securities Berhad's Listing Requirements, the listed issuer shall seek for shareholders' mandate to enter into recurrent related parties' transactions (RRPTs) of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations. The Group wish to renew its current RRPTs mandate for which the details are set out in 2.4 of Part B of the Circular to Shareholders (herein collectively referred to as "Proposed Shareholders' Mandate").

The proposed Ordinary Resolution under item 9, if passed, will allow the Group to enter into recurrent related parties' transactions of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations and unless this authority be revoked or varied at the general meeting else the said approval will be lapsed at the next AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The profile of the Directors who are standing for re-election (as per Resolution 4 & 5 as stated in the Notice of Annual General Meeting) at the Twenty-Ninth (29th) Annual General Meeting of Kobay Technology Bhd. which will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang on Friday, 1 December 2023 at 2.30 p.m., are stated on page 5 & 7 of the Annual Report 2023.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 29th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty



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PROXY FORM

No. of shares held	
CDS account no.	

I/ We _____ Tel: _____
(FULL NAME IN BLOCK CAPITAL, NRIC/PASSPORT/COMPANY NO.)

of _____
(FULL ADDRESS AND E-MAIL ADDRESS)

being *a member/ members of **Kobay Technology Bhd (199401022600 (308279-A))** hereby appoint :

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and e-mail address			

*and/or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and e-mail address			

or failing *him/ her the Chairperson of the Meeting as *my/ our proxy/ proxies to attend, participate, speak and vote for *me/ us on *my/ our behalf at the 29th Annual General Meeting of Kobay Technology Bhd ("**Company**") which will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang on Friday, 1 December 2023 at 2.30p.m.

My/our proxy/proxies to vote for on a poll as indicated below :

RESOLUTIONS NO.	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

* *Strike out whichever is not desired*

Signature of Member(s)/Common Seal

Date: _____

Notes:

- A member entitled to attend, participate, speak and vote at the AGM of the Company shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote for him. A proxy may but need not be a member of the Company.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Form of Proxy.
- The duly completed Form of Proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the AGM of the Company PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
- If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 November 2023 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the AGM of the Company or appoint proxy(ies) to attend, participate, speak and vote on his behalf.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/ her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.



Please fold across the line and close

Affix
Stamp

The Company Secretaries
KOBAY TECHNOLOGY BHD.
Company No : 199401022600 (308279-A)

3rd Floor, Wisma Kobay,
No. 42-B, Jalan Rangoon,
10400 Georgetown,
Penang.

Please fold across the line and close

FREEHOLD

LAGUNA BAY
RESIDENCES

sea home

Your exclusive opportunity to own a beachfront home on Penang Island

1

Block with
19 Levels of
Residential
Units

3

Levels of
Recreational
Facilities

18

Units of
Residential
Units Per
Floor

342

of Residential
Units in Total

900

Square Feet
of Built-up
Area



Reading Area



Outdoor Gym



Viewing Deck



Landscape Area



Swimming Pool & Jacuzzi



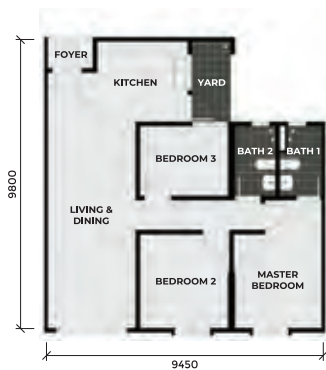
Kid's Pool

"Your Curated Sanctuary By The Sea"

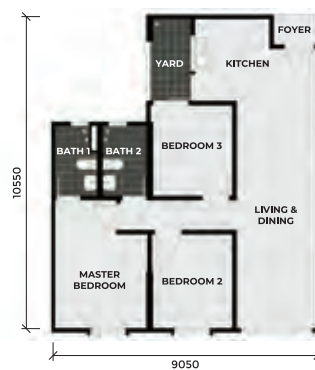
Discover your sanctuary at Laguna Bay Residences, a unique, **LOW-DENSITY, FREEHOLD AND AFFORDABLE BEACHFRONT APARTMENT**. This unique project consists of a single 31-storey block with a 9-level parking podium, 3 different levels of recreational facilities and 19 levels of residential units, comprising a total of 342 units with 900 square feet of built-up area each, offering an unparalleled low-density development on Penang Island.

Unit Floor Plan

Type A
Built-up Area | 900sq.ft



Type B
Built-up Area | 900sq.ft



Location Map



SCAN THE QR CODE FOR ENQUIRIES

+6011-6327 1338 +604-291 7888

KOBAY
PROPERTY DEVELOPMENT GROUP

KOBAY SB SDN. BHD. (581589-D) (Wholly-owned subsidiary of KOBAY TECHNOLOGY BHD)

Ground Floor, Wisma Kobay, 42B, Jalan Rangoon, 10400 Georgetown, Penang. | E: propertyinfo@kobaytech.com | W: www.lagunabay-residences.com

Developer: Kobay SB Sdn. Bhd. | No. License: 30175/08-2027/0174(N) | License Validity Date: 01/09/2022-31/08/2027 | Advertising and Sales Permit No.: 30175-1/05-2026/0518(A)-(S) | Validity Date: 08/05/2023-07/05/2026 | Authority Approving Building Plan: Majlis Perbandaran Pulau Pinang | Building Plan Approval No.: MBPP/ILCS-OSC/PB1216/22(LB) | Expected Date of Completion: Q3, 2026 | Tenure of Land: Freehold | Land Encumbrances: None | Total Units: 342 | Built-Up Area: 900 sq.ft. | Selling Price: Minimum RM300,000 maximum RM434,000

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