



MClean

MClean Technologies Berhad
201001009003 (893631-T)

Macro Solution Services



ANNUAL REPORT 2023



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MANAGEMENT DISCUSSION & ANALYSIS



GROUP PROFILE

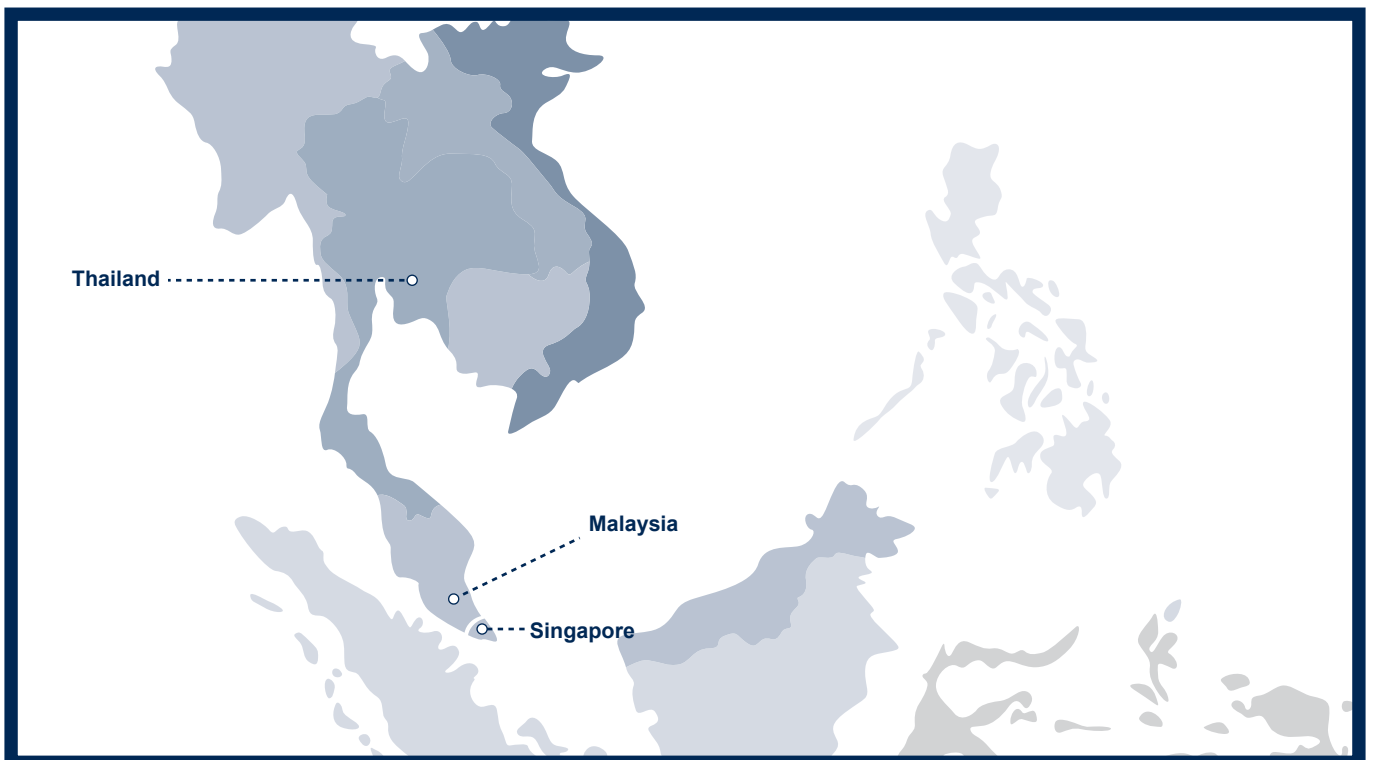
MClean provides surface treatment, precision cleaning & packaging services for various industries ranging from the Hard Disk Drive, Consumer Electronics to the Oil & Gas industries. Our Group has an established track record of more than two decades operating in Malaysia, Singapore and Thailand.

VISION

Our group strives to be the choice service solution provider through continuous innovation to deliver sustainable shareholder value to all stakeholders.

PRINCIPAL ACTIVITIES OF OUR GROUP

- Surface treatment services
 - Precision cleaning in Cleanroom environment
 - Surface treatment & finishing of metal parts
- Cleanroom packaging, assembly & logistics services
 - Clean bulk packaging services
 - Cleanroom packaging services
 - Assembly services



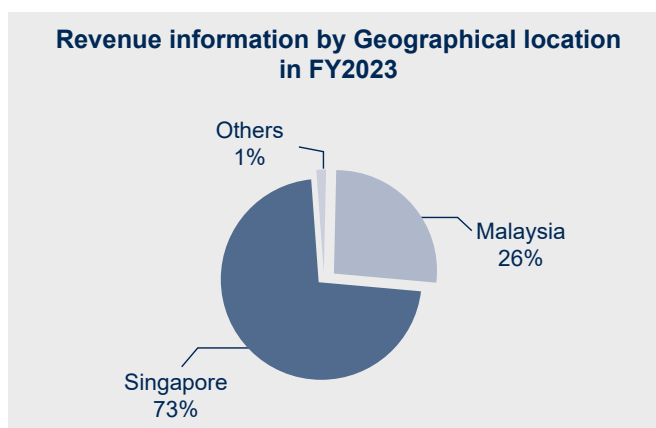
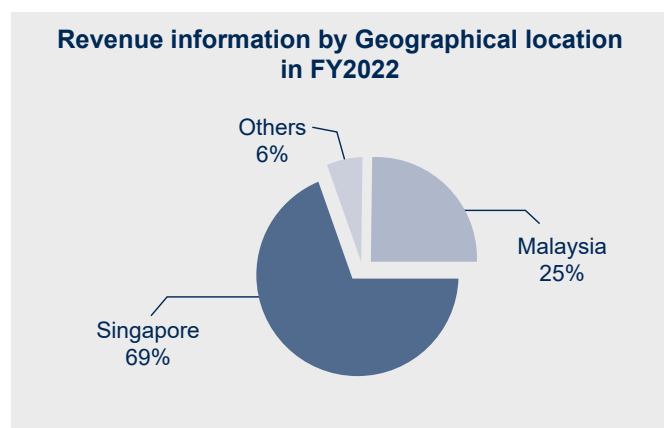
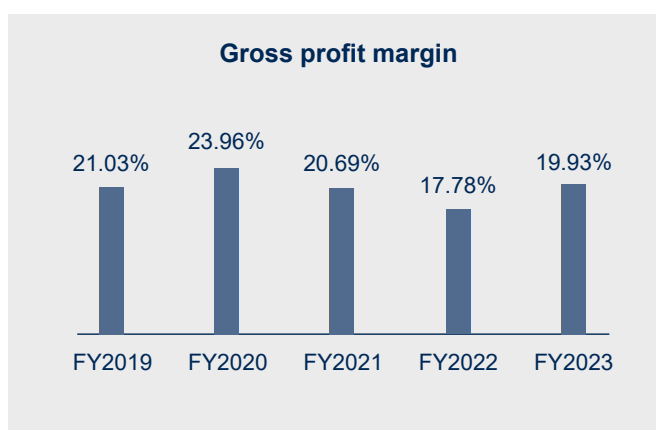
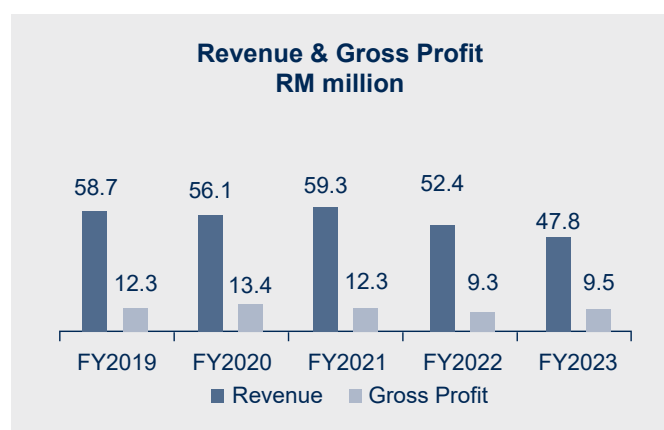
MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

OPERATION REVIEW

The Group is organised into geographical operating countries managed by their respective Chief Operating Officers. These officers report directly to the senior management of the Group who regularly review their operating and financial performance.

HIGHLIGHTS OF OUR GROUP FINANCIAL INFORMATION FOR THE PAST 5 YEARS (RM'000)

	2019	2020	2021	2022	2023
Revenue	58,668	56,134	59,318	52,373	47,836
Gross profit	12,335	13,449	12,274	9,312	9,536
(Loss)/Profit before tax	(5,565)	1,945	(8,235)	(3,092)	(5,330)
Net Asset per share	0.13	0.14	0.11	0.09	0.07
Profit/(Loss) per share "EPS"/("LPS") (sen)	(1.36)	0.98	(4.17)	(1.51)	(2.08)



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FINANCIAL ANALYSIS

FINANCIAL RESULTS

Sales for FY2023 decreased by 8.66% as compared with FY2022. The decrease is across from all precision cleaning and surface treatment services due to overall weaker market demand from HDD industry.

Gross profit margin increased from 17.78% to 19.93% mainly due to the effective cost control and cost-cutting measures on direct labour and factory overhead.

Other income decreased by RM1.96 million in FY2023 mainly due to absence of the RM1.88 million of currency fluctuation reserve being reversed to profit and loss account upon deregistration of a subsidiary in previous financial year.

Administrative expenses increased by RM0.71 million as compared to the previous financial year mainly due to the related corporate exercise expenses recognised in the current financial year. This increase was partially offset by the decrease in indirect salaries and related costs in the current financial year.

Other expenses decreased by RM0.43 million as compared to the previous financial year mainly due to loss on disposal of investment in subsidiary company in China Wuxi.

Overall the Group reported a loss before tax of RM5.33 million as compared to a loss before tax of RM3.09 million in FY2022.

FINANCIAL POSITION

The Group's property, plant, and equipment decreased by approximately RM0.71 million, primarily due to a depreciation charge for the year amounting to RM1.69 million. However, this decrease was partially offset by additions to property, plant, and equipment totaling RM1.23 million.

The right-of-use assets and lease liabilities decreased RM2.94 million and RM2.93 million respectively mainly due to depreciation charge and repayment of lease liabilities for the year.

Trade receivables increased by RM2.30 million mainly due to significant reduction across from all precision cleaning and surface treatment services weaker market demand from HDD industry in quarter 4 of 2022. Other receivables decreased by RM2.22 million mainly due to the related corporate exercise expenses recognised in profit and loss account during the current financial year.

Trade payables increased by RM1.95 million mainly due to reduction across from all precision cleaning in quarter 4 of 2022.

The borrowings increased by RM3.45 million, primarily attributable to a RM0.88 million increase in accounts receivable financing compared to the previous financial year. Additionally, term loans increased by RM2.57 million during the financial year, mainly due to two properties in the Malaysian subsidiary being pledged as collateral for working capital purposes.

DIVIDEND

The Group had not adopted any dividend policy. However, the Board will evaluate the Group's profitability, long term plan and cash flows position annually before recommending any dividend payment.

RISKS ANALYSIS

Market risk

HDD industry remain as the main market for MClean. The demand trend for HDD remain relatively stable and we expect the momentum to maintain into 2024.

Foreign currencies exchange risks

MClean operates in three countries and its revenue is highly correlated to the strength of USD and Malaysia Ringgit. MClean relies on natural hedging to partially mitigate such risk and uses forward exchange contracts to further mitigate the net exposure in such currencies exposure. This exchange risks is further detailed in pages 95 to 97, Note 26 to the financial statements.

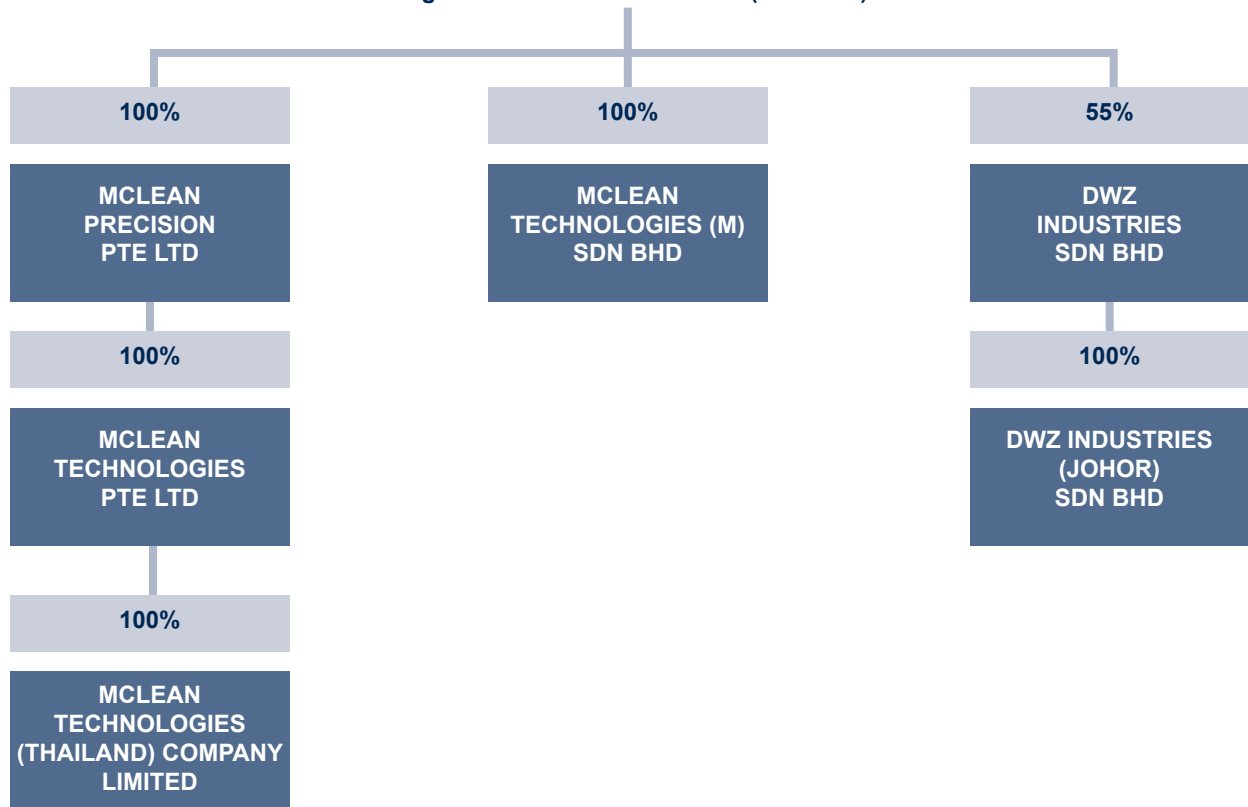
CORPORATE STRUCTURE



MClean

MCLEAN TECHNOLOGIES BERHAD

Registration No. 201001009003 (893631-T)



Abbreviation	Name of Company	Principal activities
MClean	MClean Technologies Berhad	Investment holding
MPP	MClean Precision Pte Ltd	Investment holding and the provision of management services to subsidiary
MTP	MClean Technologies Pte Ltd	Provide precision cleaning, assembly services, and wholesale trade of frozen product and investment holding
MTM	MClean Technologies (M) Sdn Bhd	Provide surface treatment and related services such as surface finishing, precision cleaning and packaging services
MTT	MClean Technologies (Thailand) Company Limited	Provide precision cleaning, assembly services, and other related service to hard disk drive industry
DWZ	DWZ Industries Sdn Bhd	Surface treatment and finishing specialist for electrical and electronic industries
DWZ Johor	DWZ Industries (Johor) Sdn Bhd	Surface treatment and finishing specialist for electrical and electronic industries

CORPORATE INFORMATION

DIRECTORS

Mr. Yeo Hock Huat		(Executive Chairman, Executive Director)
Mr. Lim Han Kiau		(Chief Executive Officer, Executive Director)
Dr. Danny Oh Beng Teck	(Appointed on 30.05.2023)	(Senior Independent Non-Executive Director)
Dr. Goh Kwee Keng	(Appointed on 30.05.2023)	(Independent Non-Executive Director)
Siti Haliza Binti Md. Taib	(Appointed on 30.05.2023)	(Independent Non-Executive Director)
Datuk Wira Mark William Ling Lee Meng	(Resigned on 30.05.2023)	(Senior Independent Non-Executive Director)
Dr. Ho Choon Hou	(Resigned on 30.05.2023)	(Independent Non-Executive Director)
Mr. Pang Kong Chek	(Resigned on 30.05.2023)	(Independent Non-Executive Director)
Ms. Yeo Seow Lai		(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Dr. Danny Oh Beng Teck (Chairman)	(Appointed on 30.05.2023)
Dr. Goh Kwee Keng	(Appointed on 30.05.2023)
Ms. Siti Haliza Binti Md. Taib	(Appointed on 30.05.2023)
Datuk Wira Mark William Ling Lee Meng (Chairman)	(Resigned on 30.05.2023)
Dr. Ho Choon Hou	(Resigned on 30.05.2023)
Mr. Pang Kong Chek	(Resigned on 30.05.2023)

LONG TERM INCENTIVE PLAN COMMITTEE

Dr. Danny Oh Beng Teck (Chairman)	(Appointed on 30.05.2023)
Ms. Siti Haliza Binti Md. Taib	(Appointed on 30.05.2023)
Datuk Wira Mark William Ling Lee Meng (Chairman)	(Resigned on 30.05.2023)
Mr. Pang Kong Chek	(Resigned on 30.05.2023)
Mr. Yeo Hock Huat	

NOMINATION COMMITTEE

Dr. Danny Oh Beng Teck (Chairman)	(Appointed on 30.05.2023)
Ms. Siti Haliza Binti Md. Taib	(Appointed on 30.05.2023)
Datuk Wira Mark William Ling Lee Meng (Chairman)	(Resigned on 30.05.2023)
Mr. Pang Kong Chek	(Resigned on 30.05.2023)
Ms. Yeow Seow Lai	

REMUNERATION COMMITTEE

Dr. Danny Oh Beng Teck (Chairman)	(Appointed on 30.05.2023)
Dr. Goh Kwee Keng	(Appointed on 30.05.2023)
Ms. Siti Haliza Binti Md. Taib	(Appointed on 30.05.2023)
Datuk Wira Mark William Ling Lee Meng (Chairman)	(Resigned on 30.05.2023)
Dr. Ho Choon Hou	(Resigned on 30.05.2023)
Mr. Pang Kong Chek	(Resigned on 30.05.2023)

COMPANY SECRETARIES

Ms. Wong Chee Yin (MAICSA 7023530)
(SSM Practising Certificate No. 202008001953)

AUDITORS

Grant Thornton Malaysia PLT
(Registration No. 201906003682, LLP0022494-LCA & AF 0737)
Suite 28.01, 28th Floor, Menara Zurich,
No. 15, Jalan Dato' Abdullah Tahir,
80300 Johor Bahru, Johor, Malaysia.
Tel No.: +607 332 8335

SHARE REGISTRAR

Tricor Investor & Issuing House Service Sdn. Bhd.
(Registration No. 197101000970 (11324-K))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia
Tel. No.: +603 2783 9299
Fax. No.: +603 2783 9222

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank Limited

HEAD OFFICE

2 Woodlands Sector 1 #01-22
Singapore 738068
Tel No.: +65 6753 8077
Fax No.: +65 6753 8993
Website: <http://www.mclean.com.sg>

REGISTERED OFFICE

Suite 1301, 13th Floor,
City Plaza, Jalan Tebrau,
80300 Johor Bahru, Johor, Malaysia
Tel No.: +607 332 2088
Fax No.: +607 332 8096

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : MCLEAN
Stock Code : 0167
Sector : Industrial Products and Services
Listed on : 10 May 2011

PROFILE OF BOARD OF DIRECTORS

Yeo Hock Huat

Executive Chairman, Executive Director

61 years of age, Male, Singaporean

Mr. Yeo Hock Huat, was appointed to the Board on 1 June 2010 and is the Executive Chairman of MClean Technologies Berhad (“MClean”). He is a member of Long Term Incentive Plan Committee.

He holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic, Singapore and Executive Masters in Business Administration from both the National University of Singapore & Tsinghua University of China.

Mr. Yeo has more than 20 years of experience in contract services and the equipment manufacturing industry and is currently a Director of MClean Group. Mr. Yeo is primarily responsible for the overall strategic direction and planning of our Group and had started our Group’s primary business in precision cleaning for the HDD manufacturers and assemblers through the founding of MClean Singapore.

Mr. Yeo participates actively in community service. He is currently the Chairman of National University of Singapore (“NUS”) Business School Chinese Alumni Association and Hong Kah North Constituency Community Committee. He is also an Advisor to the National Research Foundation of Singapore.

He currently serves as a Non-Executive Director of Matex International Limited, a company listed on the Singapore Exchange. Except for the above, he does not hold any directorship in any other public company. Mr. Yeo is the brother of Madam Yeo Seow Lai who is a director and major shareholder of MClean. Save as mentioned, he has no family relationship with other Directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2023 other than traffic offences, if any

Mr. Yeo Hock Huat attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2023.

Lim Han Kiau

Chief Executive Officer, Executive Director

64 years of age, Male, Singaporean

Mr. Lim Han Kiau, is the Executive Director and Chief Executive Officer and was appointed to the Board on 12 October 2015. He is responsible for the overall business operations of the Group, including overall sales and finance. He hails from The Chinese High School in Singapore and is a well-respected businessman with extensive experience in the surface treatment industry for more than 35 years.

Mr. Lim Han Kiau does not hold any directorship in any other public company. Save as mentioned, he has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2023 other than traffic offences, if any.

Mr. Lim Han Kiau attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

Dr. Danny Oh Beng Teck

Senior Independent Non-Executive Director

62 years of age, Male, Singaporean

Dr. Danny Oh Beng Teck, was appointed to the Board on 30 May 2023. He is the Chairman of the Nomination Committee, Remuneration Committee, Audit Committee and Long-Term Incentive Plan Committee.

Dr. Danny has more than 34 years' experience in the geotechnical real-time instrumentation, geophysical ground penetrating radar, electrical resistivity and seismic survey, drones integrated GPR, soil investigation, drilling operations, reclamation, aerospace, travel, biomass renewable energy, lithium battery recycling construction, manufacturing, safety and training industries.

Dr. Danny is a qualified geologist, trainer, arbitrator, adjudicator, mediator and expert witness and holds a PhD from the University of South Australia. He a Member of the Geological Society of Malaysia.

Dr. Danny currently the independent director at Ecowise Holdings Limited and is the Chairman of Sustainability Committee and Remuneration Committee, a member of the Audit Committee and Nominating Committee.

Dr. Danny is also currently the independent director at Imperium Crown Limited and is a member of the Audit Committee, Remuneration Committee and Nominating Committee. He has no family relationship with any director and/or major shareholder of Mclean and does not have any conflict of interest with Mclean. Further, he has never convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023 other than traffic offences, if any.

Dr. Danny attended three (3) Board Meetings of the Company held during the financial year ended 31 December 2023.

Dr. Goh Kwee Keng

Independent Non-Executive Director

61 years of age, Male, Malaysian

Dr. Goh Kwee Keng, was appointed to the Board on 30 May 2023 and is a member of the Audit Committee and Remuneration Committee.

Dr. Goh holds a PhD in Accounting from the Charisma University, Turks & Caicos Island. He graduated from ACCA (UK) in 1988 and later become a fellow member FCCA (UK). He is also the associate partner of London Scholl of Accountancy and Finance (LSAF) in Jakarta Indonesia providing ACCA education to students there.

Dr. Goh is a Chartered Accountant by profession and member of Malaysia Institute of Accountant (MIA) since 2000, Chartered Accountant, licensed auditor, licensed tax agent and licensed Auditor for Koperasi under Suruhanjaya Koperasi Malaysia. He has more than 30 years of experience in accountancy, finance and business. Currently he is the owner and partner of a few public accounting firms in Malaysia. His major role in the Company is to track the cash flow, financial planning and analyzing the company's finances strengths and weaknesses and proposing strategic directions.

Dr. Goh has no family relationship with any director and/or major shareholder of Mclean and does not have any conflict of interest with Mclean. Further he has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023 other than traffic offences, if any.

Dr. Goh attended three (3) Board Meetings of the Company held during the financial year ended 31 December 2023.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

Siti Haliza Binti Md. Taib

Independent Non-Executive Director

52 years of age, Female, Malaysian

Ms. Siti Haliza Binti Md. Taib was appointed to the Board on 30 May 2023 and is a member of the Audit Committee, Nominating Committee, Remuneration Committee and Long-Term Incentive Plan Committee.

Ms. Siti holds a Bachelor (Hons) of Accountancy from the Universiti Utara Malaysia. She is a member of Malaysian Institute of Accountants (MIA) since 2000, Chartered Accountant, licensed auditor, licensed tax agent and licensed Auditor for Koperasi under Suruhanjaya Koperasi Malaysia.

She has more than 16 years of experience in accounting, auditing and taxation and 10 years' experience in liquidation. She is presently the owner of Messrs. Siti Haliza & Co. PLT.

Ms. Siti has been appointed as Independent Non-Executive Director in CSC Steel Holdings Berhad on 1 July 2022. She does not have any conflict of interest with Mclean. Further, she has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023 other than traffic offences, if any.

Ms. Siti attended three (3) Board Meetings of the Company held during the financial year ended 31 December 2023.

Yeo Seow Lai

Non-Independent Non-Executive Director

66 years of age, Female, Singaporean

Madam Yeo Seow Lai was appointed to the Board on 16 June 2010 and is a member of the Nomination Committee.

Madam Yeo holds a Diploma in Life Insurance and has a wealth of experience in the insurance industry. She started her career with Great Eastern Life as a Career Agent before joining TM Asia Life (now Tokio Marine Insurance Singapore Ltd.) on 1 August 1998 as a Senior Financial Advisor. During her tenure there, she helped companies with their corporate needs in general insurance. Madam Yeo now represents Tokio Marine Insurance Singapore Ltd, in addition to her position as a certified Real Estate Professional.

Madam Yeo is the sister of Mr. Yeo Hock Huat who is a director and major shareholder of MClean. She has no family relationship with other directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, she has never been convicted of any offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2023 other than traffic offences, if any.

As a dedicated and committed board member, Madam Yeo attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2023.

PROFILE OF KEY SENIOR MANAGEMENT

Sea Saiu Wai

Chief Financial Officer (“CFO”)

38 years of age, Male, Malaysian

On 1 July 2023, Mr. Sea Saiu Wai was appointed as the Chief Financial Officer of MClean. He oversees the finance and accounting functions of the Group. Mr. Sea is professionally qualified from The Association of Chartered Certified Accountants (ACCA), United Kingdom and is a member of the Malaysian Institute of Accountants (MIA), the Institute of Singapore Chartered Accountants (ISCA), and ASEAN Chartered Professional Accountant.

Prior to joining the MClean, Mr. Sea amassed over 11 years of experience in auditing, accounting and taxation professional services.

He does not hold any directorship in any public company and has no family relationship with any director and/or major shareholder of MClean. Mr. Sea does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2023.

Chow Kok Meng, Bert

Chief Operating Officer – Precision Cleaning

64 years of age, Male, Singaporean

Mr. Bert Chow Kok Meng, is the Chief Operating Officer appointed on 1 January 2016 for the Precision Cleaning business operations of the Group. He has been with MClean since its inception in 2003. Mr. Bert Chow obtained his Degree of Bachelor of Engineering (Electrical) in 1986 from the National University of Singapore. He has more than 20 years of experience in the high technology manufacturing industry.

Mr. Bert Chow does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2023.

Chua Chee Tiong

Chief Operating Officer – Surface Treatment

54 years of age, Male, Singaporean

Mr. Chua Chee Tiong, is the Chief Operating Officer appointed on 1 January 2016 for the Surface Treatment business operations of the Group. He has been with DWZ group since 1997, which subsequently become a subsidiary of MClean in 2015. Mr. Chua obtained his business degree from RMIT. He has more than 25 years of experience in the industry engineering and manufacturing industry.

Mr. Chua does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2023.

SUSTAINABILITY STATEMENT

Our Continued Efforts in Sustainability

Through this report, MClean Technologies Berhad ("MClean") and its subsidiaries (the "Group") communicate its sustainability commitment covering the activities and initiatives on economic, environmental, and social related key sustainability matters identified with its various stakeholders, including staff, investors, customers, suppliers and contractors, business partners, the community, and government and national agencies.

Our sustainability statement is an update of the preceding financial year's statement and it is reported in accordance with the enhanced reporting requirements incorporating the listing requirement for ACE Market, Sustainability Reporting Guide ("SRG"), 3rd Edition issued by Bursa Malaysia Berhad in the year 2023.

Reporting scope and period

This sustainability statement covers our two main business divisions, Precision Cleaning Division and Surface and Finishing Treatment Division which operate in Malaysia, Singapore and Thailand. The reporting period is from 1 January 2023 to 31 December 2023.

Sustainability Governance

In MClean, the Board of Directors oversee the sustainability matters headed by its senior management team, which is responsible for identifying and discussing sustainability initiatives and bringing them into fruition. Meanwhile, divisional management identifies the sustainable challenges, executes the sustainability initiatives, monitors and collects data as well progressively updates the senior management team.



Corporate Sustainability Strategies

MClean believes that it is crucial in driving interest and investments towards sustainability to the mutual benefit of the Group and its stakeholders. The Group focus on sustainability is marked on achieving long-term shareholder value by gearing the strategies and harness on the market's potential for sustainable products and services while at the same time minimising costs and mitigating any sustainability risks.

The overall strategy involves continuous integration of long term economic, environmental, governance and social aspects within MClean's business strategies while maintaining competitiveness.

- Financial – meeting shareholders' demands
- Environmental – Uses resources efficiently, effectively and economically
- Governance & Stakeholder – Embrace standards of corporate governance
- Human capital – managing human resources and maintain workforce capabilities

Stakeholder Engagement

MClean identifies our key stakeholders, both internally and externally, after a thorough management review on the Group's business operations and risk areas. The Group engages the following key stakeholders through various communication channels to enable us to understand their expectation:

Key stakeholders	Communication Channels	Frequency of Engagement
Investors/ Shareholders/ Financial analysts	<ul style="list-style-type: none"> ■ Annual General Meeting ■ Annual reports ■ Corporate announcement through Bursa Malaysia ■ Company website ■ Analyst and investor meetings 	<ul style="list-style-type: none"> ■ Annually ■ Annually ■ On-going ■ On-going ■ Ad-hoc basis
Customers	<ul style="list-style-type: none"> ■ Direct engagement with customer representatives ■ Customer satisfaction survey 	<ul style="list-style-type: none"> ■ On-going ■ Annually
Suppliers/Vendors	<ul style="list-style-type: none"> ■ Regular interactions through emails and phone calls ■ Procurement system ■ Periodic performance evaluation 	<ul style="list-style-type: none"> ■ On-going ■ On-going ■ Annually

SUSTAINABILITY STATEMENT (CONT'D)

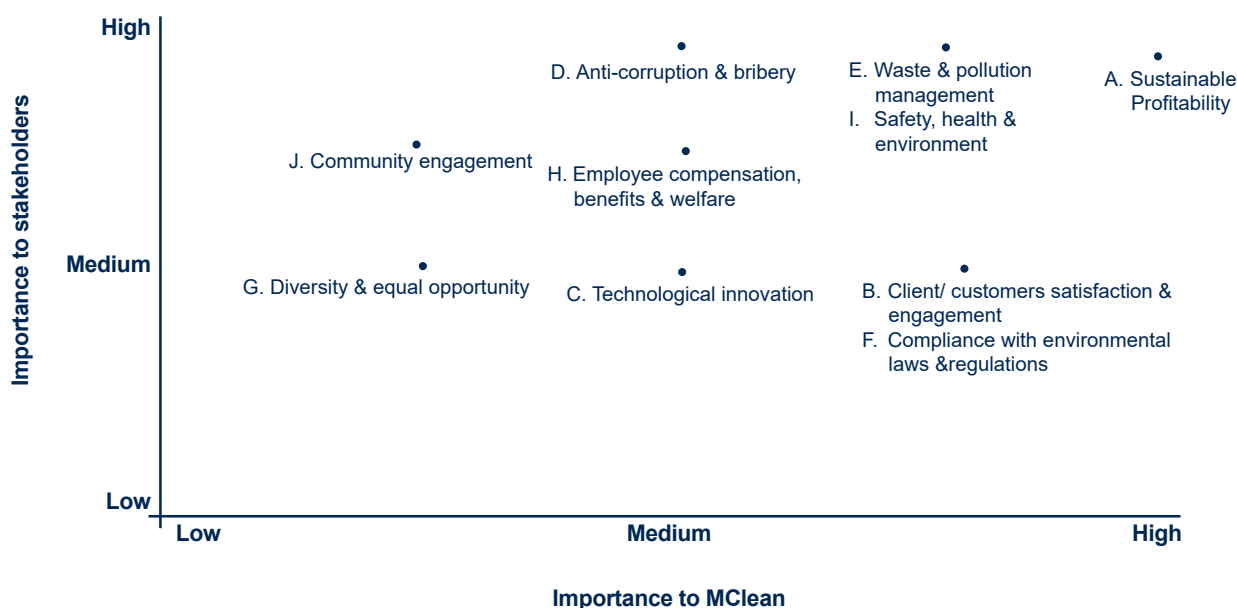
Stakeholder Engagement (Cont'd)

MClean identifies our key stakeholders, both internally and externally, after a thorough management review on the Group's business operations and risk areas. The Group engages the following key stakeholders through various communication channels to enable us to understand their expectation: (Cont'd)

Key stakeholders	Communication Channels	Frequency of Engagement
Regulatory agencies/ Municipalities	<ul style="list-style-type: none"> ■ Periodic basis through site visits and meetings ■ Consultation on regulatory matters ■ Participation in conferences / forums ■ Certification and licenses 	<ul style="list-style-type: none"> ■ On-going ■ On-going ■ Annually ■ Annually
Employees	<ul style="list-style-type: none"> ■ Daily interactions, and open-door policy ■ Trainings and development ■ Staff performance evaluation ■ Recreation activities and staff gatherings 	<ul style="list-style-type: none"> ■ On-going ■ On-going ■ Annually ■ On-going

Materiality Assessment and Key Sustainability Matters

The Senior Management Team conducts a desktop review to review the key material sustainability matters identified taking into consideration of the overall business environment of the Group's business operations and potential risk identified from the Group's risk management processes. A detailed risk management processes can also be found under our Statement of Risk Management and Internal Control in pages 33 to 34 of this Annual Report. The material matters are illustrated in the following materiality matrix:-



Areas	Key Material Sustainability matters
Economic	A. Sustainable Profitability
	B. Client/ customers satisfaction and engagement
	C. Technological innovation
	D. Anti-corruption and bribery
Environment	E. Waste and pollution management
	F. Compliance with environmental laws and regulations
Social	G. Diversity and equal opportunity
	H. Employee compensation, benefits and welfare
	I. Safety, health, and environment
	J. Community engagement

The above sustainability matters are considered material and the proposed actions to mitigate those risks, as well as potential opportunities arising were further elaborated in subsequent sections.

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessment and Key Sustainability Matters (Cont'd)

1. **Economic**

Sustainable Profitability

MClean is committed to ensuring sustainable shareholders' value through maximising long-term profitability. With our presence in Malaysia, Singapore and Thailand, we would be in close proximity to our key customers enabling us to provide value adding service to our key customers in terms of meeting their delivery schedule and logistic arrangement. Our results are discussed in greater details in Management Discussion and Analysis section of the Annual Report.

Clients/Customers Satisfaction and Engagement

One of MClean's core values is to focus in meeting our customers' needs. MClean is committed to deliver high quality and safe product and services, for both of our Surface and Finishing Treatment and Precision Cleaning Divisions. Therefore, Customers' feedback is important to help identify issues in products and/or understand expectations. Customers' feedback/non-conformities identified are reviewed to ensure corrective actions are taken on timely manner in achieving meeting customers' satisfaction.

Product Certification

Strict adherence with the standard and procedures is a must in MClean. Our Process Control Procedures outlines steps required to identify, control, and monitor key points of potential risks in its operation to consistently deliver high quality and safe product and services to ultimately create value for the customers.

In addition, MClean's Surface and Finishing Treatment and Precision Cleaning Divisions were certified with ISO9001:2015 and ISO14001:2015 standard by accredited certification bodies. It is a testimony and our commitment to produce high quality and safe product and services that meet with customers and regulatory requirements and for continuous improvement.

Technological Innovation

Technology and innovation are in the heart of many of the things we do. We aspire to continuously embrace production automation and invest for new technologies would create new business opportunities and possibilities for us to better meet our customers' needs as well as enriching the lives of society and being sustainable to the environment.

Anti-Bribery and Anti-Corruption Policy

In line with the Guidelines on Adequate Procedures through Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendments 2018), an external consultant was engaged to assist in establishing its framework, principles and the expected standard of behaviours from our staff and external parties. These guidelines were oriented towards embedding anti-bribery and anti-corruption stance organisation wide, and was approved on 29 May 2020.

Whistle-blowing Policy

To enhance the requirement by the MACC, a whistle-blowing policy and other procedures are in place to enable MClean's employees and external parties, who have dealings with the Group to report any issues on any suspicious practices through a trusted and accessible reporting channel.

	FY2021	FY2022	FY2023
No. of incidents	NIL	NIL	NIL

A more detailed explanation on our whistle-blowing policy is provided in page 19 of our Corporate Governance Overview Statement.

Code of Conduct

MClean's Code of Conduct guides our Board to ensure effective and fair decisions, with the ultimate objective of conducting our businesses in the most appropriate and ethical manner. A more detailed explanation can be found on our Board's Code of Conduct in page 19 of our Corporate Governance Overview Statement.

These efforts are continuously reviewed to ensure their relevancy to our sustainable business practices. More details on our corporate governance framework are provided in our Corporate Governance Overview Statement in pages 17 to 32 in this annual report.

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessment and Key Sustainability Matters (Cont'd)

2. Environmental

Waste and Pollution Management

Surface and Finishing Treatment Division

As the operations of Surface and Finishing Treatment Division involve the usage of hazardous substances throughout the production process, we manage all the discharges and wastes in compliance with the laws and regulations governing the environmental protection governed by the Department of Environment (“DOE”). Controls in place to handle all these wastes includes:

- Wastewater treatment plant
- Appointment of qualified waste disposal collector for schedule waste i.e. spent solvent and metal hydroxide sludge
- Designated chemical & schedule waste storage to reduce unauthorise access and prevent spillage
- Scrubber system is installed to remove hazardous particulates and/or gases from production operation
- Weekly and monthly monitoring report in accordance with regulation standards [Standard B, under the EQA (Industrial Effluent) Regulations 2009
- Competent and certified person (i.e. Certified Environmental Professional in Scheduled Waste Management (CePSWaM) in managing the scheduled waste

Precision Cleaning Division

Our cleaning business has continuously been operating in a safe, controlled, cleanroom class 100 and 1000 environment. Air in the cleanrooms is constantly filtered through HEPA to maintain a low particulate environment. The positive pressure of the cleanroom will also ensure that contaminant from the outside environment does not enter the cleanroom. Water treatment and recycling system are also in place in our factories to minimize the use of water. We have successfully recycled at least 90% of our water usage in Singapore through the cycling system. The plant in Singapore uses NEWater to reduce the reliance on portable water. NEWater is high-grade reclaimed water produced from treating used water. NEWater cushions our water supply against the dry weather. The water recycling and the usage of NEWater moves our business towards a more sustainable water usage.

Precautionary steps are also taken to ensure that hazardous substances are stored in the minimum allowable volume and all usage is monitored closely.

Collection kiosk are set at different parts of the factories in MClean to collect recyclable waste like paper, cardboard boxes, and plastic bottles from daily activities, use of double-sided printing, are part of the 5R strategy – *Reuse, Reduce, Recycle, Repair and Recover* implemented in MClean’s factories and offices. In working towards sustainable business, we will progressively consider and implement more sustainability initiatives across MClean Group.

Annual consumption	FY2021	FY2022	FY2023
Energy	7.9 million kWh	7.5 million kWh	7.5 million kWh
Water	0.15 million CuM	0.19 million CuM	0.19 million CuM

Compliance with environmental laws and regulations

It is in our interest to comply with local laws and regulations in the countries where we operate. We ensure that our employees are aware and fully comprehend of our highest standards in all sustainability aspects. Measures and controls such as standard operating procedures, audits and inspections by local authorities are in place, among others, to strengthen compliance with regulations that could have irrecoverable reputational damage or lead to other costly liabilities.

MClean ensures that only trained and certified personnel oversee to ensure compliance with environmental regulations.

On 5 June 2020, MClean Technologies Pte Ltd had completed the ISO14001:2015 transition assessment for scope of activities assessment on Provision of Precision Micro Contamination Cleaning Services for The Hard Disk Drive, Semiconductor, Pharmaceutical, Automotive and The Aerospace Industries. This certificate allows MClean to serve greater range of industries, while the standard environmental management system adopted enhance our environmental performance, fulfilment of compliance obligations as well as achieve environmentally sustainable in the countries where we operate.

	FY2021	FY2022	FY2023
No. of reported incidents	NIL	NIL	NIL

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessment and Key Sustainability Matters (Cont'd)

3. Social

Diversity and Equal Opportunity

MClean recognises that diversity within employees including gender, age, background and experience, would play a vital role to the Group moving towards achieving long term economic growth. We provide equal employment opportunities and employ based on talent, skills and experience.

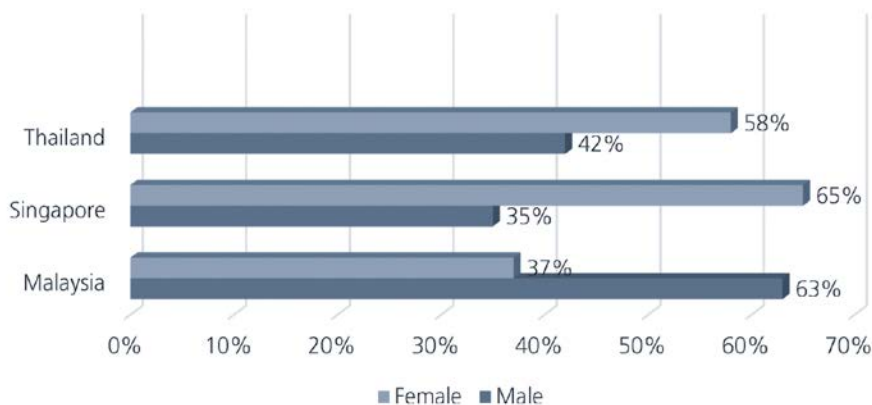
As at financial year ended 31 December 2023, MClean reported a total workforce which included both full time and contractual employees as follow:-

	FY2021	FY2022	FY2023
No. of headcount	326	249	257

At MClean, we do not discriminate between gender for rights and obligations, as well as equal opportunities for development and career progression to leadership positions. Our overall and by country gender split as follow:

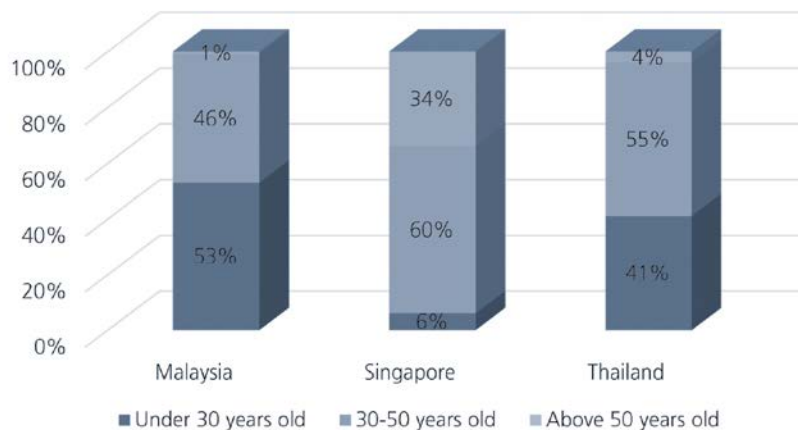
	FY2021	FY2022	FY2023
Male	48%	48%	51%
Female	52%	52%	49%

Employee gender profile by country of operation



Meanwhile, our employees comprise a mix of age groups as follow:-

Age profile by country of operation



SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessment and Key Sustainability Matters (Cont'd)

3. **Social (Cont'd)**

Diversity and Equal Opportunity (Cont'd)

In FY2023, the employee turnover mainly from voluntary resignation such as permit expiration of foreign workers and pursuing other job opportunities. We are continuously looking into ways to improve our employee talent acquisition through various programmes including enhancement of our compensation and benefit plans and development programmes for our employees.

	FY2021	FY2022	FY2023
Training hours per employee	7.97 hours	9.99 hours	8.92 hours

Safety, Health and Environment

We recognise that the safety and health for employees are critical in our operation and therefore, significant efforts are undertaken to provide a healthy and safe working environment for our business partners, customers, employees, and relevant stakeholders. In FY2023, the Environmental Occupational Health & Safety Management Committee conducted 2 meetings to monitor and review the Group's safety and health measures, regulatory requirements, best practices in safety, health and environment for our factories and offices across the business locations they operate.

We are pleased to announce that MClean Technologies Pte Ltd on 5 June 2020 had obtained a certification from United Registrar of System that it's Health and Safety Management System which complied with ISO45001:2018 standards.

The proactive measures in place to minimise the risk of job-related hazards and incidents includes:

- Policy and procedures;
- Provision of personal protective equipment;
- Supervision by line leader and supervisor;
- Periodic inspection and audit by local authority and accreditation bodies; and
- Periodic meetings

	FY2021	FY2022	FY2023
No. of work-related fatalities	NIL	NIL	NIL

We will continue to maintain our focus to uphold stringent health and safety standards throughout our operations.

Community Engagement

MClean commitment to activities that are aligned with its focus on community and stakeholder engagement have come a long way since 2011. During the FY2023, MClean are thrilled to have volunteered and partnered with La Cura, a renowned organization specializing in senior care and fall prevention, to conduct a special 'Fall Prevention for Seniors' program at the scenic Marina Bay. MClean will continue to explore opportunities to empower and uplift our elderly community members in the future.

We are committed to continuing our efforts to positively impact our local community through meaningful contributions and development programs. By investing in our community, we hope to create an environment that is conducive to business and a better quality of life for all.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors of MClean Technologies Berhad (“the Company”) recognizes the importance of establishing and maintaining good corporate governance and remains committed in ensuring that the Company and its subsidiaries (“the Group”) practices high standard of corporate governance in discharging their fiduciary duties and responsibilities to enhance long-term shareholders’ value whilst taking into account the interests of other stakeholders of the Company.

In line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is pleased to provide the Company’s Corporate Governance Overview Statement, of the Company’s approaches which outlines the commitment of the Board to ethical behavior and transparency in business strategy, operations and corporate culture in deriving the intended outcomes and in applying of the principles and practices of the latest Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) to ensure long-term sustainability of the Group.

This statement is to be read together with the Corporate Governance Report 2023 of the Company which is available on the Company’s website: <http://www.mclean.com.sg>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1.0 Every company is headed by a Board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company.

Board Duties

The Board is primarily entrusted with the responsibility of charting the direction of the Group by formulating and reviewing the strategic plans and key policies, whilst providing effective oversight of Management’s performance, risk assessment and controls over business operations to address the sustainability of the Group’s business.

The Board is guided by a Board Charter and amongst others, the Board assumes the following major duties and responsibilities in discharging its fiduciary duties in the pursuit of the best interest of the Company while safeguarding the interest of its shareholders and other stakeholders:

- a) Reviewing and adopting the Company’s Strategic Plans;
- b) Overseeing the conduct of the Company’s business;
- c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- d) Ensuring that succession planning of the senior management is in place;
- e) Overseeing the development and implementation of a shareholder communications policy for the Company; and
- f) Reviewing the adequacy and integrity of management information and Internal Control System of the Company.

Board Committee

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management. In assisting the execution of its responsibilities, the Board has delegated specific responsibilities to the Board Committees as follows:

- (a) Audit Committee (“AC”)
- (b) Remuneration Committee (“RC”)
- (c) Nominating Committee (“NC”)
- (d) Long Term Incentive Plan Committee (“LTIP”)

Each Committee has its functions clearly defined in its respective Terms of Reference and operating procedures which are reviewed on a regular basis. These Committees have the authority to examine particular issues for reporting to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All matters not specifically reserved to the Board and which are necessary for the day-to-day operations of the Group are delegated to Management to operate within the authorities delegated.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

Board Committee (Cont'd)

The Non-Executive Directors play supporting roles to contribute their knowledge and experiences towards developing the policies and in the decision-making process. Their responsibilities as Independent Non-Executive Directors include the following:

- a) Provide and enhance the necessary independence and objectivity to the Board;
- b) Ensure effective checks and balances on the Board;
- c) To mitigate any possible conflict of interest between the policy-making process and day-to-day management of the Company;
- d) Constructively challenge and contribute to the development of business strategy and direction of the Company; and
- e) Ensure that adequate systems and controls to safeguard the interest of the Company are in place.

Distinction of Roles of Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Executive Chairman of the Board and the Chief Executive Officer ("CEO"). Mr. Yeo Hock Huat is the Executive Chairman whereas Mr. Lim Han Kiau is the Company's CEO. Both of them are Executive Directors of the Company.

The roles and responsibilities, which include the functions and the processes of the Executive Chairman and Chief Executive Officer (CEO) are clearly set out in the Terms of Reference and Board Charter, which are made available in the Company's website at <http://www.mclean.com.sg>.

The Executive Chairman is responsible for the leadership of the Group and for promoting the highest standards of integrity and probity while in the same leading the strategic planning at the Board level. He acts as facilitator at meetings of the Board to ensure that no directors, whether executive or non-executive, dominate the discussion, that appropriate discussion takes place and that relevant opinion among directors are forthcoming.

The CEO on the other hand, are responsible for making and implementing the policies laid down, operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

Company Secretaries

The Board is supported by one qualified and competent Company Secretary from Tricor Corporate Services Sdn. Bhd. The Company Secretary are Chartered and Licensed Secretaries under Section 235(2)(a) of the Companies Act 2016 and had obtained their Practising Certificates under Section 241 of the Companies Act 2016.

The key responsibilities of Company Secretary include:

- a) Providing support and guidance to the Board on issues relating to compliance with rules and regulations and relevant laws affecting the Company as well as the best practices on governance matters;
- b) Regularly updated and apprised to the Board on new regulation issued by the regulatory authorities; and
- c) Serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

Roles of the Company Secretary are as below: -

- a) Attend all Board meetings and Board Committees meetings;
- b) Ensure all issues are deliberated with the decision and conclusion reached are accurately recorded;
- c) Record, prepare and circulate the minutes of the meetings of the Board and Board Committees;
- d) Ensure the minutes are kept at the registered office of the Company and readily available for inspection, if required;
- e) Facilitate the Board in conducting the annual Board Effectiveness Assessment; and
- f) Ensure timely and appropriate information flows within and to the Board and Board Committees.

The Company Secretary attend relevant development and training programmes to enhance their ability in discharging their duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

- 1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

Board Meetings and Access to Information

The Board holds meeting quarterly and as and when necessary for any matters which may arise between the meetings. Meeting materials are circulated to Directors at least five business days in advance of the Board or Board Committee meetings.

The Minutes of the Board or Board Committees meetings are circulated to all Board members in a timely manner for review before they are tabled for confirmation. All Board members reviewed and confirmed the minutes of meetings to ensure accuracy of reflecting the deliberation and decisions made by the Board.

- 2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.

Board Charter

The Board has adopted the Board Charter on 27 February 2013, which serves as a reference point for Board's activities and to promote the standards of corporate governance. It provides guidance for Directors and Management on the roles and responsibilities of the Board, its CEO and Board Committees.

The Board Charter is subject to regular review to ensure its consistency with the Board's objectives and responsibilities, compliance of relevant laws, regulations, guidelines as well as standards of corporate governance.

The Board had last reviewed its Board Charter on 28 February 2022 and it is made available at the Company's website at <http://www.mclean.com.sg>.

- 3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

Formalised ethical standards through Directors' Codes of Ethics and Conduct

The Board is guided by the Directors' Codes of Ethics and Conduct ("Code") in discharging its oversight role effectively. The Directors' Codes require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders. Above all, the respective Directors must ensure that their interest and person connected to them in any transaction, be declared to the Board members and notified to the Company Secretary for notation and recorded in formal register (if required).

Adoption of Whistleblowing Policy into Practice

The Company recognises whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of its businesses and operations. Hence, the Board has formalised the Company's Whistleblowing Policy whereby all employees are encouraged to disclose any malpractice or misconduct of which they become aware. Upon receipt of the official report via the email stipulated on the Company's website, the designated investigation officer appointed by the Independent Directors would carry out the investigation immediately. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations.

Implementation of Anti Bribery and Corruption Policy

In accordance with the requirements of Rule 15.25 of ACE Market Listing Requirement and enforcement of new Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board had adopted an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") to avert and combat the occurrence of bribery and corrupt practices in relation to the Group's businesses and to provide a measure of assurance and defense against corporate liability for corruption.

The Board diligently monitors these procedures to ensure that they meet the objectives of relevant legislations and remain effective for the Group; and, if necessary, implement changes subject to the approval of the Company's Board of Directors. This policy is reviewed periodically and may be amended as it deems appropriate to ensure its relevance and effectiveness.

A summary of the Directors' Codes of Ethics and Conduct, Whistle Blowing and ABAC Policy were published on the corporate website at <http://www.mclean.com.sg>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

Board Composition and Balance

The Board comprises of six (6) members, comprising one (1) Executive Chairman, one (1) CEO, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The composition of the Board fulfills the criteria of Practice 5.2 of MCCG 2021 where half of the board comprises of Independent Directors.

Although the Chairman is not an Independent Non-Executive Director, the Board is of the view that there are sufficient independent views by the Directors with wide board room experience to provide the necessary check and balance.

The Executive Chairman, as a rule, abstains from all deliberations and voting on matters, which he is directly or deemed interest.

Board Diversity

The Board continues to give close consideration to its size, composition, spread of experience and expertise in their yearly review. The Board embraces the importance on the diversity of the Board's composition to facilitate decision making process by harnessing different insights and perspectives. The mixed skills and experience are vital for the successful performance of the Company as with the Directors' combined experiences and knowledge, they provide sound advice and judgement for the benefit of the Company and its shareholders.

The Board agreed that each of the Director meets the criteria under Rule 2.20A of ACE Market Listing Requirement on their character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. Details of each individual Director's and Key Senior Management's skills and experiences are presented on pages 7 to 10 of this Annual Report.

The current diversity in gender and age of the existing Board is as follows:

	Age Group				Gender	
	30-39	40-49	50-59	60-69	Male	Female
Number of Directors	-	-	1	5	4	2

Gender diversity

The Company has two (2) female director representing 33.33% of the Board for the time being as included in Section 2(j) of the Board Charter. Nevertheless, the Board has yet to implement gender diversity policy or has any target and immediate plans to implement such policies and targets as the Board is of the view that gender should not be a basis of evaluation and that candidate should be nominated based on their level of experience and skill set as well as other qualities as stated under the Board diversity above. However, the Board would take necessary steps to ensure that women candidates are sought as part of the recruitment exercise.

Continuing in Office as Independent Directors

In line with Practice 5.3 of MCCG 2021, the Company's Board Charter states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent director or to be retained as Independent Director subject to the shareholders' approval. Section 4.3 of the Board Charter however stated that the Company would seek annual shareholders' approval only through a single-tier voting process as opposed to the 2-tier voting process. The explanation of the departure from two tier voting is elaborated on the Corporate Governance Report.

Based on the evaluation on the assessment conducted for FYE 31 December 2023, the Board through the Nominating Committee believed all the Independent Directors, namely Dr. Danny Oh Beng Teck ("Dr. Danny"), Dr. Goh Kwee Keng ("Dr. Goh") and Ms. Siti Haliza Binti Md. Taib ("Ms. Siti"), would continue in office.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

Board Appointment Process

The Nominating Committee ("NC") was established on 10 November 2010 comprised exclusively of Non-Executive Directors. The NC is primarily responsible for the identification of desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board.

For the financial year under review, the NC held four (4) meetings. The members and record of attendance of individual committee members are as follows:

Members	Number of Meetings Attended
Datuk Wira Mark William Ling Lee Meng (Chairman)	3/4
Mr. Pang Kong Chek	4/4
Mdm. Yeo Seow Lai	4/4

The NC is guided by specific Terms of Reference, which the same has been published on the Company's website.

In discharge of its duties for the financial year ended 31 December 2023, the NC had performed the following key activities: -

- reviewed the composition and structure of the Board and the Board Committees;
- reviewed the tenure of Independent Non-Executive Directors and their independence;
- evaluated the performance of the Board as a Whole and Board Committees;
- nominated the directors who are due for retirement by rotation and are eligible to stand for re-election; and
- evaluated and determined the training needs of the Directors.

In executing their responsibility in the Board appointment, the recommendation of candidates would be through a transparent and rigorous process in accordance to "Fit and Proper" standards before recommending the candidates to the Board for approval.

Although the liberty would rely on external opinions and services for such recommendations, ultimately the Board will have responsibility and final decision on such appointment. Notwithstanding the skills and experiences of each candidate, the NC takes into consideration the following factors for the purposes of the appointment: -

- the candidate's general understanding of the Group's business;
- the candidate's integrity, professionalism, qualification, time commitment, experience and background;
- disclosure of existing directorships and commitments;
- other factors that promote diversity in age, gender and experience;
- in the case of candidates for the position of Independent Non-Executive Directors, whether such candidate has met the requirements for independence as defined in the Listing Requirements of Bursa Malaysia Securities Berhad;
- independent director shall observe the required cooling-off period of three years if they were previously an existing or former officer of the Company (including non-independent non-executive director), adviser, or transacting party; and
- Must undergo an induction programme for a newly appointed director.

Retirement and Re-Election of Directors

The Clause 76(3) of the Company's Constitution provides that at least one third (1/3) of the Directors including the managing director are subject to retirement by rotation at least once in every three (3) years but shall be eligible for re-election at each Annual General Meeting ("AGM") and can offer himself/herself for re-election. The Clause also provides that a Director who is appointed by the Board during the financial year is subjected to re-election by the shareholders at the next AGM to be held following his/her appointment.

Meanwhile, Clause 78 of the Company's constitution further provide that directors who are appointed by the Board during the financial period before an AGM are subject to retirement and shall be eligible for re-election.

The NC will provide its recommendation to the Board to seek after the approval from the shareholders for the re-election and re-appointment of a Director at the AGM, after evaluating the performance of such individual Director. In determining whether to recommend a Director for re-election, the Director's past attendance at meetings, participation, and contribution to the functioning of the Board and its committee will be duly considered by the NC, including whether the said Director meets the qualification required under Rule 2.20A of ACE Market Listing Requirement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

Retirement and Re-Election of Directors (Cont'd)

The Board has identified the Independent Non-Executive Director, Dr. Danny Oh Beng Teck, as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed. Dr. Danny Oh Beng Teck could be contacted by e-mail at dannyoh@singnet.com.sg.

Time Commitment

The Directors shall at all time observe the recommendation that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the acceptance of new appointment.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, none of the Directors holds directorships of more than five (5) public listed companies as guided under Rule 15.06 of the ACE Market Listing Requirement.

The Board meets at quarterly intervals and on other occasions, as and when necessary, to inter-alia approve the quarterly results, the Annual Report and budgets as well as to review the performance of the Group, operating subsidiaries and other business development activities. The Senior Management, Internal Auditors, External Auditors and/or other professional advisors are invited to attend the Board and Board Committee meetings to advise on relevant agenda items to enable the Board and its Committees to arrive at a considered decision.

A total of seven (7) Board meetings were held during the financial year ended 31 December 2023. The details of attendance of the Board members are listed as follows:

Name of Directors		Number of Meetings Attended
Mr. Yeo Hock Huat		7/7
Madam Yeo Seow Lai		7/7
Mr. Lim Han Kiau		7/7
Dr. Danny Oh Beng Teck	Appointed on 30.05.2023	3/3
Dr. Goh Kwee Keng	Appointed on 30.05.2023	3/3
Ms. Siti Haliza Binti Md. Taib	Appointed on 30.05.2023	3/3
Datuk Wira Mark William Ling Lee Meng	Resigned on 30.05.2023	2/4
Dr. Ho Choon Hou	Resigned on 30.05.2023	2/4
Mr. Pang Kok Chek	Resigned on 30.05.2023	4/4

All Directors have complied with the requirements on minimum 50% attendance of the total Board meetings held as stipulated in Rule 15.05(3)(c) ACE Market Listing Requirements of Bursa Securities.

The Board meetings for each financial year are scheduled and planned ahead before the commencement of a new financial year. This is to allow the Directors to organise their plans and activities ahead to enable them to attend all the Board meetings which have been scheduled. All the Directors have actively participated in the discussions during the Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during the Board meetings. In arriving at Board decisions, the will of the majority prevails at all times.

The Directors are aware that they must notify the other Board members of their interest in contracts that is in conflict, or in potential conflict with an interest of the Company or its subsidiaries by disclosing the nature and extent of that interest as arise and they do not participate in the deliberations on the matters of which they have a material personal interest and abstain from voting in such matters.

The Board with NC's recommendation determines and oversees the training needs of their Directors. Board members. In line with the Mandatory Accreditation Programme prescribed by Bursa Securities, all Directors have attended the external professional programmes, which is deemed necessary to ensure that the Directors keep abreast of various issues face in the challenging business environment within which the Group operates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

Time Commitment (Cont'd)

During the financial year ended 31 December 2023, the Directors have attended the following training programmes:

Name of Director	Course Attended	Date Attended
Mr. Yeo Hock Huat	Doctor of Business Administration	Jul 2021 to Current
Mr. Lim Han Kiau	Digital Technology and Artificial Intelligence as Productivity Tools for Accounting and Finance Professionals	13 December 2023
Dr. Danny Oh Beng Teck	Carbon Management Workshop – Global Compact Network Singapore	27 July 2023
	Mandatory Accreditation Program by Institute of Corporate Directors Malaysia	26 to 27 September 2023
Dr. Goh Kwee Keng	Mandatory Accreditation Program by Institute of Corporate Directors Malaysia	26 to 27 September 2023
Ms. Siti Haliza Binti Md. Taib	MIA Webinar Series: Audit Evidence and Sampling	10 January 2023
	MIA Webinar Series: Tax Deductible Expenses – Principles and Latest Development	14 February 2023
	MIA Webinar Series – ISA 315 (Revised): New Approach to Risk Assessment in Risk-Based Audits	28 February 2023
	Persidangan Cukai Kebangsaan 2022 & Seminar Bajet 2023	14 March 2023
	2023 Budget Seminar	21 March 2023
	MIA Webinar Series: Taxation of Share Transactions Under RPGT – Real Property Company	11 September 2023
	MIA Webinar Series: Understanding Tax Deductibility of Expenses	12 September 2023
	Mandatory Accreditation Program by Institute of Corporate Directors Malaysia	13 to 14 December 2023
Mdm. Yeo Seow Lai	Building Maintenance and Strata Management	15 February 2023
	Director & Officer Insurance by Beazley Asia International Financial Lines	23 March 2023

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

Annual Assessment

The NC reviews and evaluates the performance of Individual Directors, the Board as a whole and the performance of Board Committees on an annual basis. The evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment, Board Committees' Assessment, and an Assessment of Independence of Independent Directors.

The Board assessment is based on specific criteria, covering areas such as the following:

- Board structure;
- Board operations;
- Roles and responsibilities of the Board; and
- Board Committees and the Chairman's roles and responsibilities.

For Individual (Self & Peer) Assessment, the assessment criteria include the below: -

- Core competencies of directors;
- Integrity and time commitment;
- Independence of Independent Directors;
- Effectiveness of the Board as a whole; and the Board Committees;
- Contribution to interaction;
- Quality of inputs; and
- Understanding of roles.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors. (Cont'd)

Annual Assessment (Cont'd)

The Board put in place performance assessment form for each Board Committees, which assessment covers the below: -

- a) Right composition;
- b) Assistance in decision making;
- c) Sufficiency of expertise in fulfilling roles;
- d) Discharge of responsibility;
- e) Appointment criteria;
- f) Quality of communication;
- g) Quality of minutes; and
- h) Sufficient time for deliberation.

The Board, through the NC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director includes the following: -

- a) Relationship between the Independent Director and the Company; and
- b) Independent Director's involvement in any significant transaction with the Company.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the next forthcoming AGM.

Based on the assessment of the independence of the Independent Non-Executive Directors conducted by the NC, the Board is satisfied that all Independent Non-Executive Directors are able to provide check and balance to the Board's decision-making process and bring independent and objective judgement to board deliberations.

The Board composition has met with the ACE Market Listing Requirements for a balanced board which is fulfilled with Independent Directors constituting 50% of the Board.

Assessment on Performance of Key Management

The NC also undertakes yearly evaluation of the performance of the Finance Director/Chief Financial Officer ("CFO") whose remuneration is directly linked to performance, based on his score sheet. For this purpose, the performance evaluation of the CFO for the year 2023 was reviewed by the NC.

III. Remuneration

6.0 The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

Remuneration Framework and Packages

The Remuneration Committee ("RC") was established on 10 November 2010. The RC is responsible for recommending the remuneration framework and the remuneration packages of the Executive Directors (including Executive Chairman and Chief Executive Officer) and Senior Management and to establish a formal and transparent procedure for developing policy on remuneration packages of Individual Directors and Senior Management.

The RC is guided by specific Terms of Reference, which the same has been published on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

6.0 The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process. (Cont'd)

Remuneration Framework and Packages (Cont'd)

For the financial year under review, the RC held one (1) meeting. The members and the record of attendance of individual committee members are as follows:

Members	Number of Meeting Attended
Datuk Wira Mark William Ling Lee Meng (Chairman)	1/1
Mr. Pang Kong Chek	1/1
Dr Ho Choon Hou	0/1

The RC reviews annually and proposes, subject to the approval of the Board, the remuneration scheme taking into consideration the term of office of each Director as a member of the Board as well as Committees of the Board. The determination of the remuneration packages of Directors are considered and approved by the Board as a whole. The remuneration and benefits of Directors are generally based on market conditions, responsibilities held and the overall financial performance of the Group.

Nevertheless, the interested Directors shall abstain from any discussion on their own remuneration package. Directors' remuneration and benefits are recommended by the RC to the Board for the approval by the shareholders of the Company at Annual General Meeting.

7.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

Directors' Remuneration and benefits

The RC considers the principles recommended by MCCG 2021 in determining the Directors' remuneration and benefits whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

In ensuring that the Directors' remuneration and benefits are in line with the market expectations and competition with the aim to attract, retain and motivate individuals of highest quality and talents in the Group with reference made to the Directors' remuneration and benefits offered by other public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

7.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance. (Cont'd)

Directors' Remuneration and benefits (Cont'd)

Details of the Directors' remuneration, including benefits received by the Directors from the Company and its subsidiaries and on a Group basis during the financial year ended 31 December 2023 are set out as below:

Directors	Director Fees RM	Salary RM	Bonus RM	EPF Contribution RM	Benefit-in-kind RM	Total RM
Executive:-						
Yeo Hock Huat	24,000	426,636	-	39,345	-	489,981
Lim Han Kiau	24,000	386,005	-	34,024	-	444,029
Non-Executive:-						
Dr. Danny Oh Beng Teck*	30,000	-	-	-	-	30,000
Dr. Goh Kwee Keng*	25,000	-	-	-	-	25,000
Siti Haliza Binti Md. Taib*	25,000	-	-	-	-	25,000
Datuk Wira Mark William Ling Lee Meng**	40,000	-	-	-	-	40,000
Dr Ho Choon Hou**	40,000	-	-	-	-	40,000
Pang Kok Chek**	18,000	-	-	-	-	18,000
Yeo Seow Lai	30,000	-	-	-	-	30,000
Total:	256,000	812,641	-	73,369	-	1,142,010

* Directors appointed on 30.05.2023

** Directors resigned on 30.05.2023

Remuneration of Senior Management

The number of Senior Managements whose remunerations fall within the following bands are tabulated as below:-

Range of Remuneration (RM)	No. of Senior Management
300,001 to 400,000	1
400,001 to 500,000	-
500,001 to 600,000	-
600,001 to 700,000	1
700,001 to 800,000	-
800,001 to 900,000	1
Total	3

The Board is of the opinion that the disclosure of the Senior Management Personnel names and the remuneration component including salary, bonus, benefits in-kind and other emoluments would not be the best interest of the Group due to the competitive nature of the human resource market and to support the Group's effort to attract and retain executive.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information.

Establishment of Audit Committee ("AC") and Relationship with Auditors

The Board had on 16 February 2022 revised its AC's composition and currently is comprised of only three (3) Independent Non-Executive Directors, which is in line with Practice 9.4 of Malaysian Code of Corporate Governance 2021.

Dr. Danny Oh Beng Teck is appointed as the Chairman of the Audit Committee ("AC") of the Company on 30 May 2023 in replacement of Datuk Wira Mark William Ling Lee Meng who is resigned on 30 May 2023. He is not the Chairman of the Board. Details of the AC's composition and activities during the financial year ended 31 December 2023 are set out on pages 37 to 39 of this Annual Report.

The Company acknowledges the need to uphold independence and has incorporated the requirement for the former officers of the Company including former key audit partner of external auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC in the Board Charter. To date, none of the AC members were former key audit partners of the Group's statutory auditors.

The Board through the establishment of AC maintains a formal and transparent relationship with the Company's Internal Auditors ("IA") and External Auditors ("EA") which has been accorded the authority to communicate directly with the IA and EA.

The AC meets with the IA and EA respectively, to discuss the audit plan, audit findings and the Group's financial statements. The EA also meet the AC at least twice a year without the presence of the Executive Directors and Management. In addition, the EA are invited to attend the AGM and to answer the shareholders' questions relating to the audited financial statements which may arise at the AGM.

The AC takes responsibility to ensure that adequate resources are allocated to the IA to carry out their duties in accordance with the annual audit plan.

Assessment of Suitability and Independence of External Auditors

The AC assesses the suitability and independence of the EA on an annual basis. Assessment of the areas include amongst others:

- a) Calibre of External Audit Firm;
- b) Quality Processes/ Performance;
- c) Audit Team;
- d) Objectivity and independence;
- e) Audit Scope and Planning; and
- f) Audit Fees; and
- g) Audit Communications

The AC has met with the External Auditors at least twice in the absence of Management.

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC had evaluated the performance of the EA and made recommendations to the Board on their re-appointment and audit fees.

Activities Execution

Details of activities carried out by the AC in FY2023 are disclosed on pages 37 to 39 of this Annual Report.

The Board noted that the EA had expressed their willingness to continue in office for the ensuing year and having reviewed the suitability and independence of the EA, the Board had recommended on the re-appointment of the EA for the shareholders' approval at the forthcoming 14th Annual General Meeting.

The Chairman and members of the AC are financially literate and have carried out their duties and responsibilities in accordance with the Terms of Reference of the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee (Cont'd)

8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information. (Cont'd)

Activities Execution (Cont'd)

One of the Audit Committee members are a member of Malaysian Institute of Accountants. All the AC members possess the necessary skill, knowledge and experience to discharge their duties effectively.

Accordingly, the Company complies with Rule 15.09 (1)(c)(i) of the ACE Market Listing Requirements of Bursa Malaysia. The Members are expected to devote sufficient time to update their knowledge and enhance their skills through continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

II Risk Management and Internal Control Framework

9.0 The Group makes informed decisions on the risk appetite and implement necessary controls to pursue its objectives. The Board is provided with reasonable assurance that any adverse impacts arising from foreseeable future events are identified on a timely basis and managed/mitigated appropriately.

Sound framework to manage risks

The Board has put in place a structured risk management and internal control system for on-going identification, evaluation and managing significant risks that may affect the Company's business objectives. Periodic testing of the effectiveness and efficiency of the risk management and internal control framework are conducted to ensure that the system is effective. Such system covers not only financial controls but also operational and compliance controls.

The risk management framework adopted is in line with ISO31000:2018 principles and generic guidelines on risk management, outlines the risk governance and structure, risk policy, risk assessment process and integration of risk management into key activities and functions.

The AC is guided by its Terms of Reference, in particular, they:

- (a) make recommendations to the Board on the risk appetite and associated risk parameters including risk limits for the Group;
- (b) review and assess compliance with and the adequacy of the risk management framework, policies and strategies to identify, measure, manage and report risks;
- (c) oversee Management in the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with Group's approved risk appetite and parameters and report to the Board on their decisions on any material matters concerning the aforementioned;
- (d) make the necessary recommendations to the Board such that an opinion and comment regarding the adequacy and effectiveness of the RM & IC System can be made by the Board in the Annual Report of the Company in accordance with the Listing Requirements and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; and
- (e) consider and advise on risk matters referred to them by Management or the Board including reviewing and reporting to the Board on any material breaches of approved risk limits, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

The RM & IC System is reviewed and where appropriate, refined regularly by Management, Audit Committee and the Board.

The Statement on Risk Management and Internal Control set out on pages 33 to 36 of this Annual Report provides an overview of the state of risk management activities within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

II Risk Management and Internal Control Framework (Cont'd)

9.0 The Group makes informed decisions on the risk appetite and implement necessary controls to pursue its objectives. The Board is provided with reasonable assurance that any adverse impacts arising from foreseeable future events are identified on a timely basis and managed/mitigated appropriately. (Cont'd)

Risk Management Team

Established to assist the AC and the Board in its oversight of risk and effectiveness of MClean Group's risk management. The RMT is chaired by CEO and reports to Audit Committee twice a year. The RMT team comprises of the following members:

- a) Chief Executive Officer ("CEO");
- b) Chief Operating Officer ("COO");
- c) Chief Financial Officer ("CFO");
- d) Group HR; and
- e) Risk Manager, who is the CFO,

The RMT shall review and assess the key strategic, operational and financial risks of the MClean Group and subsidiaries identified. They also ensure continuous trainings on risk management methodology are provided to all managerial and executive staff, who are responsible to contribute to the risk reports. Where appropriate, the RMT shall engage the external risk management consultancy services to supplement in the risk management training and/or to carry out additional scope of risk management reporting.

10.0 The Group has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Risk Management and Internal Control ("RM & IC") Framework

The Board delegates the oversight of RM & IC to the AC. The AC performs the following:

- a) oversees the implementation of the risk management framework of the Group;
- b) advises the Board on areas of high risk faced by the Group;
- c) advises the adequacy of compliance and control throughout the organization;
- d) assesses all material and key risks associated with the Group's businesses and operation as well as corporate proposals;
- e) reviews the action plan implemented; and
- f) makes relevant recommendations to the Board.

The IAs assists the AC in discharging its duties and responsibilities with respect to adequacy and integrity of internal controls within the Group and undertook the following activities:

- (i) carrying out the internal auditing of the subsidiaries;
- (ii) facilitating the improvement of business processes within the Group;
- (iii) develop a follow up process in monitoring the implementation of audit recommendation to Management; and
- (iv) monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.

Internal Audit Function

An outsourced independent professional service provider was appointed to assist the Audit Committee and the Board in performing their duties by independently assessing the adequacy and effectiveness of the internal control system established by the Management. The internal audits were conducted in accordance with an approved risk-based internal audit plan and were guided by the International Professional Practice Framework.

IA conduct reviews that involve testing the effectiveness of the material internal controls for the Group addressing financial, operational, compliance and information technology risks. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the IA is reported to and reviewed by the AC. The adequacy and effectiveness of the measures taken by Management in response to the recommendations made by the IA are also reviewed by the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II Risk Management and Internal Control Framework (Cont'd)

10.0 The Group has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework. (Cont'd)

Internal Audit Function (Cont'd)

The Board has received assurance from the CEO and CFO that the RM & IC System in place for the Group is adequate and effective in addressing the material risks faced by the Group in its current business environment including material financial, operational, compliance and information technology risks. The CEO and CFO have obtained similar assurances from the respective risk and control owners.

The Board recognizes that the RM & IC System established by Management provides reasonable, but not absolute, assurance, that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also acknowledges that no RM & IC System can provide absolute assurance in this regard or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

The detailed processes of risk management are described in the Statement on Risk Management and Internal Control on pages 33 to 34 of this Annual Report.

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

I Communication with Stakeholders

11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

Financial Reporting

The Board of Directors is responsible to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements, quarterly and half yearly announcement of results to the shareholders as well as the Chairman's statement and review of operations in the Annual Report.

The Board is responsible to ensure that the financial statements of the Group and its subsidiaries give a true and fair view of the state of affairs of the Group at the end of the financial year and of their operations and cash flows for the financial year then ended. The AC of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Statement of Directors' Responsibility is enclosed in page 40 of the Annual Report.

Directors' Responsibility Statement

The financial statements of the Group and of the Company are drawn up in accordance with the requirements of the Companies Act 2016 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group at the financial year end and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2023 the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured adoption of applicable approved accounting standards; and
- Prepared the financial statements on a going concern basis, as the Board has reasonable expectations that the Group and Company have adequate resources to continue in operational existence for foreseeable future.

The Directors are responsible for ensuring that the Group maintains proper accounting records that disclose with reasonable accuracy the financial position of the Group. The Directors also have the general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I Communication with Stakeholders (Cont'd)

11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility. (Cont'd)

Corporate Disclosure Policy and Procedures

The Board shall ensure that all communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The CEO and CFO are responsible for determining materiality of information and ensuring timely, complete and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided to the Company Secretary for drafting of necessary announcement.

The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

Leverage on information technology for effective dissemination of information

The Company's website, <http://www.mclean.com.sg> provides all relevant corporate information which is accessible by the public. The Company's website includes all announcements made by the Company, Annual Reports and Group Financial Highlights.

Through the Company's website, the stakeholders are able to direct queries to the Company.

Effective communication with Shareholders

The Board acknowledges the importance of accountability and timely communications with its shareholders and investors. Timely releases of the financial results on a quarterly basis, press releases and announcements provide an overview of the Group's performance and operations to its shareholders.

The Annual Report and announcements to Bursa Securities remain the key channel of communication with shareholders and investors, which highlights the corporation information and financial highlights of the Group, to facilitate shareholders' easy access to such key information.

The AGM is the primary forum for dialogue with the shareholders. At the AGM, the Chairman and Board members present the progress and performance of the business and the shareholders are invited to raise questions pertaining to the resolutions being proposed before putting them to vote.

The Chairman informs shareholders that all resolutions set out in the notice of AGM and any other general meetings will be voted by poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll. The outcome of the AGM and any other general meeting will be announced to Bursa Securities via Bursa Link on the same day the general meeting is held.

The following are some of the channels used by the Company to disseminate information on a timely basis to the shareholders and the investing public: -

- a) Annual Report communicates comprehensive information of the financial results and activities undertaken by Group;
- b) Quarterly announcements and corporate disclosures to Bursa Securities are available on the Company's website: <http://www.mclean.com.sg>;
- c) Press releases provide up-to-date information on the Group's key corporate initiatives and new product and service launches; and
- d) The Company's website provides corporate information of the Group, where information on the Company's announcements and financial information can be accessed.

The Board also recognizes the need to fully disclose to shareholders all major developments in relation to the Group on a timely basis. Therefore, in addition to the mandatory disclosure requirement by Bursa Malaysia as well as other corporate disclosures, the Company also maintains at Company's website: <http://www.mclean.com.sg> for access by the public and shareholders.

Where possible and applicable, the Group provides additional disclosure of information on a voluntary basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II Conduct of General Meeting

12.0 Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meetings.

Notice of Annual General Meeting

The notice period given for the 14th Annual General Meeting (“AGM”) to shareholders prior to the meeting is more than the minimum mandated period of 28 days. The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper.

Voting by Poll

In line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions put forth for shareholders’ approval at the 14th AGM to be held on 30 May 2024 would be voted by poll through online remote voting.

Leverage of Technology for Voting and Remote Shareholders’ Participation

In view of the COVID-19 outbreak and in line with the Guidance Note on the Conduct of General Meetings for Listed Corporations issued by the Securities Commission Malaysia on 18 April 2020, the last 13th AGM was conducted on a virtual basis through live streaming from the broadcast venue (“FVM”).

The Company wishes to inform that the online remote voting and live streaming will maintain for this 14th AGM. The FVM will be carried out in the manner as guided by the Securities Commission Malaysia Guidance on the Conduct of General Meetings for Listed Issuers dated 13 January 2021 including any amendment guideline issued subsequent thereto. Pursuant to the SC Guidance and Section 327 (2) of the Companies Act, 2016. The Chairman shall be present at the broadcast venue and the shareholders shall not be physically present at the broadcast venue on the day of the AGM. However, shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at this AGM via the Remote Participation and Voting (“RPV”) Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“TIIH”) via TIIH Online website at <https://tiih.online>.

Shareholders who are unable to attend the remote General Meetings, may appoint their proxies to attend and vote on their behalf. The appointment of proxy(ies) can be made electronically via Share Registrars’ website, TIIH Online website. This electronic voting option allows real time appointment of proxy(ies) without discerning those shareholders in remote locations and from other countries. The procedures for registration are set out in the Administrative Guide in pages 109 to 112 of the Annual Report.

Scrutineering Procedures

Independent Scrutineers will be appointed to observe the poll voting process to ensure voting procedures are carried properly by the poll administrator and verify the results of poll voting prior to declaration of result by the Chairman.

COMPLIANCE STATEMENT

The Board believes that the Company has adopted the Principles and Recommendations of the MCCG 2021 in all material aspects, save as disclosed therein, for the financial year ended 31 December 2023.

This Corporate Governance Overview Statement was approved by the Board of Directors on 15 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements for the ACE Market requires directors of public listed companies to include a statement in the annual report with respect to the state, nature and scope of the internal control and risk management system of MClean Technologies Berhad (“MClean”) for the financial year ended 31 December 2023.

Pursuant to this, the Board of Directors (“the Board”) of MClean is pleased to provide its Statement on Risk Management and Internal Control, which has been prepared with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of internal control and risk management system of MClean Group during the financial year ended 31 December 2023 up to the date of approval of this Statement.

BOARD’S RESPONSIBILITIES

The Board affirms its overall responsibility and commitment to maintain a sound risk management and internal control system to safeguarding shareholders’ investment and assets of the Group.

The Board recognises the important of establishing a governance structure that ensures effective oversight of risks and internal controls within the Group. The Audit Committee is responsible to provide independent oversight of internal control and risk management function in the Group. The Risk Management Team is empowered by the Board to oversee the implementation of Enterprise Risk Management (“ERM”) policy and framework and to ensure that appropriate infrastructure, resources and systems are put in place to support the implementation of risk management activities.

Due to inherent limitations in any system of internal control and risk management, the Board acknowledges that these systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives, and hence, these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

In ensuring the roles and responsibilities are clearly defined and communicated at all levels, the Board has put in place a structured ERM framework to outlines the ERM process, key infrastructure to support the ERM implementation and also integration of risk management elements into decision making and strategic processes. The Group’s ERM framework is guided by ISO31000:2018, Risk Management – Guidelines.

Embracing an effective risk management will enhance the Group in responding to the changing operating environment and to make better decisions. Since the adoption of our risk management policy on 29 August 2018, a set of guidance is provided to Management in dealing with risks to achieve the following:

- To integrate risk management into the management culture, business activities and decision-making process.
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically to an acceptable level given the particular circumstances of each situation.
- To require that all papers submitted to the Board by Management relating to strategy, key project approval, significant action or investment must include a risk assessment report.
- To continuously strive towards strengthening the risk management practices through continuous learning and improvement.

Whilst the Board approves and oversees the implementation of risk management practices, Audit Committee is responsible to provide independent oversight on the effectiveness of ERM and internal control system to the Board. The Risk Management Team, who comprises of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Group Human Resource and Risk Manager, is responsible to monitor ERM policy implementation, communicate and continuously educating the employees on the importance of risks of ERM framework to the employees, to ensure accountability of risk identified to risk owners and facilitate the reporting to AC.

Risk Assessment Process

The Group’s ERM Process are set out as below:

1. *Risk Identification*
 - Identify new risks and changes that affect existing risks faced by each division and the Group as a whole.
2. *Risk analysis*
 - Assess the consequences and the likelihood of occurrence of risks.

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

RISK MANAGEMENT (CONT'D)

Risk Assessment Process (Cont'd)

The Group's ERM Process are set out as below:

3. *Risk evaluation & response*
 - Determine the significance of each of the risks and risk level; and
 - Address the risk by implementing action plans/controls to monitor, mitigate and minimize the risk exposures.
4. *Risk monitoring and review*
 - monitor the effectiveness of risk controls; and
 - review the material risks and risk levels and that there are appropriate controls in place for the activities and the controls are understood and followed.

AC members deliberates on the risk assessments result and presented to the Board twice a year, i.e. on 29 August 2023 and 28 November 2023. A risk register is maintained and updated to identify the possible root causes, to ensure the existing controls are in place and to understand the risk impact for the significant risk identified.

Managing Key Risks

The Group's key risk have been identified, monitored and deliberated by AC. The top 3 risks of identified and its mitigation actions are as summarized below.

- *Risk of customer concentration*, cleaning service is one of the core services offered by MClean. The Group has been constantly assessing and planning for business development and expansion activities in managing possible of "over concentration" risk due to the business nature.
- *Products/ service obsolescence risk* – technology disruption, MClean is supported by related party on the technology and equipment design for its cleaning division.
- *Lack of business growth & competition*, one of the Group's strategies are to competitive prices through effective operation and quality control measures.

The abovementioned ERM processes serve as the on-going processes used to identify, evaluate and manage risks faced by the Group during the financial year under review and up to the date of approval of this statement. The Audit Committee shall continue to monitor the Group's ERM processes to ensure that they remain relevant to the Group's working environment.

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to a professional services firm, Tricor Axcelasia Sdn Bhd and the internal audit staffs on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. They provide an independent assessment on the adequacy and effectiveness of the Group's internal control system and reports directly to the Audit Committee.

During the financial year under review, the Internal Auditors conducted audits on corporate functions, and it was accordance to the internal audit plan approved by the Audit Committee, covering the below audit matters:

Entity Audited	Audited Matters
MClean Technologies Berhad	1) Review of Recurrent Related Party Transaction
DWZ Industries Sdn Bhd	1) Cost Management
MClean Technologies (Thailand) Company Limited	1) Procurement Management 2) Payroll function

The results of the audit reviews were discussed with the Senior Management and subsequently the audit findings and recommendations for improvement were presented to the Audit Committee at the scheduled meetings. These were being followed up and presented to the Audit Committee to ensure corrective actions on the reported observations were implemented on a timely manner. Although certain internal control weaknesses were identified, none of the weaknesses had resulted in any material losses or contingencies that would require additional disclosure in this annual report.

The cost incurred for the internal audit function for the financial year under review was RM44,000 for two (2) audit visits performed.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's risk management and internal control system are:

a) Organisation Structure and Authorisation Procedures

The Group maintains a well-defined organisation structure with clear lines of accountability and responsibility to provide a sound framework in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board's attention and approval.

b) Monitoring and Review

The daily running of the businesses is entrusted to the Executive Directors and their Management teams. The Executive Directors are closely involved in the management of the business and operations of the Group and report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

c) Business Strategic Plan

Any new business opportunity is reviewed diligently by the Board of Directors, taking into consideration the risks of the new business, return of investment, cash flow position of the Company, profit guarantee and pay-back period.

d) Regular Management Meetings

Management meetings are conducted regularly with the Executive Directors, Senior Management and/or Heads of Department in attendance.

e) Periodical and Annual Budget

A comprehensive business planning and budgeting process which establishes plans and targets for the Group, is performed on a periodic basis. The business planning process of the Group determines its business objectives, examines the Group's strengths, weaknesses, opportunities, threats and key business risks of the Group.

f) Group Policies and Procedures

Policies and procedures, handbook, guidelines and authority limits have been established for employees within the Group in respect of day-to-day operations.

g) Code of conduct and Ethics

Directors' Code of Conduct and Ethics is in place to serve as a guidance which is to be complied by the Directors to uphold accountability at all times and exercise highest level of business ethical standards and practices in the conduct of its businesses and operations.

h) Whistleblowing Policy

The Group acknowledges whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in handling of its businesses and operations. A whistleblowing policy is designed to encourage employees to disclose any malpractice or misconduct of which they become aware and importantly to provide protection accorded to such whistle blowers.

i) ISO certification

Certain parts of the Group's operations are ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified. Periodic ISO audits are conducted by external parties so as to ensure compliance with the standards of certification.

j) Related Party Transactions

Related party transactions are reviewed and monitored by the Audit Committee and presented to the Board on a periodic basis.

The Group's system of risk management and internal control applies principally to the Group and its subsidiaries.

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

REVIEW THE STATEMENT BY EXTERNAL AUDITORS

As required under paragraph 15.23 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2023. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement covers all risks and controls or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board had received assurance from the Chief Executive Officer and Chief Financial Officer on 15 April 2024 that the Group's internal control and risk management system are in place for the financial year ended 31 December 2023 and are operating adequately and effectively, in all materials aspects, based on the risk management framework adopted by the Company.

The Board is of the view that the internal control and risk management system is satisfactory and has no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

This statement was approved by the Board of Directors on 15 April 2024.

AUDIT COMMITTEE REPORT

OBJECTIVES

The principal objectives of Audit Committee are to assist the Board in discharging its duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and to ensure proper disclosure to the shareholders of the Company.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee was established on 10 November 2010 and its composition complies with the ACE Market Listing Requirements. The composition of the Audit Committee are as follows:

AC Members	Designation	Directorship
Dr. Danny Oh Beng Teck (appointed on 30.05.2023)	Chairman	Senior Independent Non-Executive Director
Dr. Goh Kwee Keng (appointed on 30.05.2023)	Member	Independent Non-Executive Director
Siti Haliza Binti Md. Taib (appointed on 30.05.2023)	Member	Independent Non-Executive Director
Datuk Wira Mark William Ling Lee Meng (resigned on 30.05.2023)	Chairman	Senior Independent Non-Executive Director
Dr. Ho Choon Hou (resigned on 30.05.2023)	Member	Independent Non-Executive Director
Pang Kong Chek (resigned on 30.05.2023)	Member	Independent Non-Executive Director

Composition

The Company has complied with Paragraphs 15.09 and 15.10 of the Bursa Malaysia's AMLR which required all the Audit Committee members to be Non-Executive Directors, with a majority of whom being Independent Directors, including the AC Chairman and none of them are alternate directors.

All AC members shall be financially literate with at least one (1) member must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

Details of the members of the AC are contained in the Profile of Directors as set out in the pages 8 to 9 of this Annual Report.

MEETINGS AND ATTENDANCE

During the financial year, a total of five (5) meetings were held on the following dates:

Meeting No.	Date
1/2023	24 February 2023
2/2023	11 April 2023
3/2023	31 May 2023
4/2023	29 August 2023
5/2023	28 November 2023

The details of attendance of each member at the Audit Committee meetings held were as follows:

Name of Members	Attendance at Meetings
Dr. Danny Oh Beng Teck (Chairman)	3/3
Dr. Goh Kwee Keng	3/3
Ms. Siti Haliza Binti Md. Taib	3/3
Datuk Wira Mark William Ling Lee Meng (Chairman)	2/2
Dr. Ho Choon Hou	2/2
Pang Kong Chek	2/2

AUDIT COMMITTEE REPORT (CONT'D)

MEETINGS AND ATTENDANCE (CONT'D)

The quorum for each meeting shall be majority of members present, who shall be independent directors.

The meetings were appropriately structured through the use of agenda and board papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notice. The minutes of each Audit Committee meeting was recorded by the secretary and submitted at the next Audit Committee meeting for confirmation, and thereafter presented to the Board for notation.

The Group's External Auditors, Internal Auditors and certain designated members of Senior Management also attended the AC meetings to provide updates and developments on issues arising from the audit reports.

TERM OF REFERENCE

The Audit Committee is guided by its Terms of Reference, which are made available on the Company's website at <http://www.mclean.com.sg>.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2023, the works carried out by the Audit Committee are summarized as follows:

Financial Reporting

- Reviewed the unaudited quarterly results of the Group.
- Reviewed the audited financial statements for financial year ended 2023 of the Group focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements.

Related Party Transactions

- Reviewed the Company's process of monitoring potential recurrent related party transactions entered into by the Group.
- Reviewed related party transactions that occurred within the Group to ensure that the transactions entered into were at arm's length basis every quarter.

Internal Audit Function

- Reviewed the Internal Audit plans and adequacy of coverage.
- Reviewed Internal Audit Reports and Management's responses on recommendations raised in IA Reports.

External Auditors

- Reviewed the External Auditors' audit planning memorandum including the nature and scope of the audit plan.
- Reviewed the External Auditors' management letter and the Management's responses.
- Reviewed the External Auditors' findings arising from audits and in particular the responses and appropriate actions taken by Management.
- Held two (2) private session(s) with the External Auditors without the presence of Management or Board.
- Review the audit fees and non-audit fees of the external auditors prior to the Board of Directors for approval.
- Reviewed and approved the Audit Committee's Terms of Reference.

Compliance

- Reviewed the existing Group's Anti-Bribery and Anti-Corruption Policy & Guidelines on updates and amendments thereon for approval of the Board.
- Reviewed the existing Whistleblowing Policy on updates and amendments thereon for approval of the Board.

Risk Management & Internal Control

- Reviewed reports on the Corruption Risk Assessment by the Company and its subsidiaries prepared by an outsourced consultant.
- Assessed the performance, suitability, objectivity and independence of External and Internal Auditors and recommended to the Board for their re-appointment.
- Reviewed and discussed on the proposal and execution of fund-raising corporate exercise under Private Placement.

Other matters

- Reviewed the Audit Committee Report and the Statement on Risk Management & Internal Control as contained in the Annual Report and recommended to the Board for approval.
- Reviewed the Management's proposed corporate exercise.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to independently assess and provides assurance to the Board the adequacy and effectiveness of the Group's systems and the internal audit function for the Group. This internal audit has been outsourced to an external consultant, Tricor Axcelasia Sdn. Bhd and reported directly to the Audit Committee.

The internal audit activities have been carried out according to the internal audit plan that was approved by the Audit Committee. The Board had via the Audit Committee evaluated the effectiveness of the outsourcer by reviewing the results of its works in Audit Committee meetings.

The formulation of auditable areas in the annual audit plan is premised on risk-based approach and guidance from the International Professional Practice Framework to ensure that the higher risk matters in the Group are audited periodically. The audit plan at the same time covered the review of the adequacy of operational controls, compliance with applicable laws and regulations, established policies and procedures as well as governance processes. The Internal Audit also conducts ad-hoc assignments and special reviews as instructed by the Audit Committee as and when necessary.

The number of staff deployed by Tricor Axcelasia Sdn. Bhd. for the internal audit reviews is ranging from 3 to 4 staffs. The staff involved in the internal audit reviews holds professional qualifications and/or a university degree. Most of them are also the members of the Institute of Internal Auditors Malaysia.

The Executive Director of Tricor Axcelasia Sdn. Bhd. is Mr. Chang Ming Chew has vast professional experiences for over 20 years in external and internal audit advisory, risk management, governance, financial management, business process enhancement, transformation and cost saving services. He is a Certified Internal Auditor (CIA (USA)) and Certified Information System Auditor (CISA (USA)). He holds a Certification in Risk Management Assurance (CRMA (USA)). He is a professional member of the Institute of Internal Auditors Malaysia (CMIIA) and a member of the Association of Chartered Certified Accountants (ACCA (UK)). Besides that, he is also Chartered Accountant, Member of Malaysian Institute of Accountants (MIA).

During the financial year ended 31 December 2023, the Internal Audit carried out reviews in accordance with the Internal Audit Plan. The Internal Audit Plan had been taken into cognizance, the Group's objectives and business strategies. The Internal Auditors conducted audits on corporate functions covering the key processes/functions below:

Entity Audited	Audited Matters
MClean Technologies Berhad	1) Review of Recurrent Related Party Transaction
DWZ Industries Sdn Bhd	1) Cost Management
MClean Technologies (Thailand) Company Limited	1) Procurement Management 2) Payroll function

The result of the audit reviews is discussed with Senior Management and subsequently the audit findings and recommendations for improvement are presented to the Audit Committee at their scheduled meetings. These are being followed up and presented to the Audit Committee to ensure corrective actions on the reported weaknesses were implemented on a timely manner.

The cost incurred for the internal audit function for the financial year under review was RM44,000 for two (2) audit visits performed. In this respect, the Board through the Audit Committee received and reviews reports on internal control from its internal audit function.

This report was approved by the Board of Directors on 15 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and its Subsidiaries ("the Group") at the end of the financial year and also the results and cash flows for the financial year then ended.

The Directors consider that, in preparing the audited financial statements for the financial year ended 31 December 2023, the Company has adopted appropriate accounting policies and applied them consistently and made judgments and estimates that are prudent and reasonable. The Directors also ensured that all applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been followed and the audited financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose reasonable accuracy at any time on the financial position of the Group which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

2. NON-AUDIT FEES

There were audit and non-audit fees paid or payable by the Group to the External Auditors and its affiliated company for review of Statement on Internal Control, provision of taxation services and provision of due diligence services for the financial year ended 31 December 2023. The details of the fees are as follows: -

Audit Fees paid or payable to:-	RM
- Auditors of the Company	216,000
- Other Auditors	118,033
Non Audit Fees paid or payable to:-	
- Auditors of the Company	165,000

3. MATERIAL CONTRACTS

Other than the recurrent related party transactions of revenue or trading nature as disclosed under related party disclosures, there were no material contracts entered into by the Company and its subsidiaries involving Directors, chief executive who is not a director or major shareholders' interests which were still subsisting at the end of the financial year or since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE

At the last Annual General Meeting held on 30 May 2023, the Company had obtained a general mandate from its shareholders to enter into RRPT with persons who are considered as Related Parties as defined in Rule 10.09 of ACE Market Listing Requirement ("ACE LR"). Details of the RRPT for financial year ended 31 December 2023 pursuant to Shareholders' Mandate are as follows: -

No.	Name of company	Transacting party	Nature of transactions	Estimated Value from the Existing Shareholders' Mandate (from 30 May 2023 to the date of 14 th AGM)	Actual Value transacted from 30 May 2023 (being the date of the 13 th AGM) until Latest Practicable Date
1.	DWZ Industries Sdn. Bhd. ("DWZ")	Decor Industries Pte. Ltd. ("Decor")	(i) Provision of surface treatment and finishing services by DWZ to Decor	Up to RM6.0 million	RM2.188 million (in SGD equivalent)
			(ii) Provision of support services by Decor to DWZ	Up to RM2.0 million	RM0.215 million (in SGD equivalent)

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF REVENUE OR TRADING NATURE (CONT'D)

At the last Annual General Meeting held on 30 May 2023, the Company had obtained a general mandate from its shareholders to enter into RRPT with persons who are considered as Related Parties as defined in Rule 10.09 of ACE Market Listing Requirement (“ACE LR”). Details of the RRPT for financial year ended 31 December 2023 pursuant to Shareholders’ Mandate are as follows (Cont’d):-

No.	Name of company	Transacting party	Nature of transactions	Estimated Value from the Existing Shareholders’ Mandate (from 30 May 2023 to the date of 14 th AGM)	Actual Value transacted from 30 May 2023 (being the date of the 13 th AGM) until Latest Practicable Date
2.	MClean Technologies Pte. Ltd. (“MTPL”)	JCS Biotech Pte. Ltd. (“JCS Biotech”)	Provision of cleanroom packaging services by MTPL to JCS Biotech	Up to RM10.0 million	RM1.236 million (in SGD equivalent)
3.	MClean Technologies Pte. Ltd. (“MTPL”)	DW Clean Tech Pte. Ltd. (“DW Clean Tech”)	Provision of turnkey parts supply by DW Clean Tech to MTPL for the moulding, “stamping to contract” assembly and packaging stages which allows MTPL to offer such one-stop service through its network of contractors and service providers	Up to RM20.0 million	NIL

5. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year.

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 5(a) to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year:-	(4,882,041)	(1,518,136)
Attributable to:-		
Owners of the Company	(4,099,321)	(1,518,136)
Non-controlling interests	(782,720)	-
	<u>(4,882,041)</u>	<u>(1,518,136)</u>

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

DIRECTORS OF THE COMPANY AND SUBSIDIARIES

The names of the Directors in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Yeo Hock Huat *
Lim Han Kiau *
Yeo Seow Lai
Dr. Danny Oh Beng Teck (Appointed on 30 May 2023)
Dr. Goh Kwee Keng (Appointed on 30 May 2023)
Siti Haliza Binti Md Taib (Appointed on 30 May 2023)
Datuk Wira Mark William Ling Lee Meng (Resigned on 30 May 2023)
Dr. Ho Choon Hou (Resigned on 30 May 2023)
Pang Kong Chek (Resigned on 30 May 2023)

* Directors of the Company and certain subsidiaries.

The names of the Directors of subsidiaries in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Chow Kok Meng, Bert
Chua Chee Tiong
Hee Suh Ling
Law Fah Soon
Quek Chin Lai
Sea Saiu Wai #
Loh Weng Yew ##
Teoh Kim Guan ##

Director appointed during the year

Directors resigned during the year

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares of the Company and its related corporations were as follows:-

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought	Sold	
Interest in the Company				
Direct interest				
Yeo Hock Huat	10,117,000	-	-	10,117,000
Yeo Seow Lai	600,062	-	-	600,062
Lim Han Kiau	80,000	-	-	80,000
Indirect interest				
Yeo Hock Huat	39,748,004*	-	-	39,748,004
Yeo Seow Lai	10,517,000**	-	-	10,517,000
Lim Han Kiau	56,378,000***	-	4,650,000	51,728,000

* Deemed interest by virtue of the shareholdings held by his siblings, Yeo Seow Lai (600,062 ordinary shares) and Yeo Lian Cheng (400,000 ordinary shares) in the Company, and his shareholdings in JCS Group Pte. Ltd. (38,747,942 ordinary shares), a shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

** Deemed interest by virtue of the shareholdings held by her siblings, Yeo Hock Huat (10,117,000 ordinary shares) and Yeo Lian Cheng (400,000 ordinary shares) in the Company pursuant to Section 8 of the Companies Act 2016.

*** Deemed interest by virtue of his indirect shareholdings in Decor Industries Pte. Ltd. (51,728,000 ordinary shares), a shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

By virtue of Yeo Hock Huat, Yeo Seow Lai and Lim Han Kiau's direct and indirect interest in the shares of the Company, they are also deemed to have interest in the shares of all subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than the above, no other Directors in office at the end of financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATIONS AND BENEFITS

During the financial year, the remunerations received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company	Incurred by the Subsidiaries	Group
	RM	RM	RM
Directors' fees	256,000	-	256,000
Directors' emoluments	-	886,010	886,010

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 25 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

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

LONG TERM INCENTIVE PLAN ("LTIP") AND EMPLOYEES' SHARE OPTION SCHEME

At an Extraordinary General Meeting held on 20 June 2017, the Company's shareholders approved the establishment of LTIP for the eligible employees, Executive Directors and Non-Executive Directors of the Company and non-dormant subsidiaries. The LTIP shall be in force for a period of ten (10) years commencing from 30 October 2017 and will expire on 29 October 2027.

The salient features of the LTIP are disclosed in Note 21 to the financial statements.

However, the LTIP has not been granted as at 31 December 2023.

OTHER STATUTORY INFORMATION

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

- (a) 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 satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of insurance premium paid for the Directors and Officers of the Company is RM15,910. No other indemnity coverage paid for Directors and Officers of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

The amount of audit and other fees paid or payable to Grant Thornton Malaysia PLT and its member firms by the Group and the Company for the financial year ended 31 December 2023 amounted to RM381,000 and RM309,000 respectively. Further details are disclosed in Note 18 to the Financial Statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT, to the extent permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

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

LIM HAN KIAU)	
)	
)	
)	
)	
)	DIRECTORS
)	
)	
)	
YEO HOCK HUAT)	

Singapore
15 April 2024

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 50 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and their cash flows for the financial year then ended.

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

LIM HAN KIAU

YEO HOCK HUAT

Singapore
15 April 2024

STATUTORY DECLARATION

I, Sea Saiu Wai, being the Officer primarily responsible for the financial management of MClean Technologies Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 98 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Johor Bahru in)
the state of Johor this day of)
15 April 2024)
)

SEA SAIU WAI
(MIA No. CA 51748)

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD (Incorporated in Malaysia) Registration No: 201001009003 (893631-T)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MClean Technologies Berhad, which comprise the statements of financial position as at 31 December 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 material accounting policy information, as set out on pages 50 to 98.

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 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Impairment assessment on property, plant and equipment ("PPE") and right-of-use assets ("ROU")

(Refer to Notes 2.5.1 to the financial statements)

The risk

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. As at 31 December 2023, the aggregate carrying amount of PPE and ROU assets of the Group was approximately RM19 million, representing approximately 45% of the Group's total assets. Due to the increased risk of impairment due to the deteriorated market outlook, the Group has estimated the recoverable amount of the cash-generating unit ("CGU") relating to the PPE and ROU assets using value-in-use ("VIU") method or based on its fair value less costs of disposal ("FVLCD").

We consider this to be an area of audit focus due to the significance of the amount and the complexity and subjectivity involved in the impairment assessment. Our procedures in reviewing the recoverable amount determined via VIU of the CGU include, amongst others:-

- Evaluated and assessed the appropriateness of the methodology and approach applied;
- Assessed the reasonableness of key assumptions used particularly the projected growth rates and gross profit margins; and
- Assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (CONT'D)

MCLEAN TECHNOLOGIES BERHAD (Incorporated in Malaysia) Registration No: 201001009003 (893631-T)

Key Audit Matters (Cont'd)

Impairment assessment on property, plant and equipment ("PPE") and right-of-use assets ("ROU") (Cont'd)
(Refer to Notes 2.5.1 to the financial statements)

The risk (Cont'd)

Our procedures in reviewing the recoverable amount determined via FVLCD of the CGU include, amongst others:-

- Assessed the reasonableness of the value determined by the Directors of the Group by comparing to recent market information which involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity; and
- Assessed the extent and direction of the significant unobservable inputs that depends on the number and characteristics of the observable market transactions.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (CONT'D)

MCLEAN TECHNOLOGIES BERHAD (Incorporated in Malaysia) Registration No: 201001009003 (893631-T)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided 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, action taken to eliminate threats or related safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as Auditors, are disclosed in Note 5 to the financial statements.

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

WONG WEN TAK
(NO: 03043/05/2025 J)
CHARTERED ACCOUNTANT

Johor Bahru
15 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	16,177,213	16,886,242	-	-
Right-of-use assets	4	3,254,724	6,194,391	-	-
Investment in subsidiaries	5	-	-	16,911,886	16,911,886
Deferred tax assets	6	751,109	680,036	-	-
Total non-current assets		20,183,046	23,760,669	16,911,886	16,911,886
Current assets					
Inventories	7	1,442,898	986,870	-	-
Trade receivables	8	13,458,283	11,153,524	-	-
Other receivables	9	3,230,753	5,454,978	5,180	1,729,114
Amount due from a subsidiary	10	-	-	168,716	-
Tax recoverable		63,278	12,122	2,975	3,498
Deposits with licensed banks	11	575,223	563,076	-	-
Cash and bank balances		3,971,510	3,011,548	93,019	97,723
Total current assets		22,741,945	21,182,118	269,890	1,830,335
TOTAL ASSETS		42,924,991	44,942,787	17,181,776	18,742,221
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	12	50,973,332	50,973,332	50,973,332	50,973,332
Reserves	13	(15,943,321)	(16,155,716)	-	-
Accumulated losses		(21,811,707)	(17,712,386)	(33,969,076)	(32,450,940)
		13,218,304	17,105,230	17,004,256	18,522,392
Non-controlling interests		7,516,500	8,299,220	-	-
Total equity		20,734,804	25,404,450	17,004,256	18,522,392
LIABILITIES					
Non-current liabilities					
Borrowings	14	4,385,878	1,890,849	-	-
Lease liabilities	4	942,333	3,140,296	-	-
Deferred tax liabilities	6	57,000	463,496	-	-
Total non-current liabilities		5,385,211	5,494,641	-	-

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current liabilities					
Trade payables	15	5,824,081	3,873,814	-	-
Other payables	16	5,542,944	4,953,854	177,520	219,829
Borrowings	14	2,926,644	1,971,563	-	-
Lease liabilities	4	2,511,307	3,241,792	-	-
Tax payable		-	2,673	-	-
Total current liabilities		16,804,976	14,043,696	177,520	219,829
Total liabilities		22,190,187	19,538,337	177,520	219,829
TOTAL EQUITY AND LIABILITIES		42,924,991	44,942,787	17,181,776	18,742,221

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 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	17	47,835,769	52,372,813	-	-
Cost of sales		(38,299,546)	(43,060,773)	-	-
Gross profit		9,536,223	9,312,040	-	-
Other income		386,020	2,344,281	10,228	171,673
Finance income		12,938	13,994	15	44
(Impairment loss)/Reversal of impairment loss of financial assets		(113,180)	12,555	-	-
Selling and distribution expenses		(822,380)	(735,195)	-	-
Administrative expenses		(13,413,541)	(12,707,246)	(1,528,376)	(679,426)
Other expenses		(329,635)	(763,347)	(3)	(3,884,001)
Finance costs		(586,325)	(568,609)	-	-
Loss before tax	18	(5,329,880)	(3,091,527)	(1,518,136)	(4,391,710)
Tax income/(expense)	19	447,839	(179,161)	-	-
Loss for the financial year		(4,882,041)	(3,270,688)	(1,518,136)	(4,391,710)
Other comprehensive income/(loss), net of tax					
Item that will be reclassified subsequently to profit or loss					
Reclassification of currency fluctuation reserve on deregistration of subsidiaries		-	(1,884,051)	-	-
Foreign currency translation differences for foreign operations, net of tax		212,395	936,586	-	-
Other comprehensive income/(loss) for the financial year, net of tax		212,395	(947,465)	-	-
Total comprehensive loss for the financial year		(4,669,646)	(4,218,153)	(1,518,136)	(4,391,710)
Loss for the financial year attributable to:-					
Owners of the Company		(4,099,321)	(2,984,405)	(1,518,136)	(4,391,710)
Non-controlling interests		(782,720)	(286,283)	-	-
		(4,882,041)	(3,270,688)	(1,518,136)	(4,391,710)
Total comprehensive loss for the financial year attributable to:-					
Owners of the Company		(3,886,926)	(3,931,870)	(1,518,136)	(4,391,710)
Non-controlling interests		(782,720)	(286,283)	-	-
		(4,669,646)	(4,218,153)	(1,518,136)	(4,391,710)
Loss per share attributable to the owners (sen)					
- Basic	22	(2.08)	(1.51)		
- Diluted	22	N/A	N/A		

Note:

N/A – Not applicable. There are no potentially dilutive equity instruments that would affect the basic earnings per share.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company							Total equity RM
	Share capital RM	Merger deficit RM	Currency fluctuation reserve RM	Other reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	
Group								
At 1 January 2022	50,973,332	(22,246,256)	4,788,307	(3,946,460)	(8,531,823)	21,037,100	8,585,759	29,622,859
Transactions with owners of the Company:-								
Deregistration of subsidiaries	-	-	-	-	-	-	(256)	(256)
Total transaction with owners	-	-	-	-	-	-	(256)	(256)
Loss for the financial year	-	-	-	-	(2,984,405)	(2,984,405)	(286,283)	(3,270,688)
Disposal of a subsidiaries	-	3,540,847	-	-	(3,540,847)	-	-	-
Deregistration of subsidiaries	-	2,655,311	(1,884,051)	-	(2,655,311)	(1,884,051)	-	(1,884,051)
ther comprehensive income for the financial year	-	-	936,586	-	-	936,586	-	936,586
Total comprehensive loss for the financial year	-	6,196,158	(947,465)	-	(9,180,563)	(3,931,870)	(286,283)	(4,218,153)
At 31 December 2022/1 January 2023	50,973,332	(16,050,098)	3,840,842	(3,946,460)	(17,712,386)	17,105,230	8,299,220	25,404,450
Transactions with owners of the Company:-								
Loss for the financial year	-	-	-	-	(4,099,321)	(4,099,321)	(782,720)	(4,882,041)
Other comprehensive income for the financial year	-	-	212,395	-	-	212,395	-	212,395
Total comprehensive loss for the financial year	-	-	212,395	-	(4,099,321)	(3,886,926)	(782,720)	(4,669,646)
At 31 December 2023	50,973,332	(16,050,098)	4,053,237	(3,946,460)	(21,811,707)	13,218,304	7,516,500	20,734,804

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Non-distributable Share capital RM	Distributable Accumulated losses RM	Total equity RM
Company			
At 1 January 2022	50,973,332	(28,059,230)	22,914,102
Loss for the financial year	-	(4,391,710)	(4,391,710)
Other comprehensive income for the financial year	-	-	-
Total comprehensive loss for the financial year	-	(4,391,710)	(4,391,710)
At 31 December 2022/1 January 2023	50,973,332	(32,450,940)	18,522,392
Loss for the financial year	-	(1,518,136)	(1,518,136)
Other comprehensive income for the financial year	-	-	-
Total comprehensive loss for the financial year	-	(1,518,136)	(1,518,136)
At 31 December 2023	<u>50,973,332</u>	<u>(33,969,076)</u>	<u>17,004,256</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
OPERATING ACTIVITIES					
Loss before tax		(5,329,880)	(3,091,527)	(1,518,136)	(4,391,710)
Adjustments for:-					
Allowance for impairment loss on trade receivables		113,180	27,070	-	-
Impairment loss on property, plant and equipment		291,212	56,413	-	-
Impairment loss on investment in subsidiaries		-	-	-	3,884,000
Depreciation of property, plant and equipment		1,691,838	1,986,069	-	-
Depreciation of right-of-use assets		3,254,868	3,511,101	-	-
Gain on termination of lease		(6,785)	-	-	-
Loss on disposal of a subsidiary	5(c)	-	547,547	-	-
(Gain)/Loss on deregistration of subsidiaries	5(d)	-	(1,884,307)	-	1
Property, plant and equipment written off		-	44	-	-
Reversal of impairment loss on trade receivables		-	(39,625)	-	-
Interest expenses		365,365	238,036	-	-
Interest income		(12,938)	(13,994)	(15)	(44)
Net unrealised loss/(gain) on foreign exchange		56,215	236,245	(10,183)	(171,673)
Gain on derecognition of lease liability		(100,639)	(105,423)	-	-
Lease liability interest expense		207,660	330,573	-	-
Operating profit/(loss) before working capital changes		530,096	1,798,222	(1,528,334)	(679,426)
Changes in working capital:-					
Inventories		(466,598)	244,276	-	-
Payables		3,252,073	(2,218,185)	(42,309)	(23,709)
Receivables		(734,905)	3,035,389	751,475	331,433
Cash generated from/(used in) operations		2,580,666	2,859,702	(819,168)	(371,702)
Tax refunded		8,663	10,876	1,359	-
Tax paid		(57,142)	(15,213)	(836)	(983)
Net cash from/(used in) operating activities		2,532,187	2,855,365	(818,645)	(372,685)
INVESTING ACTIVITIES					
Investment in subsidiary		-	-	-	256,764
Interest received		12,938	13,994	15	44
Purchase of property, plant and equipment		(1,228,515)	(694,979)	-	-
Net cash outflow from disposal of a subsidiary	5(c)	-	(644,542)	-	-
Addition of right-of-use assets		-	(1,284)	-	-
Placements of deposits pledged with licensed bank		(12,147)	(13,194)	-	-
Net cash (used in)/from investing activities		(1,227,724)	(1,340,005)	15	256,808

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
FINANCING ACTIVITIES					
Interest paid		(365,365)	(218,081)	-	-
Lease liability interest paid		(207,660)	(330,573)	-	-
Loan from Directors		6,467,819	1,314,080	-	-
Advance from subsidiary		-	-	813,926	95,260
Proceeds from receivable financing		1,530,364	2,208,224	-	-
Proceeds from borrowings		2,660,000	-	-	-
Repayment of receivable financing		(677,200)	(2,382,975)	-	-
Repayment to Directors		(7,043,102)	(165,071)	-	-
Repayment of term loan		(85,939)	(95,278)	-	-
Repayment of lease liabilities		(3,149,988)	(3,298,862)	-	-
Net cash (used in)/from financing activities		(871,071)	(2,968,536)	813,926	95,260
CASH AND CASH EQUIVALENTS					
Net changes		433,392	(1,453,176)	(4,704)	(20,617)
Brought forward		3,011,548	3,891,234	97,723	118,340
Effects of exchange translation differences on cash and cash equivalents		526,570	573,490	-	-
Carried forward	A	3,971,510	3,011,548	93,019	97,723

NOTES TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	3,971,510	3,011,548	93,019	97,723
Deposits with licensed banks	575,223	563,076	-	-
	4,546,733	3,574,624	93,019	97,723
Less: Deposits pledged	(575,223)	(563,076)	-	-
	3,971,510	3,011,548	93,019	97,723

As disclosed in Note 11 to the financial statements, the above deposits with licensed banks are pledged for bank guarantee facilities granted to a subsidiary and hence, are not available for general use.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amount due to Directors RM	Lease liabilities RM	Borrowings RM	Total RM
Group				
Balance at 1 January 2022	158,827	9,847,878	4,014,543	14,021,248
Non-cash changes:				
Addition	-	256,975	-	256,975
Gain on derecognition of lease liability	-	(105,423)	-	(105,423)
Disposal of subsidiary	-	(638,774)	-	(638,774)
Foreign exchange movement	(13,711)	320,294	117,898	424,481
Cash flows:				
Proceeds	1,314,080	-	2,208,224	3,522,304
Accretion of interest	19,955	330,573	218,081	568,609
Repayment				
- Principal	(165,071)	(3,298,862)	(2,478,253)	(5,942,186)
- Interest	-	(330,573)	(218,081)	(548,654)
Balance at 31 December 2022	1,314,080	6,382,088	3,862,412	11,558,580
Non-cash changes:				
Addition	-	133,852	-	133,852
Gain on derecognition of lease liability	-	(100,639)	-	(100,639)
Gain on termination of lease	-	(45,162)	-	(45,162)
Foreign exchange movement	213,474	233,489	22,885	469,848
Cash flows:				
Proceeds	6,467,819	-	4,190,364	10,658,183
Accretion of interest	38,259	207,660	327,106	573,025
Repayment				
- Principal	(7,043,102)	(3,149,988)	(763,139)	(10,956,229)
- Interest	-	(207,660)	(327,106)	(534,766)
Balance at 31 December 2023	990,530	3,453,640	7,312,522	11,756,692

C. CASH OUTFLOW FOR LEASE AS A LESSEE

	Group	
	2023 RM	2022 RM
<u>Included in net cash from/(used in) operating activities</u>		
Payment relating to short-term leases, low-value assets and variable lease payments	273,548	238,497
<u>Included in net cash (used in)/from financing activities</u>		
Interest paid in relation to lease liabilities	207,660	330,573
Payment of principal portion of lease liabilities	3,149,988	3,298,862
	<u>3,631,196</u>	<u>3,867,932</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. GENERAL INFORMATION

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

The principal place of business of the Company is located at 2, Woodlands Sector 1 #01-22, Singapore 738068. The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor.

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 5(a) to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 April 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the notes to the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

The fair value of an asset or a liability is measured on the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

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

The Group and the Company have established control framework in respect to the measurement of fair values of financial instruments. The Directors has overall responsibility for overseeing all significant fair value measurements. The Directors regularly reviews significant unobservable inputs and valuation adjustments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of measurement (Cont'd)

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The accounting policies adopted by the Group and the Company are consistent with those of the prior financial year except for the new and revised MFRSs approved by Malaysian Accounting Standards Board ("MASB") and applicable for current financial year. Application of the new and revised MFRSs has no material impact on financial statements of the Group and of the Company.

The Group and the Company have applied the following amendments to published standards approved by MASB for the first time for the financial year beginning on 1 January 2023:-

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

The adoption of the above amendments to MFRSs does not have any material impact on the financial statements of the Group and of the Company in the period of initial application.

2.4.2 Standards Issued But Not Yet Effective

The new and amended standards that are issue, but not yet effective, up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective in the respective financial period.

(a) Effective for financial year beginning on or after 1 January 2024

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

(b) Effective for financial period beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

(c) Amendments effective for a date yet to be confirmed

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

* Not applicable to the Group's and the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (Cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

The initial application of these MFRSs and amendments to the published standards is not expected to have any material impact on the financial statements of the Group and the Company.

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal to the estimated results.

2.5.1 Key sources of estimation uncertainty

Key assumptions concerning the future and accounting estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of depreciable assets

The management estimates the useful lives of the property, plant and equipment to be within 2 to 50 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and developments, which resulting adjustment to the Group's assets.

The management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimation and hence it would not result in material variance in the Group's result for the financial year.

Income taxes/Deferred tax liabilities

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

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant accounting estimates and judgements (Cont'd)

2.5.1 Key sources of estimation uncertainty (Cont'd)

Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its VIU calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five to ten years. For longer periods, a zero long-term growth rate is calculated and applied to project future cash flows after the fifth year. However, the Group does not determine VIU for certain CGU that is in historical loss trend with negative earnings before interest, taxes, depreciation and amortisation which would not generate net cash inflows in near future.

The FVLCD of certain CGU is not determinable as most of the non-financial assets are made up of plant and machinery where the recent transaction prices for similar plant and machinery are difficult to determined and management's basis and assumptions on the market estimation are also not made available.

Following the assessment, the Group recognised impairment loss on property, plant and equipment for certain CGU amounting to RM291,212 (2022: RM56,413) in profit or loss. The information about the impairment loss on the Group's property, plant and equipment is disclosed in Note 3 to the financial statements.

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

Allowance for expected credit losses ("ECL") for trade receivables

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

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

The assessment of the correlation between historical observed rates, forecast of economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 8 to the financial statements.

2.5.2 Significant management judgement

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

Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unutilised tax losses and unutilised capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Office equipment, electrical fittings, and furniture and fittings RM	Computers RM	Total RM
Cost								
At 1 January 2022	7,178,000	4,486,477	554,552	49,177,329	6,855,424	12,969,533	1,302,547	82,523,862
Additions	-	-	-	437,089	38,600	194,038	25,252	694,979
Written off	-	-	-	(64,812)	-	(150,774)	(46,975)	(262,561)
Disposal of a subsidiary	-	-	(96,872)	(6,702,362)	(291,071)	(1,293,509)	-	(8,383,814)
Currency translation differences	-	-	2,006	1,354,219	48,776	316,707	68,827	1,790,535
At 31 December 2022	7,178,000	4,486,477	459,686	44,201,463	6,651,729	12,035,995	1,349,651	76,363,001
Additions	-	-	-	1,068,049	-	142,473	17,993	1,228,515
Written off	-	-	-	(4,710,298)	(47,380)	(751,766)	(701,227)	(6,210,671)
Currency translation differences	-	-	-	1,247,416	42,487	274,174	49,447	1,613,524
At 31 December 2023	7,178,000	4,486,477	459,686	41,806,630	6,646,836	11,700,876	715,864	72,994,369

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT

Group (Cont'd)	Freehold land	Buildings	Motor vehicles	Plant and machinery	Renovation	Office equipment, electrical fittings, and furniture	Computers	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation								
At 1 January 2022	-	595,485	545,061	41,144,373	6,546,052	9,077,783	1,167,835	59,076,589
Charge for the financial year	-	105,019	-	1,296,651	151,434	362,262	70,703	1,986,069
Written off	-	-	-	(64,258)	-	(150,551)	(46,960)	(261,769)
Disposal of a subsidiary	-	-	(87,184)	(5,998,958)	(218,753)	(1,021,656)	-	(7,326,551)
Currency translation differences	-	-	1,805	1,270,074	46,079	281,679	64,100	1,663,737
At 31 December 2022	-	700,504	459,682	37,647,882	6,524,812	8,549,517	1,255,678	55,138,075
Charge for the financial year	-	105,019	1	1,226,713	34,070	267,838	58,197	1,691,838
Written off	-	-	-	(4,710,298)	(47,380)	(751,766)	(701,227)	(6,210,671)
Currency translation differences	-	-	-	1,040,478	40,900	246,427	46,333	1,374,138
At 31 December 2023	-	805,523	459,683	35,204,775	6,552,402	8,312,016	658,981	51,993,380

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)	Freehold land RM	Buildings RM	Motor vehicles RM	Plant and machinery RM	Renovation RM	Office equipment, electrical fittings, and furniture and fittings RM	Computers RM	Total RM
Accumulated impairment								
At 1 January 2022	-	-	9,488	4,720,701	121,149	408,762	7,182	5,267,282
Impairment loss	-	-	-	33,848	-	13,278	9,287	56,413
Written off	-	-	-	(554)	-	(189)	(5)	(748)
Disposal of a subsidiary	-	-	(9,688)	(703,404)	(72,318)	(271,853)	-	(1,057,263)
Currency translation differences	-	-	201	64,069	1,842	6,676	212	73,000
At 31 December 2022	-	-	1	4,114,660	50,673	156,674	16,676	4,338,684
Impairment loss	-	-	-	288,713	-	2,499	-	291,212
Currency translation differences	-	-	-	187,870	1,259	3,938	813	193,880
At 31 December 2023	-	-	1	4,591,243	51,932	163,111	17,489	4,823,776
Net carrying amount								
At 31 December 2022	7,178,000	3,680,954	2	2,010,612	42,502	3,225,749	39,394	16,177,213
At 31 December 2023	7,178,000	3,785,973	3	2,438,921	76,244	3,329,804	77,297	16,886,242
Impairment loss								

At the reporting period, the management performed an impairment indicator review and assessed that there was objective evidences or indications that the property, plant and equipment in certain cash generating units ("CGUs") may be impaired as a result of weakening market conditions which registered a loss during the year and its operations did not achieve ideal capacity in the current financial year.

In performing the impairment assessment of these CGUs, management applied their judgement in determining appropriate method in estimating recoverable amount of CGUs based on the higher of its value-in-use using a projected discounted cash flow model at rates ranging from 11.06% to 11.12% (2022: 8.93% to 9.34%) on a pre-tax basis or its fair value less costs of disposal.

As a result, during the financial year, the Group recognised impairment of property, plant and equipment of RM291,212 (2022: RM56,413) in the profit or loss.

Security

Certain land and buildings with a carrying amount of RM4,754,906 (2022: RM2,114,689) are pledged to secure bank loans granted to the Group (see Note 14).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Material accounting policy information

(a) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

No depreciation is provided on freehold land as it has indefinite life.

Depreciation of property, plant and equipment is computed over estimated useful life shown below:-

	<u>Estimated useful lives</u>
Buildings	50 years
Building improvement	10 years
Motor vehicles	5 years
Plant and machinery	5 – 10 years
Renovation	5 – 10 years
Office equipment, electrical fittings, and furniture and fittings	2 – 10 years
Computers	3 years
Signboard	10 years

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various properties, motor vehicle and other equipment used in its operations. Leases of properties generally have lease terms of 2 and 6 years (2022: 2 and 6 years), motor vehicle generally has lease terms of 3 years (2022: 3 years), while plant and equipment generally have lease terms of 2 and 5 years (2022: 2 and 5 years). There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group are prohibited from selling or pledging the underlying leased assets as security. For leases over forklift and hostel, the Group must keep those assets in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must incur maintenance fees on forklift in accordance with the lease contracts.

The Group had total cash outflows for leases of RM3,631,196 (2022: RM3,867,932). The Group also had non-cash additions to right-of-use assets and lease liabilities of RM133,852 (2022: RM256,975).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

4.1.1 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:-

	Properties RM	Motor vehicle RM	Plant and equipment RM	Office equipment RM	Total RM
Group					
At 1 January 2022	9,551,821	134,549	60,018	-	9,746,388
Addition	198,386	-	59,873	-	258,259
Depreciation	(3,386,728)	(39,380)	(84,993)	-	(3,511,101)
Disposal of a subsidiary	(611,042)	-	-	-	(611,042)
Currency translation differences	307,355	-	4,532	-	311,887
At 31 December 2022	6,059,792	95,169	39,430	-	6,194,391
Addition	-	-	-	133,852	133,852
Depreciation	(3,127,700)	(39,380)	(81,094)	(6,694)	(3,254,868)
Termination of lease	-	-	(38,377)	-	(38,377)
Currency translation differences	214,383	-	1,877	3,466	219,726
At 31 December 2023	3,146,475	55,789	(78,164)	130,624	3,254,724

4.1.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:-

	Group	
	2023 RM	2022 RM
At 1 January	6,382,088	9,847,878
Addition	133,852	256,975
Accretion of interest	207,660	330,573
Payments	(3,357,648)	(3,629,435)
Gain on derecognition of lease liability	(100,639)	(105,423)
Disposal of a subsidiary	-	(638,774)
Termination of lease	(45,162)	-
Currency translation differences	233,489	320,294
At 31 December	3,453,640	6,382,088

4.1.3 Lease liabilities are presented in the statements of financial position as follows:-

	Group	
	2023 RM	2022 RM
Current	2,511,307	3,241,792
Non-current	942,333	3,140,296
At 31 December	3,453,640	6,382,088

The maturity analysis of lease liabilities is disclosed in Note 26.2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

4.1.4 Lease payments not recognised as a liability

The Group elected not to recognise lease liability for short-term leases of machinery and equipment (leases with an expected term of 12 months or less from the commencement date and do not contain a purchase option) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis over the lease term. Certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The following amounts are recognised in profit or loss:-

	Group	
	2023 RM	2022 RM
Lease payments not recognised as a liability:-		
- Short-term leases	262,145	226,657
- Leases of low-value assets	3,840	3,840
- Variable lease payments	7,563	8,000
Depreciation of right-of-use assets	3,254,868	3,511,101
Gain on derecognition of lease liability	(100,639)	(105,423)
Lease interest expenses	207,660	330,573
	<hr/>	<hr/>
Total amount recognised in profit or loss	3,635,437	3,974,748

Variable lease payments expensed on the basis that they are not recognised as a lease liability include excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

4.1.5 The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statements of financial position:-

Group Type	Number of right-of-use assets leased	Range of remaining term	Number of lease with extension options
<u>2023</u>			
Forklift	3	8 months	-
Hostel	4	2 – 11 months	1
Warehouse	5	7 – 37 months	2
Office equipment	2	57 months	-
<u>2022</u>			
Forklift	3	20 months	-
Hostel	4	14 – 23 months	1
Motor vehicle	1	6 months	-
Warehouse	5	7 – 49 months	2
Office equipment	3	23 months	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

4.2 Material accounting policy information

(a) Right-of-use assets

The Group apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

	<u>Estimated useful lives</u>
Properties	2-6 years
Motor vehicle	3 years
Plant and equipment	2-5 years

(b) Lease liabilities

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Where the lease liability is remeasured, the Group shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group shall recognise any remaining amount of the remeasurement in profit or loss.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	39,582,430	39,582,430
Less: Impairment losses		
Brought forward	(22,670,544)	(30,626,543)
Impairment loss during the year	-	(3,884,000)
Written off during the year	-	11,839,999
Carried forward	(22,670,544)	(22,670,544)
	<u>16,911,886</u>	<u>16,911,886</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The particulars of the subsidiaries are as follows:-

Name of companies	Effective equity interest		Principal activities	Country of incorporation
	2023	2022		
	%	%		
*MClean Precision Pte. Ltd. ("MPP")	100	100	Investment holding and the provision of management services to subsidiary.	Singapore
DWZ Industries Sdn. Bhd. ("DWZ")	55	55	Surface treatment and finishing specialist for electrical and electronic industries.	Malaysia
MClean Technologies (M) Sdn. Bhd. ("MTM")	100	100	Provide surface treatment and related services such as surface finishing, precision cleaning and packaging services.	Malaysia
Held by DWZ				
DWZ Industries (Johor) Sdn. Bhd. ("DWZ Johor")	55	55	Surface treatment and finishing specialist for electrical and electronic industries.	Malaysia
Held by MPP				
**MClean Technologies Pte. Ltd. ("MTP")	100	100	Provide precision cleaning, assembly services and wholesale trade of frozen product and investment holding.	Singapore
*MClean Technologies (Thailand) Company Limited ("MTT")	100	100	Provide precision cleaning, assembly services and other related services to hard disk drive industry.	Thailand

* Audited by a firm other than Grant Thornton Malaysia PLT.

Component audit has been carried out by Grant Thornton Malaysia PLT for the purposes of enabling to form a group opinion.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interests in subsidiaries

The Group's subsidiaries, DWZ and DWZ Johor (collectively referred to as "DWZ Group") have material non-controlling interests as follows:-

	DWZ Group	
	2023	2022
	RM	RM
Percentage of ownership interest and voting interest (%)	45%	45%
Carrying amount of non-controlling interests	<u>7,516,500</u>	<u>8,299,220</u>
Total comprehensive loss allocated to non-controlling interests	<u>(782,720)</u>	<u>(286,283)</u>

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

	DWZ Group	
	2023	2022
	RM	RM
Summary of financial position		
Non-current assets	14,512,131	14,876,819
Current assets	13,441,303	10,603,617
Non-current liabilities	(2,763,768)	(763,301)
Current liabilities	<u>(5,599,642)</u>	<u>(3,319,601)</u>
Net assets	<u>19,590,024</u>	<u>21,397,534</u>
Summary of financial performance		
Total comprehensive loss for the financial year	<u>(1,807,510)</u>	<u>(644,938)</u>
Included in the total comprehensive income is:-		
Revenue	<u>18,953,334</u>	<u>20,915,262</u>
Summary of cash flows		
Net cash (outflow use in)/inflow from operating activities	(1,614,481)	4,206,622
Net cash outflow used in investing activities	(592,807)	(435,625)
Net cash inflow from/(outflow used in) financing activities	<u>2,222,236</u>	<u>(3,864,156)</u>
Net cash inflows/(outflows)	<u>14,948</u>	<u>(93,159)</u>

There was no dividend paid to the non-controlling interests in year 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of a subsidiary

On 1 July 2022, the Company disposed all the equity interest in MClean Technologies (Wuxi) Co., Ltd. ("MTW") for a cash consideration of SGD1 (approximately at RM3).

The effect of the disposal of MTW on the financial position of the Group as at the date of disposal was as follows:-

	RM
<u>Net assets disposed</u>	
Right-of-use assets	611,042
Inventories	56,803
Trade receivables	562,098
Other receivables	256,366
Cash and bank balances	644,545
Lease liabilities	(638,774)
Trade payables	(709,547)
Other payables	(658,119)
Currency fluctuation reserve	423,136
	<hr/>
Net assets attributable to the subsidiary disposed	547,550
Consideration	(3)
	<hr/>
Loss on disposal of a subsidiary	<u>547,547</u>
	<hr/>
Proceeds from disposal	3
Cash and cash equivalents disposed	(644,545)
	<hr/>
Net cash outflow from disposal	<u>(644,542)</u>

(d) Deregistration of subsidiaries

The MClean Advance Carrier Pte. Ltd. ("MAC"), a wholly-owned subsidiary of the Company and MClean Cloud Logistic Pte. Ltd. ("MCL"), a subsidiary of MAC were deregistered on 5 December 2022.

The effect of the deregistration of MAC and MCL on the financial position of the Group as at the date of deregistration was as follows:-

	RM
Non-controlling interest	256
Currency fluctuation reserve	1,884,051
	<hr/>
Gain on deregistration of subsidiaries	<u>1,884,307</u>

Material accounting policy information

(a) Subsidiaries

Investment in subsidiary is measured in the Company's statement of financial position at cost less any impairment loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Material accounting policy information (CONT'D)

(b) Basis of consolidation

Merger method

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current and previous years. The combined assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves. This is not applicable to MClean Technologies (M) Sdn. Bhd., DWZ Industries Sdn. Bhd., DWZ Industries (Johor) Sdn. Bhd. and MClean Technologies (Thailand) Company Limited which are accounted for under acquisition method.

Acquisition method

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

6. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2023	2022
	RM	RM
At 1 January	216,540	369,034
Recognised in profit or loss (Note 19)	442,489	(193,252)
Currency translation differences	35,080	40,758
	<u>694,109</u>	<u>216,540</u>
At 31 December	<u>694,109</u>	<u>216,540</u>
Presented after appropriate offsetting as follows:-		
Deferred tax assets	751,109	680,036
Deferred tax liabilities	(57,000)	(463,496)
	<u>694,109</u>	<u>216,540</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

6. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of deferred tax assets and liabilities as at the end of the financial year comprise tax effect of:-

	Group	
	2023	2022
	RM	RM
Deferred tax:-		
Unabsorbed donations	-	5,026
Expected credit loss	34,096	10,965
Lease liabilities	8,715	10,517
Unabsorbed tax losses	806,770	558,247
Unutilised reinvestment allowance	23,991	23,991
Unutilised capital allowances	862,365	656,331
Unrealised (loss)/gain on foreign exchange translation	(3,124)	2,582
Property, plant and equipment	(1,038,704)	(1,051,119)
	<u>694,109</u>	<u>216,540</u>

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability (stated at gross amount):-

	Group	
	2023	2022
	RM	RM Restated
Unabsorbed tax losses	11,002,776	10,011,983
Excess of tax base over net carrying amount of qualified property, plant and equipment	284,000	330,000
Unutilised capital allowance	642,000	592,000
	<u>11,928,776</u>	<u>10,933,983</u>

The unabsorbed tax losses and unutilised capital allowances are available for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of unabsorbed tax losses and unutilised capital allowances as they may not be used to offset against taxable profits of that subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

6. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The analysis of unabsorbed tax losses and their expiry dates for which no deferred tax asset is recognised is as below:-

	Thailand RM Note (a)	Malaysia RM Note (b)	Total RM
<u>2023</u>			
Year of assessment 2023	3,261,418	-	3,261,418
Year of assessment 2024	1,561,753	-	1,561,753
Year of assessment 2025	1,667,911	-	1,667,911
Year of assessment 2026	1,705,177	-	1,705,177
Year of assessment 2027	1,225,506	-	1,225,506
Year of assessment 2028	479,011	97,388	576,399
Year of assessment 2029	-	419,109	419,109
Year of assessment 2030	-	392,329	392,329
Year of assessment 2031	-	36,832	36,832
Year of assessment 2032	-	26,134	26,134
Year of assessment 2033	-	130,208	130,208
	9,900,776	1,102,000	11,002,776

	Thailand RM Note (a)	Malaysia RM Note (b) (c)	Total RM
<u>2022</u>			
Year of assessment 2022	71,759	-	71,759
Year of assessment 2023	3,104,422	-	3,104,422
Year of assessment 2024	1,486,573	-	1,486,573
Year of assessment 2025	1,587,622	-	1,587,622
Year of assessment 2026	1,623,096	-	1,623,096
Year of assessment 2027	1,166,511	-	1,166,511
Year of assessment 2028	-	97,388	97,388
Year of assessment 2029	-	419,109	419,109
Year of assessment 2030	-	392,329	392,329
Year of assessment 2031	-	36,832	36,832
Year of assessment 2032	-	26,342	26,342
	9,039,983	972,000	10,011,983

- (a) Net losses carried forward of a subsidiary incorporated in the Kingdom of Thailand for the last five accounting periods is deductible from taxable income.

The subsidiary has been granted with income tax exemption on the net profit arising from manufacturing of plastic packages and antistatic plastic packaging. The exemption will be applicable for a period of 5 years since the income is first derived from the said activities and any losses incurred during the exemption period is allowed to be carried forward for a period of not more than 5 years. The said activities had commenced during the current financial year.

- (b) Effective from Year of Assessment 2019, the unabsorbed tax losses can be carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed tax losses will be disregarded.
- (c) The comparative figures have been revised to reflect the previous years' final tax submission.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

6. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Material accounting policy information

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group and the Company expect, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

7. INVENTORIES

	Group	
	2023 RM	2022 RM
Consumable goods	1,220,532	986,870
Goods in transit	222,366	-
	<u>1,442,898</u>	<u>986,870</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	<u>23,698,830</u>	<u>21,811,362</u>

Material accounting policy information

Inventories are stated at the lower of cost and net realisable value. The cost of the consumable goods is determined using first-in-first-out method.

8. TRADE RECEIVABLES

	Group	
	2023 RM	2022 RM
Gross carrying amount		
Third parties	12,866,547	11,182,049
Amount due from company in which a Director has significant financial interest	240,420	66,085
Amount due from a corporate shareholder	563,076	-
	<u>13,670,043</u>	<u>11,248,134</u>
Less: Allowance for expected credit loss	<u>(211,760)</u>	<u>(94,610)</u>
Net carrying amount	<u>13,458,283</u>	<u>11,153,524</u>

- (a) The normal trade credit terms granted by the Group to the trade receivables ranging from cash term to 120 days (2022: cash term to 210 days). The Group determines concentration of credit risk by comparing the amount due from each individual customer against the total trade receivables.
- (b) Amount due from company in which a Director has significant financial interest amounted to RM240,420 (2022: RM66,085) is unsecured, bears no interest and generally on terms of 60 days (2022: 30 days).
- (c) Amount due from a corporate shareholder is unsecured, bears no interest and in accordance with ordinary credit terms.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

8. TRADE RECEIVABLES (CONT'D)

(d) The credit risk concentration profile of the Group's trade receivables as at the reporting date are as follows:-

	Group			
	2023		2022	
	RM	%	RM	%
Top 5 Customers	8,506,003	63	7,978,275	72

(e) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,377,138 (2022: RM3,637,018) that are past due at the reporting date but not impaired.

Although these balances are unsecured in nature, they are mostly due from customers which have a long term relationship with the Group. The Group considers these customers have low credit risk, and there was no default payment record for the customers, hence no impairment was provided on these balances.

Receivables that are impaired

An impairment analysis performed at each reporting date using a provision of matrix to measure expected credit losses. The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off individually if there is evidence indicating that the receivable is in severe financial difficulty and has no realistic prospect of recovery. The Group does not hold collateral as security.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

8. TRADE RECEIVABLES (CONT'D)

- (f) The following table provides information about the credit risk exposure on the Group's trade receivables which are group together as they are expected to have similar risk nature:-

Group	Gross carrying amount RM	Loss allowance RM	Net balances RM
2023			
Current	11,111,646	30,501	11,081,145
1-30 days	1,620,517	18,860	1,601,657
31-90 days	359,791	20,724	339,067
More than 90 days	578,089	141,675	436,414
	13,670,043	211,760	13,458,283
Credit impaired at the reporting date			
Individually impaired	-	-	-
	13,670,043	211,760	13,458,283
2022			
Current	7,518,756	2,250	7,516,506
1-30 days	2,633,097	3,796	2,629,301
31-90 days	1,041,936	34,219	1,007,717
More than 90 days	54,345	54,345	-
	11,248,134	94,610	11,153,524
Credit impaired at the reporting date			
Individually impaired	-	-	-
	11,248,134	94,610	11,153,524

- (g) The movements in the allowance for expected credit loss in respect of trade receivables during the financial year were as follows:-

	Group	
	2023 RM	2022 RM
At 1 January	94,610	103,117
Allowance recognised during the year		
- Collectively assessed	113,180	27,070
	207,790	130,187
Allowance reversed during the year		
- Collectively assessed	-	(39,625)
	207,790	90,562
Currency translation differences	3,970	4,048
	211,760	94,610
At 31 December	211,760	94,610

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

9. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade receivables	996,288	714,538	-	-
Deposits	1,422,395	1,443,984	-	-
Prepayment	334,348	2,774,435	5,180	1,729,114
Advance to supplier	10,955	221,905	-	-
GST/VAT receivables	466,767	300,116	-	-
	<u>3,230,753</u>	<u>5,454,978</u>	<u>5,180</u>	<u>1,729,114</u>

10. AMOUNT DUE FROM A SUBSIDIARY

	Company	
	2023 RM	2022 RM
Amount due from a subsidiary	<u>168,716</u>	<u>-</u>

The amount due from a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

11. DEPOSITS WITH LICENSED BANKS

The entire deposits with licensed banks of the Group are pledged as a security for bank guarantee facility granted to a subsidiary.

The average effective interest rates per annum for deposits with licensed banks of the Group ranging from 2.30% to 2.35% (2022: 1.60% to 2.35%) per annum.

The deposits with licensed banks are on fixed rate basis and will mature within 6 to 12 months (2022: 6 to 12 months) period.

12. SHARE CAPITAL

	Group and Company			
	2023 Number of shares	2023 RM	2022 Number of shares	2022 RM
Issued and fully paid up with no par value:-				
Ordinary shares				
At 1 January/31 December	<u>197,213,000</u>	<u>50,973,332</u>	<u>197,213,000</u>	<u>50,973,332</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

13. RESERVES

	Group	
	2023 RM	2022 RM
Merger deficit	(16,050,098)	(16,050,098)
Currency fluctuation reserve	4,053,237	3,840,842
Other reserve	(3,946,460)	(3,946,460)
	<u>(15,943,321)</u>	<u>(16,155,716)</u>

Merger deficit

The merger deficit arises from the difference between the purchase consideration and the carrying value of the share capital acquired under the pooling-of-interests method of consolidation. No acquisition of subsidiary during the year.

Currency fluctuation reserve

The currency fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Other reserve

Other reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries. No acquisition of subsidiary during the year.

14. BORROWINGS

	Group	
	2023 RM	2022 RM
<u>Non-current</u>		
Secured:-		
Term loan	<u>4,385,878</u>	<u>1,890,849</u>
<u>Current</u>		
Secured:-		
Account receivable financing	2,761,468	1,885,419
Term loan	<u>165,176</u>	<u>86,144</u>
	<u>2,926,644</u>	<u>1,971,563</u>
	<u>7,312,522</u>	<u>3,862,412</u>

The account receivable financing is charged at an effective interest rate ranging from 5.87% to 9.29% (2022: 2.98% to 11.19%) per annum and is denominated in Singapore Dollar.

The term loans bear interest at the rate of 4.45% (2022: 4.20%) per annum and is denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

14. BORROWINGS (CONT'D)

The banking facilities of the Group are secured against the following:-

- Corporate guarantee of SGD3,028,000 (approximately RM10,532,174) and RM4,829,508 (2022: SGD3,028,000 (approximately RM9,947,586) and RM2,169,508);
- First floating charge over the receivables of MTP amounted to RM5,397,616 (2022: RM5,332,048);
- Jointly and severally guaranteed by certain Directors; and
- Fixed charge over certain land and building of the Group (see Note 3).

15. TRADE PAYABLES

	Group	
	2023	2022
	RM	RM
Third parties	5,824,081	3,873,814

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables ranging from cash term to 180 days (2022: cash term to 120 days).

16. OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-trade payables	2,304,115	1,255,902	2,820	55,329
Amount due to a corporate shareholder	1,152	-	-	-
Amount due to Directors	990,530	1,314,080	-	-
Accruals of expenses	2,168,044	2,380,133	174,700	164,500
GST/VAT payable	79,103	3,739	-	-
	<u>5,542,944</u>	<u>4,953,854</u>	<u>177,520</u>	<u>219,829</u>

Included in the amount due to Directors is loan from a Director of the Company and loan from a Director of a subsidiary company. The loans are unsecured, bear effective interest rate at 4.50% per annum and repayable on demand.

17. REVENUE

Revenue of the Group represents invoiced sales to customers for precision cleaning of plastic and metal components, clean bulk packing services, surface treatment and finishing services of metal parts for electrical and electronic industries and related services excluding sales and services tax, goods and services tax and value-added tax.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

17. REVENUE (CONT'D)

17.1 Disaggregation of MFRS 15 revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition in the following table:-

Group	2023 RM	2022 RM
Major products/service lines		
Surface treatment and precision cleaning	47,835,769	52,372,813
Primary geographical markets		
Malaysia	12,656,247	13,133,476
Singapore	34,794,760	36,271,947
The People's Republic of China	97,060	1,261,877
Thailand	-	89,346
Others	287,702	1,616,167
	47,835,769	52,372,813
Timing of revenue recognition		
Products and services transferred at a point in time		
- Sale of goods and services	47,835,769	52,372,813

17.2 Contract balances

Trade receivables represents the entire contract balances as at 31 December 2023 and 31 December 2022. Trade receivables are non-interest bearing and are generally on terms of cash term to 120 days (2022: cash term to 210 days). In 2023, RM211,760 (2022: RM94,610) was recognised as allowance for expected credit losses on trade receivables.

17.3 Performance obligations

The performance obligation for surface treatment and precision cleaning service is satisfied upon delivery of the processed items and payment is generally due within cash term to 120 days from delivery. Some contracts provide customers with a right of return as general assurance for high quality services, which give rise to variable consideration.

There was no unsatisfied performance obligations as at the end of the reporting period and therefore no transaction price allocated to unsatisfied performance obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

18. LOSS BEFORE TAX

Loss before tax has been determined after charging/(crediting), amongst other, the following items:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration related to:-				
Statutory audits				
- Grant Thornton Malaysia PLT	216,000	195,000	144,000	129,000
- Other auditors	118,033	113,572	-	-
Assurance-related services				
- Grant Thornton Malaysia PLT	165,000	10,000	165,000	10,000
Allowance for impairment loss on trade receivables	113,180	27,070	-	-
Interest expenses:-				
- Lease liabilities	207,660	330,573	-	-
- Account receivable financing	212,705	145,822	-	-
- Directors	38,259	19,955	-	-
- Term loan	114,401	72,259	-	-
Realised gain on foreign exchange	(5,333)	(78,115)	-	-
Interest income:-				
- deposits with licensed banks	(12,147)	(13,194)	-	-
- bank balances	(791)	(800)	(15)	(44)
Net unrealised loss/(gain) on foreign exchange	56,215	236,245	(10,183)	(171,673)
Loss on disposal of a subsidiary	-	547,547	-	-
(Gain)/Loss on deregistration of subsidiaries	-	(1,884,307)	-	1
Impairment loss on property, plant and equipment	291,212	56,413	-	-
Impairment loss on investment in subsidiaries	-	-	-	3,884,000
Gain on termination of lease	(6,785)	-	-	-
Property, plant and equipment written off	-	44	-	-
Reversal of impairment loss on trade receivables	-	(39,625)	-	-
Gain on derecognition of lease liability	(100,639)	(105,423)	-	-
Scrap sales income	(8,254)	(68,112)	-	-
Depreciation:-				
- Right-of-use assets	3,254,868	3,511,101	-	-
- Property, plant and equipment	1,691,838	1,986,069	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

19. TAX (INCOME)/EXPENSE

Tax recognised in profit or loss

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Tax income for the year:-				
Malaysian income tax	-	10,850	-	-
Over provision of tax in prior financial year	(5,350)	(24,941)	-	-
	<u>(5,350)</u>	<u>(14,091)</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 6):-				
Origination and reversal of temporary differences	(591,724)	(22,197)	-	-
Benefits from previously unrecognised temporary differences	179,458	-	-	-
(Over)/Under provision of deferred tax in prior financial year	(30,223)	215,449	-	-
	<u>(442,489)</u>	<u>193,252</u>	<u>-</u>	<u>-</u>
	<u>(447,839)</u>	<u>179,161</u>	<u>-</u>	<u>-</u>

Reconciliation of tax (income)/expense

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax	<u>(5,329,880)</u>	<u>(3,091,527)</u>	<u>(1,518,136)</u>	<u>(4,391,710)</u>
Tax at Malaysian statutory tax rate of 24%	(1,279,171)	(741,966)	(364,353)	(1,054,010)
Effect of different tax rates in foreign jurisdictions	(192,714)	(669,257)	-	-
Tax effects in respect of:-				
Expenses not deductible for tax	2,626,708	1,364,542	366,797	1,095,222
Income not subject to tax	(1,824,310)	(257,769)	(2,444)	(41,212)
Deferred tax assets not recognised	387,829	293,103	-	-
Over provision of tax in prior financial year	(5,350)	(24,941)	-	-
(Over)/Under provision of deferred tax in prior financial year	(30,223)	215,449	-	-
Utilisation of previously unrecognised deferred tax assets	(29,817)	-	-	-
Utilisation of group relief	(100,791)	-	-	-
	<u>(447,839)</u>	<u>179,161</u>	<u>-</u>	<u>-</u>

Tax expense for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

20. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023 RM	2022 RM
Salaries, wages and other emoluments	21,709,347	25,729,716
Defined contribution plan	1,146,952	1,278,355
Other staff related expenses	833,758	828,262
	<u>23,690,057</u>	<u>27,836,333</u>

Included in the staff costs is the Directors' remunerations and key management personnel emoluments as below:-

	Group	
	2023 RM	2022 RM
Executive Directors:-		
Salaries and other emoluments	812,641	758,740
Bonus	-	9,532
Fees	48,000	48,000
Defined contribution plans	73,369	68,198
Total Executive Directors' remunerations	<u>934,010</u>	<u>884,470</u>
Non-Executive Directors:-		
Fees	<u>208,000</u>	<u>226,000</u>
Total Non-Executive Directors' remunerations	<u>208,000</u>	<u>226,000</u>
Total	<u>1,142,010</u>	<u>1,110,470</u>
Key management personnel:-		
Salaries and other emoluments	1,840,972	1,791,400
Defined contribution plan	123,251	101,534
Total	<u>1,964,223</u>	<u>1,892,934</u>

	Company	
	2023 RM	2022 RM
Executive Directors:-		
Fees	48,000	48,000
Non-Executive Directors:-		
Fees	<u>208,000</u>	<u>226,000</u>
Total	<u>256,000</u>	<u>274,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

21. LONG TERM INCENTIVE PLAN ("LTIP") AND EMPLOYEES' SHARE OPTION SCHEME

The Company's LTIP is governed by the By-Laws which were approved by the shareholders at Extraordinary General Meeting held on 20 June 2017. The LTIP shall be in force for a period of ten (10) years commencing from 30 October 2017 and will be expired on 29 October 2027.

The salient feature of the LTIP are as follows:-

- (1) the maximum number of new shares of the Company which may be issued and allotted pursuant to the exercise of the share options shall not exceed in aggregate thirty per cent (30%) of the total issued and paid-up share capital of the Company (excluding any treasury shares) at any point of time during the duration of the LTIP.
- (2) any employee (including Executive and Non-Executive Directors) shall be eligible to participate in the LTIP if as at the date of offer, that person is at least eighteen (18) years of age or above and is employed full time.
- (3) not more than ten per cent (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the LTIP should be allocated to any individual Director or employee who, either single or collectively through his/her associates, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company.
- (4) the option price shall be based on the 5-day volume weighted average market price of the Company's shares, immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by relevant authorities and/or any other relevant authorities from time to time during the duration of the LTIP or the par value of the Company's share.
- (5) the options shall not vary any voting rights at any general meeting of the Company and shall not be entitled to any dividends, rights and/or other distributions.
- (6) the new shares to be allotted and issued upon exercise of any option shall upon allotment rank pari passu in all respects with the existing shares of the Company.

The LTIP has not been granted as at 31 December 2023.

22. LOSS PER SHARE

Group

Basic loss per share

Basic loss per share is calculated by dividing the net loss for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2023 RM	2022 RM
Loss attributable to ordinary equity holders of the Company	(4,099,321)	(2,984,405)
	2023 Units	2022 Units
Weighted average number of ordinary shares in issue	197,213,000	197,213,000
Basic loss per ordinary share (sen)	(2.08)	(1.51)

Diluted loss per share

Diluted loss per share is not computed as there were no potentially dilutive equity instrument in issue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

23. COMMITMENTS

Commitments on rental expense are as follows:-

	Group	
	2023 RM	2022 RM
Within one year	92,601	57,524

24. SEGMENT INFORMATION

(i) Business segment

Management currently identifies the Group's surface treatment and precision cleaning as operating segment. This operating segment is monitored and strategic decisions is made on the basis of adjusted segment operating results. The following summary describes the operation in each of the Group's reportable segment:-

Surface treatment and precision cleaning : Surface treatment, precision cleaning, clean bulk pack and related services mainly in the hard disk drive & consumer electronics industries.

Others : Investment holding

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the services.

Transfer prices between operating segment is on negotiated basis.

	Surface treatment and precision cleaning RM	Others RM	Adjustments and eliminations RM	Total RM
2023				
Revenue:-				
External customers	47,835,769	-		47,835,769
Inter segment	13,519,184	659,512	(14,178,696)	-
Total revenue	61,354,953	659,512	(14,178,696)	47,835,769
Income/(expenses):-				
Interest income	12,923	15	-	12,938
Interest expenses	(573,025)	-	-	(573,025)
Depreciation of property, plant and equipment	(1,687,203)	(4,635)	-	(1,691,838)
Depreciation of right-of-use assets	(3,254,868)	-	-	(3,254,868)
Impairment loss on property, plant and equipment	(291,212)	-	-	(291,212)
Tax income	447,839	-	-	447,839
Segment (loss)/profit	(4,194,974)	393,470	-	(3,801,504)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

24. SEGMENT INFORMATION (CONT'D)

(i) Business segment (Cont'd)

	Surface treatment and precision cleaning RM	Others RM	Adjustments and eliminations RM	Total RM
<u>2022</u>				
Revenue:-				
External customers	52,372,813	-	-	52,372,813
Inter segment	14,989,883	683,745	(15,673,628)	-
Total revenue	67,362,696	683,745	(15,673,628)	52,372,813
Income/(expenses):-				
Interest income	13,950	44	-	13,994
Interest expenses	(568,609)	-	-	(568,609)
Depreciation of property, plant and equipment	(1,981,341)	(4,728)	-	(1,986,069)
Depreciation of right-of-use assets	(3,511,101)	-	-	(3,511,101)
Impairment loss on property, plant and equipment	(56,413)	-	-	(56,413)
Tax expenses	(179,161)	-	-	(179,161)
Segment (loss)/profit	<u>(2,430,439)</u>	<u>18,338</u>	<u>-</u>	<u>(2,412,101)</u>

Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Certain administrative expenses have not been disclosed by segment as they are also managed on a group basis and are not provided to the chief operating decision maker at the operating segment level.

Reconciliation of loss

	2023 RM	2022 RM
Segment loss:-		
- Surface treatment and precision cleaning	(4,194,974)	(2,430,439)
- Others	393,470	18,338
	(3,801,504)	(2,412,101)
Administrative expenses	(1,528,376)	(679,426)
Loss before tax	<u>(5,329,880)</u>	<u>(3,091,527)</u>

It was not practicable to separate out the segment assets and liabilities for its business segments as the assets and liabilities were jointly used by the business segments

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

24. SEGMENT INFORMATION (CONT'D)

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	2023		2022	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia	12,656,247	16,074,071	13,133,476	17,224,619
Singapore	34,794,760	3,009,544	36,271,947	4,513,593
The People's Republic of China	97,060	-	1,261,877	636,540
Thailand	-	1,099,431	89,346	1,385,917
Other	287,702	-	1,616,167	-
	<u>47,835,769</u>	<u>20,183,046</u>	<u>52,372,813</u>	<u>23,760,669</u>

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2023 RM	2022 RM
Property, plant and equipment	16,177,213	16,886,242
Right-of-use assets	3,254,724	6,194,391
Deferred tax assets	751,109	680,036
	<u>20,183,046</u>	<u>23,760,669</u>

(iii) Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

Customer A	Segment	Revenue	
		2023 RM	2022 RM
	Surface treatment and precision cleaning	<u>16,958,710</u>	<u>18,001,042</u>

25. RELATED PARTY DISCLOSURES

(a) The transactions of the Group with the related parties are as follows:-

Group	2023 RM	2022 RM
Sales to a corporate shareholder	1,285,349	152,852
Purchase from a corporate shareholder	66,579	-
Service from a corporate shareholder	104,775	-
Interest charged by Directors	38,259	19,955
Loan from Directors	6,467,819	1,314,080
Liability paid on behalf of company in which a Director has significant financial interest	1,354,400	-
Services provided to company in which a Director has significant financial interest	<u>1,266,025</u>	<u>769,224</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

25. RELATED PARTY DISCLOSURES (CONT'D)

- (b) The remuneration of Directors and other key management personnel are disclosed in Note 20 to the Financial Statements. Other key management personnel comprise persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entities that provides key management personnel services to the Group.
- (c) The terms and conditions of the outstanding balances arising from related party transactions are disclosed in Notes 8, 10 and 16 to the Financial Statements.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC"):-

Group	Carrying amount RM	AC RM
<u>2023</u>		
Financial assets		
Trade receivables	13,458,283	13,458,283
Other receivables	3,230,753	2,418,683
Deposits with licensed banks	575,223	575,223
Cash and bank balances	3,971,510	3,971,510
Total	21,235,769	20,423,699
Financial liabilities		
Trade payables	5,824,081	5,824,081
Other payables	5,542,944	5,463,841
Borrowings	7,312,522	7,312,522
Total	18,679,547	18,600,444
Company		
<u>2023</u>		
Financial assets		
Other receivables	5,180	-
Amount due from a subsidiary	168,716	168,716
Cash and bank balances	93,019	93,019
Total	266,915	261,735
Financial liability		
Other payables	177,520	177,520
Total	177,520	177,520

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC") (Cont'd):-

Group	Carrying amount RM	AC RM
<u>2022</u>		
Financial assets		
Trade receivables	11,153,524	11,153,524
Other receivables	5,454,978	2,158,522
Deposits with licensed banks	563,076	563,076
Cash and bank balances	3,011,548	3,011,548
Total	20,183,126	16,886,670
Financial liabilities		
Trade payables	3,873,814	3,873,814
Other payables	4,953,854	4,950,115
Borrowings	3,862,412	3,862,412
Total	12,690,080	12,686,341
Company		
<u>2022</u>		
Financial assets		
Other receivables	1,729,114	-
Cash and bank balances	97,723	97,723
Total	1,826,837	97,723
Financial liability		
Other payables	219,829	219,829
Total	219,829	219,829

Net gains/(losses) arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net gain/(losses) on:-				
- Financial assets categorised as AC	(94,909)	104,664	10,198	44
- Financial liabilities categorised as AC	(421,580)	(474,281)	-	171,673

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Included in gain/(losses) on financial instruments measured at amortised cost are:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total interest income for financial assets as AC	12,938	13,994	15	44
Total interest expense for financial liabilities as AC	(365,365)	(238,036)	-	-

The Board of Directors meet periodically to analyse and formulate measures to manage the Group's exposure to credit risk, liquidity risk, interest rate risk and currency risk. Generally, the Group employs a conservative strategy regarding its risk management.

At reporting date, the Group's financial instruments mainly consist of cash and cash equivalents, borrowings, receivables and payables.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange except as stated below.

26.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the Group's policy to enter into transactions with diverse credit worthy counterparties.

The Group and the Company are exposed to credit risk primarily from trade and other receivables and cash and bank balances with financial institutions.

The Group has concentration of credit risk from trade receivables and are disclosed in Note 8(d) to the financial statements.

The Company provides unsecured advances to a subsidiary. The Company monitors the ability of the subsidiary to repay the loans and advances on an individual basis. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts of the subsidiary in the statements of financial position. Advances provided are not secured by any collateral or supported by any other enhancements.

Generally, the Company considers balances with subsidiary has low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the intercompany balance when they are payable, the Company considers the balances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when the subsidiary is unlikely to repay its balances to the Company in full. At the end of the reporting period, the Company did not recognise any allowance for impairment loss other than amount disclosed in Note 10.

Credit risks on other receivables are mainly arising from sundry receivable and deposit. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. The Group does not consider it is necessary to recognise any allowance for impairment losses.

Deposits with licensed banks and balances with banks is held with financial institutions of good standing.

The Company provides unsecured financial guarantees to banks in respect of the borrowings granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

For financial guarantees, the maximum exposure to credit risk is amounted to RM7,312,521 (2022: RM3,862,412), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

26.1 Credit risk (Cont'd)

26.1.1 Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Classes of financial assets:-				
Trade receivables	13,458,283	11,153,524	-	-
Other receivables	2,418,683	2,158,522	-	-
Deposits with licensed banks	575,223	563,076	-	-
Amount due from a subsidiary	-	-	168,716	-
Cash and bank balances	3,971,510	3,011,548	93,019	97,723
Carrying amount	20,423,699	16,886,670	261,735	97,723

The Group continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

26.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group and the Company manage their liquidity risk by ensuring the availability of adequate funds to meet all their obligations in a timely and cost-effective manner.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities:-

	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM
2023					
Group					
Trade payables	5,824,081	5,824,081	5,824,081	-	-
Other payables	5,463,841	5,463,841	5,463,841	-	-
Borrowings (secured)	7,312,522	9,464,522	3,125,824	1,654,248	4,684,450
Lease liabilities	3,453,640	3,602,806	2,591,505	1,011,301	-
Total undiscounted financial liabilities	22,054,084	24,355,250	17,005,251	2,665,549	4,684,450
Financial guarantee*	-	300,000	300,000	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

26.2 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (Cont'd):-

	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM
2023					
Company					
Other payables	177,520	177,520	177,520	-	-
Total undiscounted financial liabilities	177,520	177,520	177,520	-	-
Financial guarantee*	-	15,361,682	15,361,682	-	-
2022					
Group					
Trade payables	3,873,814	3,873,814	3,873,814	-	-
Other payables	4,950,115	4,950,115	4,950,115	-	-
Borrowings (secured)	3,862,412	4,620,341	2,052,951	670,128	1,897,262
Lease liabilities	6,382,088	6,699,172	3,448,111	3,251,061	-
Total undiscounted financial liabilities	19,068,429	20,143,442	14,324,991	3,921,189	1,897,262
Financial guarantee*	-	300,000	300,000	-	-
Company					
Other payables	219,829	219,829	219,829	-	-
Total undiscounted financial liabilities	219,829	219,829	219,829	-	-
Financial guarantee*	-	12,117,094	12,117,094	-	-

* The exposure to liquidity risk is included for illustration purpose only as the related financial guarantee has not crystallised as at the end of the reporting period. The amount represents the maximum amount of the Group and of the Company has guaranteed under the respective contracts. They are allocated to the earliest date they can be drawn down, irrespective of whether it is likely that those guarantees will be drawn or the amount that is expected to be paid.

The financial guarantee of the Group and of the Company includes bank guarantee given to the Royal Malaysian Customs Department and corporate guarantees to secure the banking facilities.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

26.3 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instrument of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowings at variable rates are exposed to the risk of change in cash flow due to changes in interest rate.

Interest rate sensitive analysis

As at financial year end, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

	Group	
	2023	2022
	RM	RM
Fixed rate instruments		
<u>Financial asset</u>		
Deposits with licensed banks	575,223	563,076
<u>Financial liability</u>		
Other payable	(990,530)	(1,314,080)
Net financial liability	<u>(415,307)</u>	<u>(751,004)</u>
Floating rate instrument		
<u>Financial liability</u>		
Borrowings	(7,312,522)	(3,862,412)
Net financial liability	<u>(7,312,522)</u>	<u>(3,862,412)</u>

The following table illustrates the sensitivity of loss to a reasonably possible change in interest rates of +/-25 (2022: +/-100) basis point ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	2023	2022
	RM	RM
<u>Effect on loss for the year</u>		
+25bp (2022: +100bp)	18,281	38,624
- 25bp (2022: -100bp)	<u>(18,281)</u>	<u>(38,624)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

26.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates and sells its products/services in Malaysia, Singapore, Thailand and People's Republic of China and transacts in foreign currencies mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Renminbi ("RMB") and Euro Dollar ("EUR"). As a result, the Group is exposed to movements in foreign currency exchange rates.

The Group monitors its currency risk closely and where appropriate, enters into currency forward contracts to manage currency exposure.

The Group does not hedge its currency risk of its investments in overseas subsidiaries. Such investments are long term in nature and therefore not feasible and economical to hedge.

The Group's currency exposure based on information provided is as follows:-

	USD RM	RMB RM	SGD RM	EUR RM
<u>2023</u>				
Financial assets				
Trade receivables	2,989,675	-	1,289,273	-
Cash and bank balances	163,416	-	1,532	-
	<u>3,153,091</u>	<u>-</u>	<u>1,290,805</u>	<u>-</u>
Financial liabilities				
Trade payables	(491,964)	-	(441,895)	(153,740)
Other payables	-	(328,920)	(1,152)	-
	<u>(491,964)</u>	<u>(328,920)</u>	<u>(443,047)</u>	<u>(153,740)</u>
Net currency exposure	<u>2,661,127</u>	<u>(328,920)</u>	<u>847,758</u>	<u>(153,740)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

26.4 Currency risk (Cont'd)

The Group's currency exposure based on information provided is as follows (Cont'd):-

	USD RM	RMB RM	SGD RM	EUR RM
<u>2022</u>				
Financial assets				
Trade receivables	2,414,021	-	121,240	-
Other receivables	-	-	359,644	189,362
Cash and bank balances	420,657	-	5,000	-
	<u>2,834,678</u>	<u>-</u>	<u>485,884</u>	<u>189,362</u>
Financial liabilities				
Trade payables	-	-	(95,634)	(70,314)
Other payables	-	-	(7,058)	-
	<u>-</u>	<u>-</u>	<u>(102,692)</u>	<u>(70,314)</u>
Net currency exposure	<u>2,834,678</u>	<u>-</u>	<u>383,192</u>	<u>119,048</u>

The Company's currency exposure based on information provided is as follows:-

	SGD RM
<u>2023</u>	
Financial asset	
Amount due from a subsidiary	<u>168,716</u>
	<u>168,716</u>
Net currency exposure	<u>168,716</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2023

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Sensitivity analysis

Group

The following table demonstrates the sensitivity of the Group's loss for the financial year to a reasonably possible change in the USD, RMB, SGD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease)			
	2023		2022	
	Loss after tax RM	Equity RM	Loss after tax RM	Equity RM
USD - strengthened 7% (2022: 7%)	(186,279)	186,279	(198,427)	198,427
- weakened 7% (2022: 7%)	186,279	(186,279)	198,427	(198,427)
RMB - strengthened 7% (2022: Nil%)	23,024	(23,024)	-	-
- weakened 7% (2022: Nil%)	(23,024)	23,024	-	-
SGD - strengthened 7% (2022: 7%)	(59,343)	59,343	(26,823)	26,823
- weakened 7% (2022: 7%)	59,343	(59,343)	26,823	(26,823)
EUR - strengthened 7% (2022: 7%)	10,762	(10,762)	(8,333)	8,333
- weakened 7% (2022: 7%)	(10,762)	10,762	8,333	(8,333)

Company

The following table demonstrates the sensitivity of the Company's loss for the financial year to a reasonably possible change in the SGD exchange rates against the respective functional currencies, with all other variables held constant.

	Increase/(Decrease)			
	2023		2022	
	Loss after tax RM	Equity RM	Loss after tax RM	Equity RM
SGD - strengthened 7% (2022: Nil%)	(11,979)	11,979	-	-
- weakened 7% (2022: Nil%)	11,979	(11,979)	-	-

27. FAIR VALUES MEASUREMENT

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value hierarchy

As at the end of the reporting period, the Group and the Company have no financial instruments that are measured subsequent to initial recognition at fair value and hence fair value hierarchy is not presented.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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28. CAPITAL MANAGEMENT

The primary capital management objective of the Group is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objective in the financial years ended 2023 and 2022.

The Group manage their capital by regularly monitoring their current and expected liquidity requirement and modify the combination of equity and financing from time to time to meet the need. Capital of the Group areas follows:-

	Group	
	2023	2022
	RM	RM
Borrowings and lease liabilities*	<u>7,312,522</u>	<u>3,942,826</u>
Total equity	<u>20,734,804</u>	<u>25,404,450</u>
Debt-to-equity ratio	<u>0.35</u>	<u>0.16</u>

* Including borrowings and lease liabilities owing to financial institutions

LIST OF PROPERTIES

Registered owner	Location	Description/ Existing use	Date of certificate of fitness/ Year of Acquisition	Approximate age of building years/Tenure	Land/area built-up area sq.ft.	Audited net book value as at 31-Dec-23 RM '000
MClean Technologies (M) Sdn. Bhd.	No 12, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 26 Dec 2019	25	14,402.10	2,078
DWZ Industries Sdn. Bhd.	No 30, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	17 Jan 2006 / 21 Feb 2006	18	12,604.53	1,768
DWZ Industries Sdn. Bhd.	No 20, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Spray painting]	30 Jan 1999 / 26 Sep 2007	25	9,601.40	1,346
DWZ Industries Sdn. Bhd.	No 22, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Inspection, packing & storage]	30 Jan 1999 / 9 May 2011	25	9,601.40	1,330
DWZ Industries Sdn. Bhd.	No 25, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 31 Mar 1998	25	10,505.57	1,527
DWZ Industries Sdn. Bhd.	No 27, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 31 Mar 1998	25	8,998.62	1,312
DWZ Industries Sdn. Bhd.	No 30, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Inspection, packing & storage]	30 Jan 1999 / 30 Jun 2011	25	10,796.20	1,498

ANALYSIS OF SHAREHOLDINGS AS AT 01 APRIL 2024

Issued and fully paid-up capital	:	RM50,923,332.00 comprising 197,213,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share
Number of shareholders	:	2,352

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	11	183	0.467
100 – 1,000	301	189,313	12.797
1,001 – 10,000	1,021	6,129,500	43.409
10,001 – 100,000	902	31,147,100	38.350
100,001 – less than 5% of issued shares	113	44,337,062	4.804
5% of issued shares and above	4	115,409,842	0.170
TOTAL	2,352	197,213,000	100.000

LIST OF SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)
(Holding 5% or more of the share capital)

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Décor Industries Pte. Ltd.	51,728,000	26.23	-	-
JCS Group Pte. Ltd.	38,747,942	19.65	-	-
Yeo Hock Huat	10,117,000	5.13	39,748,004 ^[1]	20.15
Lim Han Kiau	80,000	0.04	51,728,000 ^[2]	26.23
DGC Holdings Pte Ltd	-	-	51,728,000 ^[2]	26.23
Yeo Seow Lai	600,062	0.30	10,517,000 ^[3]	5.33
Yeo Lian Cheng	400,000	0.20	10,717,062 ^[4]	5.43

Notes:

- 1 Deemed interest by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholdings in JCS Group Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- 2 Deemed interest by virtue of its shareholding in Decor Industries Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- 3 Deemed interest by virtue of the shareholdings of her siblings, Yeo Hock Huat and Yeo Lian Cheng pursuant to Section 8 of the Companies Act 2016.
- 4 Deemed interest by virtue of the shareholdings of her siblings, Yeo Seow Lai and Yeo Hock Huat pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings)

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Yeo Hock Huat	10,117,000	5.13	39,748,004 ^[1]	20.15
Lim Han Kiau	80,000	0.04	51,728,000 ^[2]	26.23
Dr. Danny Oh Beng Teck	-	-	-	-
Dr. Goh Kwee Keng	-	-	-	-
Siti Haliza Binti Md. Taib	-	-	-	-
Yeo Seow Lai (f)	600,062	0.30	10,517,000 ^[3]	5.33

Notes:

- 1 Deemed interest by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholdings in JCS Group Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- 2 Deemed interest by virtue of his shareholdings in Decor Industries Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- 3 Deemed interest by virtue of the shareholdings of her siblings, Yeo Hock Huat and Yeo Lian Cheng pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 01 APRIL 2024

LIST OF 30 LARGEST SHAREHOLDERS REGISTERED

(Based on Record of Depositories)

Name	No. of shares	%
1. UOB KAY HIAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	54,164,900	27.47
2. JCS GROUP PTE LTD	38,747,942	19.65
3. CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD. EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (RETAIL CLIENTS)	12,380,000	6.28
4. YEO HOCK HUAT	10,117,000	5.13
5. HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	5,158,600	2.62
6. HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CACEIS BANK (SW-CSG-FGN)	4,000,000	2.03
7. DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (ASING WM CLT)	2,433,100	1.23
8. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KARAMJIT KAUR A/P PALL SINGH (E-KLC)	2,147,100	1.09
9. CHIN CHIN SEONG	1,838,800	0.93
10. SEE MOK LEAN	1,110,400	0.56
11. NG TIONG SEW	1,069,700	0.54
12. OOI ENG BEE	970,000	0.49
13. CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	840,000	0.43
14. FAMI TAUFEQ BIN FAKARUDIN	759,600	0.39
15. KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JULIAN CHEAH WAI MENG	737,800	0.37
16. HENG JOOI HUI	732,400	0.37
17. YEO SEOW LAI	600,062	0.30
18. KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR SOLEHAN BIN SALIKIN	550,000	0.28
19. CHAI MIN YEW	500,000	0.25
20. LAI WEI LIM	500,000	0.25
21. TEOH KIM GUAN	452,200	0.23
22. HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE CHIAH CHEANG	439,300	0.22
23. LOKE PEK YOKE	420,000	0.21
24. KHOO GEIK SEE	405,200	0.21
25. CHOW JIECHAN	400,000	0.20
26. KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR LIM KUEE POH	400,000	0.20
27. KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MARTIN PAU KIN LOONG	400,000	0.20
28. MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK SECURITIES PTE LTD FOR YEO EK MENG	400,000	0.20
29. YEO LIAN CHENG	400,000	0.20
30. KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAI BIT TZE	366,100	0.19
TOTAL	143,440,204	72.73

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of MClean Technologies Berhad (“the Company” or “MClean”) will be conducted entirely through live streaming from the broadcast venue at **Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur, Malaysia** (“Broadcast Venue”) on **Thursday, 30 May 2024 at 10.00 a.m.** to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note)*
2. To re-elect the following directors who retire by rotation in accordance with the Company’s Constitution and being eligible, offer themselves for re-election.
 - a. Yeo Hock Huat – Clause 76(3) *(Resolution 1)*
 - b. Dr. Danny Oh Beng Teck – Clause 78 *(Resolution 2)*
 - c. Dr. Goh Kwee Keng – Clause 78 *(Resolution 3)*
 - d. Siti Haliza Binti Md. Taib – Clause 78 *(Resolution 4)*
3. To approve the payment of Directors’ Fees amounting to RM238,000 for the financial year ending 31 December 2024. *(Resolution 5)*
4. To approve the payment of Directors’ benefits for the financial year ending 31 December 2025 at the capping amount of RM80,000. *(Resolution 6)*
5. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. *(Resolution 7)*

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** *(Resolution 8)*

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, and the approval of the relevant regulatory authorities (if any), the Directors be and hereby authorised to allot shares in the Company, from time to time, at such price upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may be in their absolute direction deem fit provided that the aggregate number of shares to be allotted during the preceding 12 months does not exceed the percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS (CONT'D)

7. PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL MANDATE")

"THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with:

- 7.1 Décor Industries Pte Ltd
- 7.2 JCS Biotech Pte Ltd
- 7.3 DW Clean Tech Pte Ltd

(Resolution 9)
(Resolution 10)
(Resolution 11)

(collectively herein referred as "**Related Parties**")

The authorisation with the Related Parties as set out in Section 2.3 of the Circular to Shareholders dated 29 April 2024 is provided that such transactions are:

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and 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
- (c) are not prejudicial to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM at which the Proposed Renewal Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) and (2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by shareholders in a general meeting, whichever is the earliest;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal Mandate."

8. To transact any other ordinary business of which due Notice has been given.

By Order of the Board
MCLEAN TECHNOLOGIES BERHAD

MS. WONG CHEE YIN (MAICSA 7023530)
(SSM Practicing Certificate No. 202008001953)
Company Secretaries
Johor Bahru

Date: 29 April 2024

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES:

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend this 14th Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 23 May 2024 (Thursday)**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES: (CONT'D)

12. Last date and time for lodging this proxy form is **10.00 a.m. on Tuesday 28 May 2024**.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES:

ORDINARY BUSINESS:

1. **ITEM 1 OF THE AGENDA**
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Audited Financial Statements under this Agenda item is meant for discussion only as the provision of Section 248(1) and Section 340(1)(a) of the Companies Act 2016 (the "Act") does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting by shareholders of the Company.

2. **ITEM 2 OF THE AGENDA**
RESOLUTIONS 1, 2, 3 AND 4: RE-ELECTION OF DIRECTORS

Mr. Yeo Hock Huat is standing for re-election as Director of the Company and being eligible, have offered himself for re-election in accordance with Clause 76(3) of the Company's Constitution at the 14th Annual General Meeting.

Dr. Danny Oh Beng Teck, Dr. Goh Kwee Keng and Ms. Siti Haliza Binti Md. Taib are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election in accordance with Clause 78 of the Company's Constitution at the 14th Annual General Meeting.

The Board has through the Nominating Committee, had considered and assessed the retiring Directors and agreed that they meet the qualification of Directors as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Securities and have the character, experience, integrity, competence and time to effectively discharge their roles as Directors.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES: (CONT'D)

ORDINARY BUSINESS: (CONT'D)

3. ITEM 3 & 4 OF THE AGENDA RESPECTIVELY RESOLUTION 5: PAYMENT OF DIRECTORS' FEES RESOLUTION 6: PAYMENT OF DIRECTORS' BENEFITS

Section 230(1) of the Companies Act 2016 provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 14th AGM on the Directors’ remuneration in two (2) separate resolutions as below: -

- Resolution 5 on payment of Directors’ fees in respect of the current year 2024; and
- Resolution 6 on payment of Directors’ benefits for the financial year ending 31 December 2025 at the capping amount of RM80,000.

The payment of the Directors’ Fees in respect of the financial period ending 31 December 2024 will only be made if the proposed Resolution 5 has been passed at the 14th AGM pursuant to Clause 50 of the Company’s Constitution and Section 230(1) of the Companies Act 2016.

The estimated total amount of benefits under Resolution 6 was determined based on the various factors including the number of scheduled meetings for the Board and Board Committees as well as travelling claims and transportation allowance of the Directors. It is also subject to the changes in the regulatory requirements (if any) and foreign exchange rates fluctuation from time to time.

Payment of Directors’ benefits will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolution 6 has been passed at the 14th AGM. The Board is of the view that it is just and equitable for the Directors to be paid on immediately based on this manner particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the period from close of Annual General Meeting (“AGM”) on 30 May 2024 until the financial year ending 31 December 2025.

4. ITEM 5 OF THE AGENDA RESOLUTION 7: RE-APPOINTMENT OF AUDITORS

The Board has through the Audit Committee, considered the re-appointment of Grant Thornton Malaysia PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 14th Annual General Meeting are disclosed in the Audit Committee Report of the 2023 Annual Report.

SPECIAL BUSINESS:

1. ITEM 6 OF THE AGENDA RESOLUTION 8: AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES

This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 30 May 2023 (“the previous Mandate”). The previous Mandate was not utilized and accordingly no proceeds were raised therefrom. The Proposed Resolution 8 is proposed for the purpose of granting the renewed general mandate (“General Mandate”) and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue up to a maximum of 10% of the issued and paid-up share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting (“AGM”) or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a new mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders’ approval so as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES: (CONT'D)

SPECIAL BUSINESS: (CONT'D)

1. **ITEM 6 OF THE AGENDA**
RESOLUTION 8: AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES (CONT'D)

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 13th AGM held on 30 May 2023 and will lapse at the conclusion of the 14th AGM to be held on 30 May 2024. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

2. **ITEM 7 OF THE AGENDA**
ORDINARY RESOLUTIONS 9, 10 AND 11 : PROPOSED RENEWAL OF RRPT MANDATE

The purpose of this Ordinary Resolution 9, Resolution 10 and Resolution 11 if passed, will allow the Group to continue to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms that are not more favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 29 April 2024 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Further details of individuals who are standing for election as directors (excluding directors standing for a re-election):

There is no person seeking for election as Director of the Company at this Annual General Meeting.

ADMINISTRATIVE GUIDE

FOR THE 14TH ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

Date	:	Thursday, 30 May 2024
Time	:	10.00 a.m.
Broadcast Venue	:	Tricor Leadership Room Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia

MODE OF MEETING

The 14th Annual General Meeting (“14th AGM”) will be conducted on a **virtual basis through live streaming from the Broadcast Venue and online remote voting**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Corporations issued by the Securities Commission Malaysia on 18 April 2020, including the revised version that has been issued on 7 April 2022 and any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 14th AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 14th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>. Please refer to Procedure for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 14th AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to Procedure for RPV.

As the 14th AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the 14th AGM remotely using the RPV are to follow the requirements and procedures as summarized below:

Procedure	Action
BEFORE THE AGM DAY	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access to website at https://tiih.online. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b) Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Monday, 29 April 2024 until the day of 14th AGM which is on Thursday, 30 May 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 14th AGM to ascertain their eligibility to participate the 14th AGM using the RPV. Login with your user ID and password and select the corporate event: “(REGISTRATION) MCLEAN TECHNOLOGIES BERHAD 14th AGM” Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors dated 23 May 2024, the system will send you an e-mail after 28 May 2024 to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. <p>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the 14th AGM remotely).</p>

ADMINISTRATIVE GUIDE (CONT'D)

FOR THE 14TH ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

PROCEDURES FOR RPV (CONT'D)

Procedure		Action
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 14th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the AGM on Thursday, 30 May 2024 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) MCLEAN TECHNOLOGIES BERHAD 14th AGM” to engage in the proceedings of the 14th AGM remotely. If you have any question for the Chairman / Board, you may use the query box to transmit your question. The Chairman / Board will endeavor to respond to questions submitted by you during the 14th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Thursday, 30 May 2024 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) MCLEAN TECHNOLOGIES BERHAD 14th AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairperson on the closure of the 14th AGM, the live streaming will end.

Note to users of the RPV facilities:

- Should your application to join the meeting be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 14th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 28 May 2024 at 10.00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Procedure for Electronic Submission of Proxy Form.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Tuesday, 28 May 2024 at 10.00 a.m.** to participate via RPV in the 14th AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

ADMINISTRATIVE GUIDE (CONT'D)

FOR THE 14TH ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Tuesday, 28 May 2024 at 10.00 a.m.** to participate via RPV in the 14th AGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s TIIH Online website are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: “MCLEAN TECHNOLOGIES BERHAD 14th AGM -: Submission of Proxy Form”. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate exercise name: “MCLEAN TECHNOLOGIES BERHAD 14th AGM -: Submission of Proxy Form” • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: “MCLEAN TECHNOLOGIES BERHAD 14th AGM -: Submission of Proxy Form”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE GUIDE (CONT'D)

FOR THE 14TH ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

POLL VOTING

The voting at the 14th AGM will be conducted by poll in accordance with Rule 8.31A of Ace Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(es) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 10.00 a.m. on **Thursday, 30 May 2024** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the 14th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 14th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Tuesday, 28 May 2024** at 10.00 a.m. The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT / FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 14th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 14th AGM.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Contact persons : -

- 1) Mr Syafiqul Hafidz Bin Abdul Kadir +603-27839024
Email: Syafiqul.hafidz@my.tricorglobal.com
- 2) En Hayman Daniel Muadzim Bin Abd Khalid +603-27839145
Email: hayman.daniel@my.tricorglobal.com



CDS Account No.	
No. of shares held	

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____
being member(s) of **MCLEAN TECHNOLOGIES BERHAD** hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the **14th Annual General Meeting** of the Company to be held at **Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur, Malaysia on Thursday, 30 May 2024 at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	**FOR	**AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.			
Ordinary Business:				
2.	Re-election of Directors who retire by rotation in accordance with Clause 76(3) and Clause 78 of the Company's Constitution: -			
	2.1 Mr. Yeo Hock Huat	Resolution 1		
	2.2 Dr. Danny Oh Beng Teck	Resolution 2		
	2.3 Dr. Goh Kwee Keng	Resolution 3		
	2.4 Ms. Siti Haliza Binti Md. Taib	Resolution 4		
3.	Approval of Directors' fees for the financial year ending 31 December 2024.	Resolution 5		
4.	Approval of Directors' Benefits for the Board of the Company and its subsidiaries for the financial year ending 31 December 2025.	Resolution 6		
5.	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration.	Resolution 7		
Special Business:				
6.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Resolution 8		
7.	Proposed Renewal of the existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.			
	7.1 Décor Industries Pte Ltd	Resolution 9		
	7.2 JCS Biotech Pte Ltd	Resolution 10		
	7.3 DW Clean Tech Pte Ltd	Resolution 11		

***Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.*

Signed this _____ day of _____ 2024.

Signature***
Member

Contact No.:

- *** Manner of execution:
- (a) If you are an individual member, please sign where indicated.
 - (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
 - (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. IMPORTANT NOTICE

- The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **will not be allowed** to attend this 14th Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tjih.online>. **Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**
2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 23 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
 3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
 4. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
 5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
 6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
 7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
 8. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIH Online website at <https://tjih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
 9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - By electronic means
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tjih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIH Online.
 10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
 11. Last date and time for lodging this proxy form is **10.00 a.m. on Tuesday, 28 May 2024**.
 12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
 13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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The Share Registrar of

MCLEAN TECHNOLOGIES BERHAD
Tricor Investor & Issuing House Service Sdn. Bhd.
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8 Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia
Tel no.: +603 2783 9299
Fax no.: +603 2783 9222

Then fold here



MClean

MClean Technologies Berhad 201001009003 (893631-T)

Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia