IQ-group

IQ GROUP HOLDINGS BERHAD

(200301034523) (Company No: 636944-U)

annual report **2023**

IQ-group

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Chen, Wen-Chin
also known as Kent Chen

Managing Director / Chief Executive Officer
Daniel John Beasley

Executive Director
Chen, Yi-Chung

Senior Independent Non-Executive Director
Dato' Yoon Chon Leong

Independent Non-Executive Director
Tan Boon Hoe

Independent Non-Executive Director
Teresa Tan Siew Kuan

AUDIT COMMITTEE

Chairman
Tan Boon Hoe

Members
Dato' Yoon Chon Leong
Teresa Tan Siew Kuan

REMUNERATION COMMITTEE

Chairman
Dato' Yoon Chon Leong

Members
Tan Boon Hoe
Teresa Tan Siew Kuan

NOMINATION COMMITTEE

Chairman
Dato' Yoon Chon Leong

Members
Tan Boon Hoe
Teresa Tan Siew Kuan

COMPANY SECRETARIES

Chew Siew Cheng (MAICSA 7019191)
(SSM PC No. 202008001179)
Lim Choo Tan (LS 0008888)
(SSM PC No. 202008000713)

REGISTERED OFFICE

Suite A, Level 9
Wawasan Open University
54 Jalan Sultan Ahmad Shah
10050 Georgetown, Penang.
Telephone : 604-229 6318
Facsimile : 604-228 2118
tricor.penang@my.tricorglobal.com

HEAD/MANAGEMENT OFFICE

Plot 149, Jalan Sultan Azlan Shah
Taman Perindustrian Bayan Lepas
Fasa 1 (FTZ), Bayan Lepas
11900 Penang
Telephone : 604-644 6677
Facsimile : 604-644 9677
Email : headoffice@iq-group.com
Website : www.iq-group.com

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
1, Downing Street
10300 Penang
Telephone : 604-262 9441

Public Bank Berhad
5,7,9 & 11, Lorong Kampung Jawa
Bandar Bayan Baru
11900 Bayan Lepas, Penang
Telephone : 604-643 8200

EXTERNAL AUDITOR

Deloitte PLT *(LLP0010145-LCA & AF 0080)*
Level 12A, Hunza Tower
163E Jalan Kelawei
10250 Penang
Telephone : 604-294 5500

INTERNAL AUDITOR

KPMG Management & Risk Consulting Sdn. Bhd.
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang
Telephone : 604-238 2288

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone : 603-2783 9299
Facsimile : 603-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed on 10 October 2005)
Stock Name : IQGROUP
Stock Code : 5107

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS & OPERATIONS

IQ Group Holdings Berhad ("IQ-group" or "the Group") is an established global leader in the design and manufacture of lighting, security and convenience products. Working with some of the world's major retail and professional brands, we provide the technologies that ***detect***, ***illuminate*** & ***announce*** your arrival.

Throughout our 33 years history, we have built up an enviable reputation for design, innovation and quality within our core technologies, encompassing motion sensors, sensor lighting and wireless door entry products where the application of intelligence and connectivity are increasingly the norm.

We employ approximately 620 people globally. We boast manufacturing operations in Malaysia and China, plus offices in Taiwan, Japan and the United Kingdom.

IQ-group's corporate structure is as follows:-

IQ-group

IQ Group Holdings Berhad (IQGHB)

Investment holdings & provider of management services to subsidiaries

IQ GROUP SDN. BHD. (IQM) — 100%

Design & manufacture of Motion Sensors, Sensor Lighting and Wireless Door Entry products

IQ GROUP (DONGGUAN) LTD. (IQD) — 100%

- Design, manufacturing and sales of mould
- Providing Corporate management services to IQW
- Providing research and development services and technology transfer to IQW

IQ JAPAN CO., LTD. (IQJ) — 100%

Sales, Marketing & Distribution of Motion Sensors, Sensor Lighting and Wireless Door Entry products.

SILQ (MALAYSIA) SDN. BHD. — 100%

Dormant

IQ GROUP (WUNING) LTD. (IQW) — 100%

Manufacture and sales of sensor lighting, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances

IQ-group's portfolio of products includes:
- Stand-alone PIR Sensors
- Sensor Controlled Security Lighting
- Sensor Controlled Industrial Lighting
- General Lighting (Uncontrolled)
- Wireless Door Entry Products

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The breakdown of the Group's revenue by product category for the financial year ended 31 March 2023 are as follow:

Product Category	% of Total Gross Sales
Sensor Lighting	32
Standalone Motion Sensor	58
Wireless Door Entry products	10

The principal markets for the Group's products for the year ended 31 March 2023 are as follow:-

Country	% of Total Gross Sales
Continental Europe	49
United Kingdom	9
Japan	28
United States of America	11
Rest of the World	3

FINANCIAL OVERVIEW

Highlights of the Group Financial Information for the past five (5) years

Financial Year Ended 31 March	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM
Financial					
Revenue	141,349,973	119,575,485	133,066,859	127,480,488	132,755,497
Profit / (loss) before tax	(1,770,929)	(17,263,138)	3,365,479	(8,173,613)	8,908,663
Net profit/ (loss) after tax	(2,175,988)	(18,940,800)	2,992,756	(10,192,782)	7,146,045
Profit/ (loss) attributable to Owners of the Company	(2,175,988)	(18,940,800)	2,992,756	(10,192,782)	7,146,045
Shareholders' equity	140,156,397	122,140,229	125,695,348	120,280,158	124,319,747
Total assets	165,248,355	156,637,866	165,898,560	148,665,634	150,849,832
Return on Equity	-2%	-16%	2%	-8%	6%
Basic Earnings / (Loss) per share (sen)	(2.47)	(21.52)	3.40	(11.58)	8.12
Net assets per share	1.59	1.39	1.43	1.37	1.41
Dividend per share	-	-	-	-	-

Income Statement

For the financial year ended 31 March 2023, the Group recorded the revenue of RM132.8 million, an increase of 4.1% over the revenue of RM127.5million in the preceding year.

The Group registered a profit attributable to the Owners of the Company of RM7.15 million for FY22/23 as compared to loss of RM10.19 million in FY21/22. This increase in profit is mainly due to increase in revenue and profit margin as a result of favourable exchange rate on US Dollar against Ringgit Malaysia and Renminbi. Moreover, there is an one off gain on strike off of dormant subsidiary of RM1.92million in current year as compare to one off loss on strike off of dormant subsidiary of RM3.36million in preceding year.

With research and development being a key pillar to the success of IQ's business, we continue to invest heavily in this area with an estimated investment of RM7.3 million or equivalent to 5.5% of our Revenue.

As the Group operates its business internationally with exposure to foreign currency exchange risk, there is no assurance that significant changes in the exchange rate will not have material impact on future financial performance of the Group. To mitigate against the foreign currency exchange risk, the Group places a proportion of its export proceeds in foreign currency bank accounts to facilitate payments in the corresponding foreign currency. The Group will enter into foreign currency forward contracts to hedge against some foreign currency exposure when necessary.

Statement of Financial Position

The Group always strives to maintain a prudent financial structure in ensuring adequate capital is made available to meet its short and mid-term business plan.

The Group continues to maintain a healthy statement of financial position. As at 31 March 2023, the net assets of the Group stood at RM124.32 million with a net cash and bank balance of RM48.51million or RM0.55per share.

The Group's capital expenditure for the financial year ended 31 March 2023 was RM1.15 million as disclosed in note 13 (page 109) of the financial statements in this Annual Report. The investment was fully financed by internally generated funds.

OBJECTIVE AND STRATEGIES

We remain fully committed to achieving the objective for growth via furthering our relations with IQ-group's ODM customer base, as well as via the parallel strategy of progressing IQ-group's own-brand/own-destiny initiatives. This combination permits both certainty and opportunity within the ODM business, whilst presenting exciting possibilities as we pursue increasing breakthroughs under the own-brand/own-destiny focus areas.

This balanced strategy provides a confident ODM business, forming the foundation from which we can venture outward into areas which can permit scale, significant growth and brand establishment ….and where the overall potential drives enthusiasm, motivation and self-belief in what lays ahead.

CORPORATE DEVELOPMENT AND OPERATING REVIEW

Our prior initiatives in ensuring a low-cost manufacturing base from our operations in China, whilst offering non-China based manufacturing options via our Malaysian presence has served our interests well. With the USA being such an important part of our preparations and plans, IQ-group's ability to manufacture for this market from Malaysia has addressed both tariff and political perspectives alike and our current ramping of production in Malaysia for the USA market has ridden upon this prior preparation and readiness.

Business simplification always remains our target, with collective efforts continually focussed on achieving higher volume and lower mix business. Related breakthroughs permit enhanced management and efficiency optimisation regarding fixed costs …and this further drives our motivation in respect of own-brand/own destiny business, where progressive breakthroughs will increasingly deliver the targeted business simplification.

The earlier initiative of consolidating much of our historic manufacturing to our operation in Wuning, China, has proven to be very effective. The Wuning plant is skilfully managed, demonstrated via continued efficiency enhancements and the management and workforce have secured the confidence of IQ-group's customer base by successfully navigating through the entire Covid pandemic with the minimum of negative implications.

FORWARD-LOOKING STATEMENT

Having concluded FY22/23 with an encouraging Profit Before Tax position, we are buoyed by this result, especially in the midst of such unusual external conditions.

As stated in the recent quarterly report, we remain optimistic as we look forward …as in a world where energy costs and a global desire to reduce carbon footprints are subjects never far from the headlines… where corporations are actively expected and required to contribute towards 'sustainability'….and with these subjects brought into sharper focus as a result of political instabilities and challenging environmental targets, IQ-group's core competency in sensor related controls (with the obvious energy saving attributes) places both ourselves and our customers in a space of obvious, developing and continued opportunity.

As previously mentioned, parallels can also be drawn in the retail sector where alerted consumers strive to identify solutions which reduce their dependence on energy hungry products and equipment, where they are prompted to take control of future expenditure.

We are indeed very fortunate in that IQ-group has established such an enviable reputation of competence and quality within this industry and it is upon this basis and for this reason that relations with our ODM customers remain so strong, with a renewed post-covid vigour in our shared ambition for growth.

FORWARD-LOOKING STATEMENT (Cont'd)

IQ-group's competence also supports our continued endeavours in own-brand and retail initiatives where we continue to develop new and exciting solutions, targeting both established and additional customers/channels…. the results of which should become increasingly apparent in the USA where products we are now manufacturing will soon be populating shelves in American Big Box stores in the months ahead.

As recently stated, with the above in mind and with a positive financial year behind us, we remain confident regarding the future as we best position ourselves for the exciting future ahead!

DIVIDENDS

The Group did not declare any dividend for the financial year ended 31 March 2023 and 31 March 2022.

No final dividend has been recommended for consideration at the forthcoming Annual General Meeting.

The company does not have a dividend policy. The dividend payment will depend on a number of factors, including amongst others, the earnings, capital commitment, general financial condition, distributable reserves and other factors to be considered by the Board.

APPRECIATION

The Board of Directors wish to thank each and every member of IQ-group team for their hard work and dedication during the past year.

We would also like to express our sincere appreciation to our shareholders, customers, business associates and suppliers for their valuable support.

DIRECTORS' PROFILE

CHEN, WEN-CHIN
ALSO KNOWN AS KENT CHEN
Executive Chairman

Chen, Wen-Chin also known as Kent Chen, aged 70, Taiwanese, male, is the Executive Chairman of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 12 April 2005. He graduated with a degree in Business Administration from Soo-Chow University in Taiwan. He is the founder of IQ Group Sdn. Bhd (IQM) and is presently the Chairman of IQM. Prior to founding IQM, he was the Director/General Manager of Sun Radar Co. Ltd and Peyco Electronics (Taiwan) Ltd. which are also involved in the design and manufacture of PIR motion sensor devices. He is now regarded as one of the pioneers in the PIR motion and sensor devices business in Malaysia. He has more than 30 years of experience in the PIR motion sensors business, thus making him the driving force behind the Group's product design and development activities.

DANIEL JOHN BEASLEY
Managing Director /
Chief Executive Officer

Daniel John Beasley, aged 53, British, male, is the Managing Director/ Chief Executive Officer of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 12 April 2005. Prior to his promotion to the Managing Director on 1 December 2006, he was the Executive Director of IQGHB. He joined IQ Group Sdn. Bhd. (IQM) in 1996 as Industrial Design Manager. During the period with the company, he has held a number of positions including Group R&D Manager, Director of Product Management and Group Business Development Director. He was appointed as a Director of IQM in April 2004 until taking up his current role. He graduated in 1991 from the University of Central England with a Bachelor of Arts (Honours) Degree in Industrial Design/Engineering. Prior to joining IQM, he worked as an Industrial Design Consultant for various companies including Friedland Limited, UK. He is now responsible for the IQGHB Group's overall operations, business development and strategic planning.

CHEN, YI-CHUNG
Executive Director

Chen, Yi-Chung, aged 44, Taiwanese, male, is the Executive Director of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 1 March 2023. He hold a master's degree in Computer Science from National Tsing-Hua University in Taiwan. He started his career in ZyXEL Communication Corp. in Taiwan from 2003 to 2015 before joining IQ Group Sdn. Bhd. Representative Office in Taiwan in 2015 as an Application Software Manager. He has more than 16 years experiences in embedded system programming, software & hardware integration, product feature development, and project/team management experiences in network security, mobile wireless, and IoT industry. Currently, he holds the position of Director-Connectivity and responsible for evaluating, designing and implementing our connectivity strategies and solutions for all customers and products

DATO' YOON CHON LEONG
Senior Independent
Non-Executive Director

Dato' Yoon Chon Leong, aged 74, Malaysian, male, is the Senior Independent Non-Executive Director of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB as Non-Independent Non-Executive Director on 29 May 2007. He was re-designated to Independent Non-Executive Director on 17 July 2012. He is the Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee. He obtained his degree in Electrical Engineering from Monash University, Melbourne in 1973. He then spent 30 years working with Hewlett-Packard and Agilent Technologies in various capacities, of which 20 years were in Research & Development. Over the years, he acquired a wide spectrum of experience including high technology manufacturing, R&D and Information Technology. He retired from Agilent Technologies in January 2006 and started a management consulting practice focusing on strategic business development, R&D management and entrepreneur incubation, with clients including major multinational companies. He is currently working with MIDA and Crest to create a business environment for the development of more local technology based small and medium sized companies. He is also a key member of the Penang Science Cluster to develop young engineering talent. Dato' Yoon currently serves as director and coach for a few entrepreneurial start-up companies.

TAN BOON HOE
Independent Non-Executive Director

Tan Boon Hoe, aged 67, Malaysian, male, is the Independent Non-Executive Director of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 2 Nov 2020. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. He holds a professional degree from the Malaysian Institute of Certified Public Accountants. He is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was a former partner of Deloitte Malaysia and has more than 35 years of experience in assurance and advisory engagement. He holds directorship in Uchi Technologies Berhad, MI Technovation Berhad and a private limited company.

TERESA TAN SIEW KUAN
Independent Non-Executive Director

Teresa Tan Siew Kuan, aged 54, Malaysian, female, is the Independent Non-Executive Director of IQ Group Holdings Berhad (IQGHB) and was appointed to the Board of Directors of IQGHB on 1 March 2023. She is a member of the Audit Committee, Remuneration Committee and Nomination Committee. She obtained her Bachelor of Economics degree from the University of Adelaide, Australia in 1992 and is a member of the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants. She started her career in 1992 as Audit Assistant in Kassim Chan (now known as Deloitte PLT). Over the span of more than 30 years, she had served in various roles and departments in audit & accounting firms, merchant/investment banks, a university college, a fund management company and a manufacturing company. Currently, she is a free-lance adviser providing business, management and finance related consultancy. She currently sits on the Board of Directors of PLB Engineering Berhad.

Further Information

(i) Family Relationship
Mr. Chen, Yi-Chung is the son of Mr. Chen,Wen-Chin also known as Kent Chen. Saved as above, none of the Directors have any family relationship with any director and/or major shareholder of IQ Group Holdings Berhad.

(ii) Conflict of Interest
None of the Directors have any conflict of interest with IQ Group Holdings Berhad.

(iii) Convictions for Offences
None of the Directors have had any convictions for Offences within the past 5 years other than traffic offences.

(iv) Details of Attendance at Board Meetings
There were five (5) Board of Directors' Meeting held during the financial year ended 31 March 2023. Details of attendance of the Directors are as follows:-

	Number of Board Meetings	
Directors	**Attended**	**Held**
Chen, Wen-Chin also known as Kent Chen	5	5
Daniel John Beasley	5	5
Charlie Ong Chye Lee (resigned on 31-5-2023)	5	5
Dato' Yoon Chon Leong	5	5
Tan Boon Hoe	5	5
Chen, Yi-Chung (appointed on 1-3-2023)	0	0
Teresa Tan Siew Kuan (appointed on 1-3-2023)	0	0

(v) The Board currently comprises six (6) Directors, including a women director, of which three (3) are Independent Non-Executive Directors.

KEY SENIOR MANAGEMENT'S PROFILE

LOO WENG KEONG

Group Director
Nationality: Malaysian, Gender: Male, Age: 56

Date of appointment to present position	:	21 June 2023
Working experience	:	1991 – 1994 – Senior Process Engineer, Penang Seagate Industries (M) Sdn. Bhd. 1995 – 1996 – Senior Engineer, Hewlett-Packard (M) Sdn. Bhd. 1996 – 1996 – Plant Manager, Local SMI - Manufacturing 1996 – 1998 – Manufacturing Manager, IQ Group Sdn. Bhd. 1998 – 2002 – Operations Manager, IQ Group Sdn. Bhd. 2002 – 2004 – General Manager, IQ Group Sdn. Bhd. 2004 – 2005 – Operations Director, IQ Group Sdn. Bhd. 2005 – 2016 – Group General Manager, IQ Group Holdings Berhad. 2016 – 2023 – Group Director Business Finance, HR & MIS, IQ Group Holdings Berhad. 2023 – Present – Group Director, IQ Group Holdings Berhad.
Qualification	:	1990 – Diploma in Technology (Materials Engineering), Tunku Abdul Rahman College 1991 – Master of Science (MSc) in Manufacturing Engineering, Queen's University of Belfast

CHEN, KUN LI

Group R&D Director
Nationality: Taiwan R.O.C., Gender: Male, Age: 57

Date of appointment to present position	:	1 January 2015
Working experience	:	1990 – 1993 – Electronic Engineer, Interquartz Taiwan Limited 1993 – 1997 – Assistant Electronic Section Head, Interquartz Taiwan Limited 1998 – 2000 – Assistant Electronic Section Head, IQ Group Sdn. Bhd. (Taiwan Representative Office) 2000 – 2008 – Assistant Electronic Manager, IQ Group Sdn. Bhd. (Taiwan Representative Office) 2008 – 2012 – R&D Manager, IQ Group Sdn. Bhd. (Taiwan Representative Office) 2012 – 2014 – Group R&D Director, IQ Group Sdn. Bhd. (Taiwan Representative Office) 2015 – Present – Group R&D Director, IQ Group Holdings Berhad.
Qualification	:	1986 – Associate Degree of Electronic Engineering, Lunghwa University of Science and Technology (Taiwan).

CHEE TING TING

Group Financial Controller
Nationality: Malaysian, Gender: Female, Age: 53

Date of appointment to present position	:	1 August 2005
Working experience	:	1993 – 1994 – Auditor, Arthur Anderson & Co. 1995 – 1996 – Accountant, Bensonlaunch Sdn. Bhd. 1996 – 2003 – Finance Manager, IQ Group Sdn. Bhd. 2003 – 2005 – Group Finance Manager, IQ Group Holdings Berhad. 2005 – Present – Group Financial Controller, IQ Group Holdings Berhad.
Qualification	:	1992 – Bachelor of Commerce (Accounting), The Flinders University of South Australia. 1999 – Certified Practising Accountant, CPA Australia. 2001 – Chartered Accountant, Malaysian Institute of Accountants.

ALBERT LIM ENG KEAT

Group Factory Operations Director
Nationality: Malaysian, Gender: Male, Age: 53

Date of appointment to present position : 8 June 2016

Working experience :
1990 – 1992 – QC Engineer, Sanyo Electric Penang
1992 – 1993 – Process Engineer, Philip Audio Sdn Bhd.
1993 – 1995 – PQA Engineer, FMS Audio Sdn Bhd
1995 – 1999 – Sr. QA Engineer. Jabil Circuit Sdn Bhd
1999 – 2000 – Workcell Manager, Jabil Circuit Sdn Bhd
2000 – 2001 – QA Manager, LKT Automation Sdn Bhd
2001 – 2002 – Production Manager, Siemens VDO Components Sdn Bhd
2002 – 2003 – Manufacturing Manager, Siemens VDO Components Sdn Bhd
2003 – 2006 – Sr. Plant Manager, Siemens VDO Components Sdn Bhd
2006 – 2007 – Manufacturing Director, PLEXUS Mfg Sdn Bhd
2007 – 2009 – Operation Business Applications Director, PLEXUS Manufacturing Sdn Bhd
2009 – 2012 – General Manager, Amphenol MY Sdn Bhd
2012 – 2013 – Principal Consultant, BOS Management Consultancy – Sole Proprietorship
2013 – 2014 – Global Quality Director, FCI Connectors MY Sdn Bhd
2015 – 2016 – Principal Consultant, BOS Management Consultancy – Sole Proprietorship
2016 – Present – Group Factory Operations Director, IQ Group Sdn. Bhd

Qualification :
1990 – Diploma in Electronics Engineering, Federal Institute of Technology
2000 – Master in Business Administration, Honolulu University

CARSTEN STEPHAN EBERHARD SEDEMUND

Group New Product Introduction Director
Nationality: German, Gender: Male, Age: 61

Date of appointment to present position : 17 September 2015

Working experience :
1987 – 2015 – Various positions in the Peter Kremser Group organisation for 28 years, Germany, like as Head of the sales back office, Head of Product Management and R&D, Head of Strategic Purchasing and within this whole period 16 years as a company officer with special statutory authority (Prokurist)
2015 – Present – Group New Product Introduction Director, IQ Group Sdn. Bhd.

Qualification :
1983 – Apprenticeship Diploma in Electronic Technician for Energy and Buildings Services
1986 – Diploma in Warehouse Management
1992 – Diploma in Business Administration

CHOONG BEE GNOH

Customer/Business Development Director
Nationality: Malaysian, Gender: Female, Age: 63

Date of appointment to present position : 22 November 2011

Working experience :
1984 – 1986 – Secretary to the Managing Director, Texchem Malaysia Sdn. Bhd.
1986 – 1988 – Secretary, Petro-Pipe Sdn Bhd
1990 – 1992 – R&D Secretary, IQ Group Sdn. Bhd.
1992 – 1995 – Customer Service Officer, IQ Group Sdn. Bhd.
1995 – 2005 – Customer Service Manager, IQ Group Sdn. Bhd.
2005 – 2011 – Business Development Director, IQ Group Sdn. Bhd.
2011 – Present – Customer / Business Development Director, IQ Group Sdn. Bhd.

Qualification :
1982 – Private Secretary Certificate
1985 – Advanced Diploma in Business Administration (ABE)

KEY SENIOR MANAGEMENT'S PROFILE (Cont'd)

WONG KWOK HON (TONY)

Managing Director of IQ Group (Dongguan) Ltd. and IQ Group (Wuning) Ltd.
Nationality: Chinese, Gender: Male, Age: 58

Date of appointment to present position : 15 September 2006 – IQ Group (Dongguan) Ltd.
30 January 2019 – IQ Group (Wuning) Ltd.

Working experience : 1985 – 1987 – QC Technician, Dragoco (Far East) Ltd.
1987 – 1988 – Project Engineer, Truly Electronics Manufacturing Ltd.
1990 – 1994 – R&D Supervisor, Karrie Industrial Holding Co. Ltd.
1994 – 1997 – Project Manager, Product Group Manager, VTech Computer Ltd.
1997 – 1998 – Factory Manager, Hung Sam Industrial Manufactory Company Limited.
1998 – 2002 – Development Manager, Assistant General Manager, Saitek Ltd.
2002 – 2005 – General Manager, Panint Enterprise Ltd.
2005 – 2006 – General Manager, Bonso Electronic Ltd.
2006 – Present – Managing Director, IQ Group (Dongguan) Ltd.
2019 – Present – Managing Director, IQ Group (Wuning) Ltd.

Qualification : 1985 – Diploma in Mechanical Engineering (Production), Kwai Chung Technical Institute.
1988 – Higher certificate in Production and Industrial Engineering, Hong Kong Polytechnics.
1990 – Bachelor in Mechanical Engineering, University of Glasgow.

HISAYUKI TOMINAGA

Managing Director of IQ Japan Co., Ltd.
Nationality: Japanese, Gender: Male, Age: 61

Date of appointment to present position : 16 June 2005

Working experience : 1986 – 1990 – Sales, Domestic market, Optex Co., Ltd.
1991 – 1995 – Sales Assistant Manager, Overseas market, Optex Co., Ltd.
1996 – 1997 – Sales Manager, Overseas market, Optex Co., Ltd.
1998 – 1999 – Deputy Sales Director, Overseas market, Optex Co., Ltd.
2000 – 2003 – Sales Manager, Maxxam Co., Ltd.
2004 – 2005 – Sales Manager, IQ Japan Co., Ltd.
2005 – Present – Managing Director, IQ Japan Co., Ltd.

Qualification : 1986 - Bachelor of Sociology, Ritsumeikan University, Kyoto Japan

None of the Senior Management staff above have:

- Directorship in public listed companies
- Directorship in public companies
- Family relationship with any director and/ or major shareholder of the Company
- Conflict of interests with the Company
- Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online on Tuesday, 29 August 2023 at 2.30 p.m.

A G E N D A

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 2**

As Ordinary Business

2. To re-elect Mr Chen, Wen-Chin also known as Kent Chen retiring under the provision of Clause 76(3) of the Constitution of the Company, and who, being eligible, has offered himself for re-election. **Ordinary Resolution 1**
3. To re-elect Mr Chen, Yi-Chung retiring under the provision of Clause 78 of the Constitution of the Company, and who, being eligible, has offered himself for re-election. **Ordinary Resolution 2**
4. To re-elect Madam Teresa Tan Siew Kuan retiring under the provision of Clause 78 of the Constitution of the Company, and who, being eligible, has offered herself for re-election. **Ordinary Resolution 3**
5. To approve the payment of Directors' fees of RM10,300.00 for the financial year ended 31 March 2023. **Ordinary Resolution 4**
6. To approve the payment of Directors' fees of RM477,446.20 for the financial year ending 31 March 2024. **Ordinary Resolution 5**
7. To approve the payment of Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM296,009.34 from 29 August 2023 until the next AGM of the Company. **Ordinary Resolution 6**
8. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 7**

As Special Business

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

9. **Continuing in Office as Independent Non-Executive Director**

   "THAT authority be and is hereby given to Dato' Yoon Chon Leong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company for the period from 29 August 2023 to 16 July 2024." **Ordinary Resolution 8**

10. **Proposed Renewal of Share Buy-Back Authority**

   "THAT subject to the provisions under the Companies Act, 2016 ("the Act"), rules and regulation and orders made pursuant to the Act, the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("IQGHB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase ("Proposed Renewal of Share Buy-Back Authority").

   THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits.

   THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any IQGHB Shares so purchased by the Company in the following manner:-

   (i) the IQGHB Shares so purchased could be cancelled; or

   (ii) the IQGHB Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or

   (iii) combination of (i) and (ii) above; or

   (iv) in accordance with the relevant prevailing statutory provisions and guidelines.

10. **Proposed Renewal of Share Buy-Back Authority (Cont'd)**

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or

(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

And THAT the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **Ordinary Resolution 9**

11. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject always to the provisions of the Companies Act 2016 ("the Act"), the Constitution of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the following corporations as set out in Section 2.4 of the Circular to Shareholders dated 28 July 2023 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate"):-

(a) Sensorlite Inc. (formerly known as Interquartz Taiwan Ltd.)

(b) IQ (America) Inc.

THAT the Directors be empowered to do all such acts and things considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

THAT such Mandate shall commence upon passing this ordinary resolution and to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting;

whichever is earlier.

And THAT the Directors of the Company be and are hereby authorised to complete and to 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 transactions contemplated and/or authorised by this ordinary resolution." **Ordinary Resolution 10**

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

LIM CHOO TAN (LS 0008888) (SSM PC No. 202008000713)
CHEW SIEW CHENG (MAICSA 7019191) (SSM PC No. 202008001179)
Secretaries

Date: 28 July 2023

Penang

Notes:

1. Proxy

1.1 The AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via its TIIH Online website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors of IQGROUP via real time submission of typed texts) and vote (collectively, "**Participate**") remotely at this AGM via Remote Participation and Voting ("**RPV**") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.

1.2 According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

1.3 For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 August 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

1.4 A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

1.5 A member of the Company who is entitled to attend and vote at a 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 General Meeting.

1.6 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.

1.7 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.

1.8 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.

1.9 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.

1.10 The appointment of a proxy may be made in hard copy form or by electronic means. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

1.11 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting 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.

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

1.13 Last date and time for lodging this proxy form is 2.30 p.m., 27 August 2023 (Sunday).

Notes: (Cont'd)

2. Audited Financial Statements for the financial year ended 31 March 2023

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

3. Re-election of Directors

The details and profiles of the Directors, Mr Chen, Wen-Chin also known as Kent Chen, Mr Chen, Yi-Chung and Madam Teresa Tan Siew Kuan who are standing for re-election at the 20th AGM are set out in the Directors' profile of the Annual Report 2022.

The Board through the Nomination Committee ("NC") had conducted an annual assessment on the performance and contribution of the individual Directors for the financial year ended 31 March 2023 based on a set of prescribed criteria. The abovementioned Directors have also met the relevant requirements under the fit and proper assessment. Based on the results of the assessments, the performance of each individual Director was found to be satisfactory and the NC had assessed that each individual Director was fit and proper to continue to hold the position as a Director of the Company. The NC is also of the view that Mr Chen, Yi-Chung and Madam Teresa Tan Siew Kuan who were recently appointed to the Board on 1 March 2023, would be able to provide valuable contributions to the Company based on their background, skills and vast experience on strategic, finance and management in various sectors.

Premised on the satisfactory outcome of the assessments, the Board endorsed the recommendation of the NC to seek members' approval for the re-election of Mr Chen, Wen-Chin also known as Kent Chen, Mr Chen, Yi-Chung and Madam Teresa Tan Siew Kuan as Directors of the Company.

4. Directors' Fees for the financial year ended 31 March 2023

This proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees amounting to RM10,300.00 for the financial year ended 31 March 2023 to Mr Chen, Yi-Chung and Madam Teresa Tan Siew Kuan who were both appointed to the Board on 1 March 2023.

5. Directors' Fees for the financial year ending 31 March 2024

This proposed Ordinary Resolution 5, if passed, will authorise the payment of Directors' fees amounting to RM477,446.20 for the financial year ending 31 March 2024.

6. Directors' Benefits

This proposed Ordinary Resolution 6, if passed, will authorise the payment of Directors' benefits amounting up to RM296,009.34 from 29 August 2023 until next AGM of the Company.

Explanatory Notes on Special Business

Continuing in Office as Independent Non-Executive Director

The Nomination Committee with Dato' Yoon Chon Leong abstaining from deliberation of his own assessments, had assessed the independence of Dato' Yoon Chon Leong who have served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. Dato' Yoon Chon Leong has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The length of his service does not interfere with Dato' Yoon Chon Leong's abilities and exercise of independent judgement as Independent Director.

Meanwhile, as recommended by the Malaysian Code on Corporate Governance, the Board will be seeking shareholders' approval through a two-tier voting process at the Twentieth Annual General Meeting to retain Dato' Yoon Chon Leong as Independent Non-Executive Director as his tenure has exceeded 9 years.

Proposed Renewal of Share Buy-Back Authority

This proposed Ordinary Resolution 9, if passed, will give the Directors of the Company the authority to purchase its own shares up to 10% of the total number of issued shares of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This Authority will, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed Ordinary Resolution 10, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This Authority will, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 28 July 2023 for more information.

ADMINISTRATIVE GUIDE FOR THE ONLINE MEETING PLATFORM OF THE TWENTIETH ANNUAL GENERAL MEETING ("20TH AGM")

Date	:	Tuesday, 29 August 2023
Time	:	2.30 p.m.
Meeting Platform	:	Online Meeting Platform via TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia

MODE OF MEETING

The 20th AGM of IQ Group Holdings Berhad ("the Company") will be conducted virtually in accordance with the revised 'Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers' issued by the Securities Commission Malaysia ("SC's Guidance") on 7 April 2022, as the country entered into the "Transition to Endemic" phase. In this respect, the Company will continue to leverage technology, to ensure that the 20th AGM supports meaningful engagement between the Board/Management and Shareholders of the Company.

In accordance with the SC Guidance, all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of Companies Act 2016 provided that the online platform is located in Malaysia.

We **strongly encourage** you to attend the 20th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 20th AGM.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

- The RPV facilities are available on Tricor's **TIIH Online** website at https://tiih.online.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 20th AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 20th AGM using the RPV facilities:

<u>Before the 20th AGM Day</u>

Procedure		Action
i.	Register as a user with TIIH Online	• 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 (1) working day and you will be notified via e-mail. • 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.
ii.	Submit your request to attend the 20th AGM remotely	• Registration is open from 28 July 2023 until the day of 20th AGM on 29 August 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 20th AGM to ascertain their eligibility to participate the 20th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(REGISTRATION) IQGROUP 20TH 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 Record of Depositors as at 21 August 2023, the system will send you an **e-mail on or after 27 August 2023 to approve or reject** your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV)*

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES (Cont'd)

On the 20th AGM Day

Procedure	Action
i. Login to TIIH Online	• Login with your user ID and password for remote participation at the 20th AGM at any time from 1.30 p.m. i.e. 1 hour before the commencement of meeting at 2.30 p.m. on 29 August 2023.
ii. Participate through Live Streaming	• Select the corporate event**: "(LIVE STREAM MEETING) IQGROUP 20TH AGM"** to engage in the proceedings of the 20th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question when the Chairman open the floor for any questions. The Chairman/Board will try to respond to questions submitted by remote participants during the 20th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	• Voting session commences from 2.30 p.m. on 29 August 2023 until a time when the Chairman announces the end of the session. • Select the corporate event:"**(REMOTE VOTING) IQGROUP 20TH 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.
iv. End of remote participation	• Upon the announcement by the Chairman on the conclusion of the 20th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

(i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

(ii) 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.

(iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, 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.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

- Only members whose names appear on the Record of Depositors as at 21 August 2023 shall be eligible to attend, speak and vote at the 20th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

- In view that the 20th AGM will be conducted on a fully virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

- If you wish to participate in the 20th AGM yourself, please do not submit any Form of Proxy for the 20th AGM. You will not be allowed to participate in the 20th AGM together with a proxy appointed by you.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY (Cont'd)

- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 20th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **27 August 2023** at **2.30 p.m.**:

  (i) In Hard copy:
  In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

  (ii) By electronic means
  In the case of an appointment made via online, the proxy form must be deposited via TIIH Online at https://tiih.online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• 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 proxy form	• 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: "**IQGROUP 20TH 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	• 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. 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.
Proceed with submission of proxy form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: "**IQGROUP 20TH 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. • Login to TIIH Online, select corporate event name: ""**IQGROUP 20TH 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 FOR THE ONLINE MEETING PLATFORM OF THE TWENTIETH ANNUAL GENERAL MEETING ("20TH AGM") (Cont'd)

POLL VOTING

- The voting at the 20th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main 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).
- Members/proxies/corporate representatives/attorneys can proceed to vote on the resolutions at any time from 2.30 p.m. on 29 August 2023 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.
- Upon completion of the voting session for the 20th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 20th AGM.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 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 27 August 2023 at 2.30 p.m.. The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFTS/FOOD VOUCHERS

- There will be no distribution of door gifts or food vouchers for the 20th AGM as the meeting will be conducted on a fully virtual basis.
- The Company would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

ENQUIRIES

- If you need any assistance, kindly 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 :
Mr. Lee Jun Hao : +603-2783 9279 / email : jun.hao.lee@my.tricorglobal.com
Ms. Mika Tam : +603-2783 9280 / email : mika.tam@my.tricorglobal.com

PERSONAL DATA PRIVACY

By lodging and subscribe for a user account with **Tricor's TIIH Online** Portal to participate and vote remotely at the 20th AGM using the RPV Facilities, the shareholder/proxy holder/representative(s) accepts and agrees to the personal data privacy terms.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Statement Accompanying Notice of Annual General Meeting pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

There are no individuals who are standing for election as Directors (excluding Directors standing for re-election) at this forthcoming Annual General Meeting.

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY IQ GROUP HOLDINGS BERHAD ("THE COMPANY" OR "IQGHB") OF ITS OWN SHARES

This Statement is important and requires your immediate attention. If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement. This Statement has not been perused by Bursa Securities before its issuance.

1. INTRODUCTION

On 30 June 2023, Tricor Corporate Services Sdn Bhd had, on behalf of IQGHB, announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that IQGHB is proposing to seek its shareholders' approval at its Twentieth Annual General Meeting ("AGM") of IQGHB ("IQGHB Twentieth AGM") to be convened in 2023 for the renewal of the authority for the purchase by IQGHB of its own shares of up to ten percentage (10%) of the total number of issued shares of IQGHB ("the Proposed Renewal of Share Buy-Back Authority").

The purpose of this Statement is to provide you with information on the Proposed Renewal of Share Buy-Back Authority together with your Directors' recommendation on the Proposed Renewal of Share Buy-Back Authority, and to seek your approval of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming IQGHB Twentieth AGM to be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online on Tuesday, 29 August 2023 at 2.30 p.m.

The notice of IQGHB Twentieth AGM and the Form of Proxy are enclosed with IQGHB 2023 Annual Report.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

At the Nineteenth Annual General Meeting of IQGHB held on 29 August 2022, shareholders had, inter alia, approved the existing authority for the purchase by IQGHB of its own shares of up to ten percent (10%) of the total number of issued shares of the Company ("Share Buy-Back Authority"). In compliance with Bursa Securities Main Market Listing Requirements ("Listing Requirements") and the resolution passed by the shareholders on 29 August 2022, Share Buy-Back Authority will expire at the conclusion of IQGHB Twentieth AGM to be held on 29 August 2023, unless renewed by an ordinary resolution passed by the shareholders.

The maximum number of shares that may be bought back of up to ten percent (10%) of the total number of issued shares of the Company would include all shares which have been previously bought back and cancelled or retained as treasury shares. The renewal of the authority from the shareholders for the purchase by IQGHB of its own shares will be effective immediately upon the passing of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority at IQGHB Twentieth AGM, to be held on 29 August 2023 until:-

(i) the conclusion of the next AGM of the Company at which time it will lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 127 of the Act, in the following manner:-

(a) to cancel the Shares so purchased; or

(b) to retain the Shares so purchased as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell on the Bursa Securities in accordance with the relevant rules of the Bursa Securities and/or cancellation subsequently; or

(c) to retain part of the Shares so purchased as treasury shares and cancel the remainder

While the purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including substantial shareholding, take-over, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY IQ GROUP HOLDINGS BERHAD ("THE COMPANY" OR "IQGHB") OF ITS OWN SHARES (Cont'd)

3. SOURCE OF FUNDS

The Listing Requirements stipulates that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits of the listed company. IQGHB therefore proposes to allocate an amount not exceeding the audited retained profits of IQGHB for the purpose of the Proposed Renewal of Share Buy-Back Authority. Based on the latest audited financial statements of IQGHB as at 31 March 2023, the retained profits of IQGHB was amounted to RM30,035,928. The funding for the purchase by IQGHB of its own shares is expected to be internally generated.

The actual number of ordinary shares in IQGHB ("IQGHB Shares") to be purchased, the total amount of funds involved for each purchase and timing of the purchase would depend on market conditions and the amount of retained profits, if any, of IQGHB.

4. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Proposed Renewal of Share Buy-Back Authority will provide IQGHB with another option to utilise its financial resources more efficiently. The Proposed Renewal of Share Buy-Back Authority is expected to stabilise the supply and demand of IQGHB Shares as well as the price of IQGHB Shares. All things being equal, the Proposed Renewal of Share Buy-Back Authority, irrespective of whether IQGHB Shares that have been previously bought-back pursuant to previous or the existing Share Buy-Back Authority ("Purchased IQGHB Shares") are held as treasury shares or cancelled, will result in a lower number of IQGHB Shares being taken into account for the purpose of computing the earnings per share ("EPS") of IQGHB Shares. The cost of the Purchased IQGHB Shares, whether held as treasury shares or cancelled, will be excluded from the shareholders' funds of IQGHB and its subsidiaries ("IQGHB Group") in the computation of return on equity ("ROE") of IQGHB, which in turn is expected to have a positive impact on the price of IQGHB Shares.

5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority, if exercised, is expected to potentially benefit IQGHB and its shareholders as follows:-

(i) the EPS of IQGHB Shares and the ROE of IQGHB (all other things being equal) would be enhanced. This is expected to have a positive impact on the market price of IQGHB Shares which will benefit shareholders of IQGHB; and

(ii) if the Purchased IQGHB Shares are retained as treasury shares, it will provide the Directors with the option to sell the Purchased IQGHB Shares at a higher price and generate profits for IQGHB. Alternatively, the Purchased IQGHB Shares retained as treasury shares may be distributed as share dividend to shareholders.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority, if exercised, will be the reduction in the financial resources of IQGHB or loss generated in the event that the price of IQGHB Shares is below the purchase price. This may result in IQGHB foregoing other investment opportunities that may emerge in the future. However, the financial resources of IQGHB will increase upon the resale of the Purchased IQGHB Shares which are held as treasury shares in the open market.

6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets and working capital and earnings of IQGHB, shareholdings of the Directors and substantial shareholders of IQGHB, assuming IQGHB purchases IQGHB Shares up to the maximum ten percent (10%) of the issued and paid-up share capital of IQGHB, are set out as follows:-

6.1 Share Capital

In the event that all the Purchased IQGHB Shares are cancelled and on the assumption that the Proposed Renewal of Share Buy-Back Authority is exercised in full, the proforma effects of the Proposed Renewal of Share Buy-Back Authority on the total number of issued shares of IQGHB as at 30 June 2023, are as follows:-

	Number of IQGHB Shares
As at 30 June 2023	88,028,550
Cancellation of Purchased IQGHB Shares	8,802,855
After the Proposed Renewal of Share Buy-Back Authority	79,225,695

However, in the event that all IQGHB Shares bought-back are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the total number of issued shares of IQGHB.

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY IQ GROUP HOLDINGS BERHAD ("THE COMPANY" OR "IQGHB") OF ITS OWN SHARES (Cont'd)

6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

6.2 Net Assets ("NA")

The Proposed Renewal of Share Buy-Back Authority may increase or decrease the NA per IQGHB Share depending on the purchase price(s) of IQGHB Shares bought-back pursuant to the Proposed Renewal of Share Buy-Back Authority. The NA per IQGHB Share will increase if the purchase price is less than the NA per IQGHB Share and will decrease if the purchase price exceeds the NA per IQGHB Share at the time when IQGHB Shares are purchased.

In the event the Purchased IQGHB Shares which are retained as treasury shares are resold, the NA of IQGHB Shares will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in NA will depend on the actual disposal price and the number of the Purchased IQGHB Shares, retained as treasury shares, which are resold.

6.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of IQGHB Group, the quantum of which will depend on the number of IQGHB Shares purchased and the purchase price(s) of IQGHB Shares.

6.4 Earnings

The effect of the Proposed Renewal Share Buy-Back Authority on the earnings of IQGHB will depend on, inter alia, the number of IQGHB Shares purchased and the purchase price(s) of IQGHB Shares.

6.5 Shareholding of the Directors and Substantial Shareholders

(i) Shareholding of Directors

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholding of the Directors of IQGHB based on the Record of Depositors as at 30 June 2023 are as follows:-

Directors	As at 30 June 2023				Assuming 10% of the Share Capital is Purchased and Cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	41,171,451*	46.77	16,895,701	21.33	41,171,451*	51.97
Daniel John Beasley	40,000	0.05	-	-	40,000	0.05	-	-
Dato' Yoon Chon Leong	-	-	-	-	-	-	-	-
Tan Boon Hoe	-	-	-	-	-	-	-	-
Chen, Yi-Chung	-	-	-	-	-	-	-	-
Teresa Tan Siew Kuan	-	-	-	-	-	-	-	-

* *By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited and interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016*

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY IQ GROUP HOLDINGS BERHAD ("THE COMPANY" OR "IQGHB") OF ITS OWN SHARES (Cont'd)

6. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

6.5 Shareholding of the Directors and Substantial Shareholders

(ii) Shareholding of Substantial Shareholders

The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholding of the Substantial Shareholders of IQGHB based on the Register of Substantial Shareholders as at 30 June 2023 are as follows:-

Shareholder	As at 30 June 2023				Assuming 10% of the Share Capital is Purchased and Cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	39,638,867**	45.03	16,895,701	21.33	39,638,867**	50.03
Sensorlite Limited	35,659,240	40.51	-	-	35,659,240	45.01	-	-

** *By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited*

7. HISTORICAL SHARE PRICE OF THE COMPANY

The monthly highest and lowest closing price of shares as traded on Bursa Securities for the past twelve (12) months are as follows:

Year 2022/2023	High (RM)	Low (RM)
2022		
July	0.630	0.550
August	0.840	0.605
September	0.815	0.620
October	0.780	0.600
November	1.040	0.620
December	1.170	0.905
2023		
January	1.150	0.940
February	1.130	0.790
March	0.860	0.765
April	0.875	0.800
May	0.900	0.830
June	0.880	0.790

(Source : KLSE.I3investor)

The last transacted price of shares on 30 June 2023 being the latest practicable date prior to the printing of this Statement was RM0.850

8. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Share Buy-Back Authority shall be in compliance with Section 127 of the Companies Act 2016 and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by the relevant authorities at the time of purchase including compliance with the twenty five percent (25%) public shareholding as required by Bursa Securities. Based on the public shareholding spread of IQGHB as at 30 June 2023 of 33.99%, assuming that the Proposed Renewal of Share Buy-Back Authority is implemented up to ten percent (10%) of the total number of issued shares of IQGHB and that the number of IQGHB Shares held directly and indirectly by the substantial shareholders and the Directors of IQGHB remain unchanged, the public shareholding spread of IQGHB is expected to be reduced to 26.65%.

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY IQ GROUP HOLDINGS BERHAD ("THE COMPANY" OR "IQGHB") OF ITS OWN SHARES (Cont'd)

9. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 ("THE CODE")

The Proposed Renewal of Share Buy-Back, if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under the Code.

10. PURCHASES AND RESALE OF IQGHB SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

There were no shares being bought back during the financial year ended 31 March 2023 and as such, there were no resale or cancellation of any treasury shares in the previous twelve (12) months.

11. DIRECTORS', MAJOR SHAREHOLDERS', PERSONS CONNECTED WITH DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, Major Shareholders, persons connected with Directors and Major Shareholders have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

12. DIRECTORS' RECOMMENDATION

Your Board of Directors ("the Board"), having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of IQGHB.

Accordingly, your Board recommends that you vote in favour of the ordinary resolution on the Proposed Renewal of Share Buy-Back Authority to be tabled at IQGHB Twentieth AGM to be held on 29 August 2023.

13. BURSA SECURITIES' DISCLAIMER LIABILITY

Bursa Securities has not perused this Statement prior to its issuance and takes no responsibility for the contents of this Statement, and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of IQ Group Holdings Berhad ("the Board") recognises the importance of maintaining a sound corporate governance structure to ensure sustainability as well as enhancing the long term value of the Group.

The Board is pleased to share hereunder an overview statement on how the Company has adopted the principles set out in the Malaysian Code of Corporate Governance ("MCCG"). The detailed application for each practice is disclosed in Corporate Governance Report of the company which is accessible via the Company's official website at www.iq-group.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is obligated to play an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, have legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability.

The Board assumes, amongst others, the following duties and responsibilities:

a) Promote good corporate governance culture within the Group;
b) Reviewing, adopting and monitoring the implementation of a strategic plan for the Company and its subsidiaries ("Group");
c) Overseeing and evaluating the conduct of the Group's business. Ensure that the Company adheres to high standards of ethics and corporate behaviour which include managing conflicts of interest, preventing the abuse of power, fraud, bribery and corruption, insider trading and money laundering;
d) Ensure there is a sound framework of internal controls and risk management;
e) Identifying principal risks and ensuring the implementation of the appropriate control and system to manage such risks;
f) Succession planning including appointing, training, fixing the remuneration of and where appropriate, replacing the Senior Management and the Board of the Group;
g) Overseeing the development and implementation of shareholders' communication policy for the Company;
h) Reviewing the adequacy and the integrity of the management information and the internal control system of the Company, for ensuring compliance with applicable laws, regulations, rules, directives and guidelines;
i) Provide assurance to its internal and external stakeholders that the Group is operating in compliance with its policies and any other applicable regulatory requirements. This includes establishing a "tone from the top" and spearheading the Group's efforts to improve on its corruption risk management framework, internal control system, review and monitoring as well as training and communication;
j) Ensure that the Company's sustainability strategies, priorities and targets as well as performance against the targets are communicated to its internal and external stakeholders;
k) Together with the senior management, takes responsibility for the governance of sustainability in the Group, among others, include the development and implementation of company strategies, business plans, major plans of action and risk management;
l) Direct and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately addresses corruption risk;
m) Approve the Whistleblowing Policy and Procedure to encourage reporting of any legitimate concerns over any wrongdoing at the Group on unlawful conduct, financial malpractice or dangers to the public or the environment within as well as any suspected and/ or real corrupted incidents;
n) Review and/ or acknowledge on the investigation outcome of whistleblowing issues, results of fraud, illegal acts or suspected violations of Group policies involving all employees, Management and Directors;
o) Periodic review and approve Code of Business Conduct and Ethics to align with the changes in law, governance code coupled with the changes in Company's vision, mission and business plan, and
p) Review the development and dissemination of internal and external trainings relevant to its anti-corruption management system, covering areas such as policy, training, reporting channel and consequences of non-compliance.

The Company has established clear roles and responsibilities for the Board and its Management through a Board Charter. Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, the Management is responsible for instituting measures on compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. The Board Charter is accessible to the public on the Company's official website and any updates thereafter will be uploaded to the website accordingly.

There is a clear division of roles and responsibilities amongst the Executive Chairman and the Group Managing Director/ CEO. The Group Executive Chairman, Mr. Chen, Wen-Chin also known as Kent Chen is responsible for ensuring the governance process of the Board while Mr. Daniel John Beasley, the Group Managing Director/ CEO leads the executive management and is responsible for the implementation of Group's policies and strategies besides overseeing and managing the day-to-day operations of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

The Board acquires corporate secretarial services from a professional secretarial firm to assist the Board of Directors in discharging its duties and responsibilities. The Board Charter of the Company outlined the roles and responsibilities of Company Secretaries. The Directors are provided with access to the advice and services of the company's secretaries who are qualified, experienced and competent on statutory and regulatory requirements. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attends all Board and Board Committee meetings to ensure that the meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Board Meetings are structured with a pre-set agenda and Board papers are circulated to all Board members at least 5 business days in advance of each Board Meeting to enable the Directors to consider and deliberate knowledgeably on issues and to facilitate informed decision making. The deliberations and decisions of the Board and Board Committees are properly documented in the minutes and the draft minutes are circulated to all the Directors/ members of the Board Committee in a timely manner upon conclusion of the meeting for review.

The Board has formalised a Code of Conduct and Ethics for the Company. The code of Conduct and Ethics is published on the Company official website.

The Board has also formalised an Anti-bribery and Corruption policy as well as a Whistle Blowing policy which are available in the Company official website. As outlined in the Whistle Blowing policy, whistleblower is required to raise the concerns to Group Managing Director/ CEO of the Company for matters related the Head of Department. Otherwise, the whistleblower shall report to Senior Independent Non-Executive Director, Dato' Yoon Chon Leong via e-mail at *chon-leong_yoon@intematics.com* for any issues related to the Management.

II. Board Composition

The Board currently comprises six (6) Directors, including a women director, of which three (3) are Independent Non-Executive Directors. The composition is in line with Paragraph 15.02(1) and (2) of the Main Market Listing Requirements, which requires at least one third of the Board members to be independent.

Collectively, the Board members have diverse background in business, finance, technology and general management, sufficient to ensure that there is a considerable depth of knowledge, expertise and experience on the Board of IQ Group Holdings Berhad.

The Board through its Board Charter has outlined that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Independent Director may continue to serve on the Board beyond the 9-years tenure in the capacity of a Non-Independent Director. Nonetheless, the Board reserves the right to retain the Director as Independent Directors by seeking annual shareholders' approval.

Presently, one out of three Independent Directors have exceeded the cumulative term of nine years. During the financial year 2023, the Board committee assessed the independence of the Independent Directors with reference to the extract of Practice Note 13 of the Main Market Listing Requirements. Independent Directors were abstained from deliberation on their own assessments. The Board Committee was satisfied with independent status of Independent Directors.

As stipulated in the Board Charter, annual shareholders' approval shall be seek through a two tier voting process should the Board intends to retain an Independent Director who has served for more than 9 years.

The Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of references as follows:

i. The Audit Committee

The Audit Committee was established to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

The composition and summary of the terms of reference together with its report are presented in pages 55 to 58 of this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

ii. The Nomination Committee

The Nomination Committee is chaired by the Senior Independent Non-Executive Director, Dato' Yoon Chon Leong. The Nomination Committee comprises exclusively Independent Non-Executive Directors and is tasked with the primary responsibility of assessing and recommending to the Board the candidature of Directors and to put in place Board succession plans.

Details of the members and terms of reference of the Nomination Committee are presented in pages 59 to 61 of this Annual Report.

Appointment, Induction and Assessment of Directors

The suitability of candidates for the Board shall be based on the candidates' competency, character, time commitment, integrity, experience, contribution and performance in meeting the needs of the Company. Where board diversity is concerned, the Board does not have a specific policy and setting targets for women candidates. The Board does not have a specific policy on ethnicity.

During the financial year under review, the Nomination Committee reviewed the effectiveness of the Board as a whole, the Board Committees as well as the contribution by each of the individual directors. The Board is satisfied with the existing board structure, effectiveness and level of commitment given by the Directors towards fulfilling their roles and responsibilities as Director of the Company.

New Directors, upon appointment, are briefed by the Executive Directors and Management on the Company's history, business and plant visit to enable them to have in-depth understanding of the Company's operation.

iii. The Remuneration Committee

The Remuneration Committee was established to assist the Board in the review of the remuneration framework and packages for Directors and Senior Executives of the Group.

The composition, terms of reference and summary of activities of this committee for the financial year under review are presented in pages 62 to 64 of this Annual Report.

III. Remuneration

As stipulated in the Terms of Reference of Remuneration Committee, the Board Committee is responsible to review the remuneration framework and packages of Executive and Non-Executive Directors in order to make recommendation to the Board. Nevertheless, the recommendation of Remuneration Committee is not limited to any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection herewith.

The remuneration package and increment for IQ Group's Executive Directors and Senior Executives are dependent on the operating results of the Company after taking into account the individual's contribution, commitment and performance in achieving targets set.

The Remuneration Committee also reviews the remuneration for Non-Executive Directors and Independent Directors to ensure that the remuneration is linked to the level of responsibilities undertaken and contribution to the effective functioning of the Board.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee comprises solely of Independent Non-Executive Directors. The positions of Chairman of Audit Committee and the Board are held by different individuals. The Chairman of the Audit Committee is Mr. Tan Boon Hoe, who is the Independent Non-Executive Director. On the other hand, Mr. Chen,Wen-Chin also known as Kent Chen is the Executive Chairman of the Board.

As stipulated in the Term of Reference of Audit Committee, a former key audit partner and/or affiliate firm (including those providing advisory services, tax consulting etc) must observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

I. Audit Committee (Cont'd)

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness while taking into account the independence and objectivity of the Company's external auditors. The Company ensures that the Company's external auditors do not supply a substantial volume of non-audit services to the Company such that it would impair the external auditors' independence. The Board has formalised the policy of non-audit services as to ensure the independence of the external auditor and this policy is accessible on the corporate website. Additionally, the Audit Committee has obtained the Annual Transparency Report and a written confirmation from the external auditors with regards to their independence in accordance with the by-laws on professional ethics, conduct and practice of the Malaysian Institute of Accountants.

II. Risk Management and Internal Control Framework

The Board has established and adopted an Enterprise Risk Management ("ERM") framework to provide reasonable assurance that potential risks within the Group are properly identified, evaluated and treated to minimise unforeseen adverse impact to the Group.

The Group has carried out a formal and structured ERM update during the financial year under review, to identify, evaluate and manage significant risks faced by the Group to safeguard Group's assets and stakeholders' interest.

The key features of the Enterprise Risk Management framework, including the internal control system to address risks identified are set out in the Risk Management and Internal Control Statement on pages 31 to 33 of this Annual Report.

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

I. Communication with Stakeholders

The Board recognises that timely and high quality disclosure of material information to the public is an integral part of the corporate governance framework. The Board has formalised a corporate disclosure policy which sets out the written procedures and authorised person to approve and disclose material information to shareholders and stakeholders.

At present, shareholders and stakeholders are communicated with informative, accurate and timely material information concerning the Company primarily through the corporate website and announcements made through Bursa Securities.

The Board values dialogue with investors and shall hold dialogue sessions with investors, fund managers and analysts upon request. The Group Executive Chairman and Chief Executive Officer are identified as official spokespersons of the Company to members of the public including journalists, analysts, fund managers and institutional investors.

The Board has identified Dato' Yoon Chon Leong as the Senior Independent Non-Executive Director to whom concerns from other member of the Board, Senior Management and the public may be conveyed. Dato' Yoon Chon Leong can be contacted via e-mail *chon-leong_yoon@intematics.com*.

II. Conduct of General Meetings

The Board recognises that the Annual General Meeting ("AGM") is a platform for shareholders to meet and exchange views with the Board.

The AGM of the company provides shareholders with the opportunity to raise questions on various matters relating to the Group's business and affairs.

The company will ensure that the notice of AGM will be given to its shareholders at least 28 days prior to the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

The 19th AGM of the Company was held virtually through live streaming. All the resolutions were approved by voting poll in the way of online remote voting via Remote Participation and Voting ("RPV") Facilities available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online Website.

Absent shareholders may appoint proxy to attend and vote on behalf. Based on the Article of Association, the Company limits the number of proxies to two.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

II. Conduct of General Meetings (Cont'd)

All resolutions set out in the notice of the 19th AGM were put to vote by poll-voting. The results of the poll would be verified by Asia Securities Sdn Bhd as Independent Scrutineers and the outcome of the AGM was announced to Bursa Securities on the same meeting day.

DIRECTOR'S TRAINING

The training needs of the Directors will be reviewed by the Nomination Committee on a regular basis to ensure that Directors are acquainted with the latest development and changing environment within which the Company operates.

Directors are encouraged to attend talks, seminars, workshops, conferences and other training programs to update themselves on developments in the business community as well as changes in laws and regulations.

All Directors have completed the Mandatory Accreditation Programme Part 1 (MAP Part 1) as required by Bursa Malaysia Securities Berhad.

The briefing, training programmes and seminars attended by the members of the Board during the financial year ended 31 March 2023 are summarised below.

Daniel John Beasley
- ESG Briefing

Charlie Ong Chye Lee
- 2023 Malaysian Budget

Tan Boon Hoe
- Starting and Managing Corporate Sustainability & EGS Strategy
- Group Accounting – The economic entity model under MFRS 3 and MFRS 10
- National Tax Budget Seminar 2022
- Securities Commission- Conversation with Audit Committees.

Teresa Tan Siew Kuan
- Latest update on practical tax issue (CPA Australia)
- Mandatory Accreditation Programme
- Baker Tilly Malaysia Tax & Budget Seminar

Mr. Chen,Wen-Chin also known as Kent Chen, Chen, Yi-Chung and Dato' Yoon Chon Leong were unable to attend any training during the financial year due to tight business schedule and commitment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flow of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statement of the Group and the Company for the financial year ended 31 March 2023, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the opinion that the financial statements are prepared in accordance with the approved accounting standards, the provisions of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities.

This Corporate Governance Overview statement is made at the Board of Directors' Meeting held on 30 June 2023.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") requires the board of directors of listed issuers to include in its annual report a "statement about the state of risk management and internal control of the listed issuer as a group". The Board of Directors (the "Board") of IQ Group Holdings Berhad (the "Company") is committed to maintaining an effective system of risk management and internal control in IQ Group Holdings Berhad and its subsidiaries (collectively referred to as the "Group") and is pleased to provide the following Statement on Risk Management and Internal Control (this "Statement"), which outlines the nature and scope of the risk management and internal control system of the Group during the financial year ended 31 March 2023.

For the purpose of disclosure, the Board has taken into consideration the enumerations encapsulated in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines"), a publication endorsed by Bursa Malaysia Securities Berhad pursuant to Paragraph 15.26(b) of the Listing Requirements.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining as well as reviewing the adequacy and integrity of the risk management and internal control system to safeguard its shareholders' investment and other stakeholders' interests. The system of internal controls cover not only financial controls but also non-financial controls such as operational and compliance controls and risk management procedures.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage risks within tolerable and knowledgeable limits, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance, against material misstatement or loss.

In evaluating the adequacy of the Group's system of risk management and internal control, the Board is assisted by the Audit Committee which comprises solely of Independent Directors. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control system.

The Board affirms that there is an on-going process for identifying, evaluating, managing, monitoring and reporting significant risks faced by the Group. The Board, through its Audit Committee, regularly reviews the results of this process, including mitigation measures taken by Management, to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

RISK MANAGEMENT

The Board is guided by Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance which calls for the establishment of an effective risk management and internal control framework to be implemented across the Group.

The Board has established and adopted an Enterprise Risk Management ("ERM") framework to provide reasonable assurance that potential risks within the Group are properly identified, evaluated and treated to minimise unforeseen adverse impact to the Group.

The adopted ERM framework includes an on-going risk management process carried out by the Management. Risks may be associated with internal or external factors including turnover of key personnel, changes in the economic and political environment, competition, introduction of new rules and regulations, technological advancement and other matters relevant to the Group. For each of the key risks identified, the respective divisional head or manager is responsible to continuously monitor the implementation of risk mitigation action plans and to update the Board via Audit Committee. Risk tolerance limits are set to align the risk appetite, with the consideration of likelihood of occurrence and severity of consequences, are subject to review periodically. Existing controls to mitigate and manage these risks are then re-assessed and strengthened.

The Group has carried out a formal and structured ERM update during the financial year under review, to identify, evaluate and manage significant risks faced by the Group to safeguard Group's assets and stakeholders' interest.

This ERM exercise includes:-

- Identification of the specific risks faced by the Group via interviews with relevant key personnel;
- Identify the causes and consequences of the risks;
- Assess the likelihood and impact of the risks concerned materializing;
- Determine the controls in place or to be implemented to minimize or mitigate the risks;
- Evaluate and determine the risk rating after considering the control effectiveness; and
- Review the result of this process with Management annually which includes the effectiveness of mitigating measures taken to address areas of key risks as identified in the abovementioned ERM review and any changes to the risk rating due to recent developments.

RISK MANAGEMENT (Cont'd)

Whilst the Board considers the risk management framework to be robust, the framework is still subject to periodic testing and continuous improvement, taking into consideration better practices and the changing business environment.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The key elements of the Group's internal control system are described below:

- The Group has in place an organisation structure with clearly defined reporting lines aligned with business and operational requirements. The Group has set out clear roles and responsibilities, appropriate authority limits and approval procedure in order to enhance the decision- making process and the internal control system of the Group.
- The Board is kept updated on Group's activities, operations and significant changes to the business and external environment, if any, which may result in significant risks.
- The Audit Committee chaired by an Independent Non-Executive Director reviews the internal controls system and findings of the internal and external auditors.
- Policies and procedures for key processes are documented and communicated to employees for application across the Group. These are supplemented by operating procedures set by individual companies, as required for the type of business or geographical location of each company.
- A detailed budgeting process is established requiring all operating companies in the Group to prepare a budget annually. Actual performance as compared with the Budget is reviewed monthly and a detailed explanation of any major variances is documented.
- Regular review of the Annual Budget is undertaken by Management to identify, and where appropriate, to address significant variance from the Budget.
- Effective reporting system, which ensures the timely generation of financial information for Management's review has been put in place. Financial Results are reviewed quarterly by the Board and the Audit Committee to ensure the effectiveness and adequacy of the Group's internal control system in safeguarding the shareholders' investment and the Group's assets.
- Specific responsibilities have been delegated to the relevant Board Committees, which include the Audit Committee, Remuneration Committee and Nomination Committee. These committees have authority to examine all matters within their scope and report to the Board with their recommendations.
- Whistle Blowing Policy which outlines the Group's commitment towards enabling the employees and/ or stakeholders to raise concerns in confidence and disclose any malpractices or misconduct of which they become aware.
- Anti-Bribery and Corruption Policy which outlines the Group's zero-tolerance policy against all forms of bribery and corruption.
- Insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are covered against any mishap that might result in material losses to the Group.
- The Group has in place continuous quality improvement initiatives to ensure accreditation such as ISO 9001:2015.

INTERNAL AUDIT FUNCTION

During the financial year under review, the Internal Audit function performed a cycle of internal audit on Production Management and Inventory Management and reported to the Audit Committee in May 2023.

The internal audit engagement by KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") is headed by an Executive Director, namely, En. Mohd Khaidzir Shahari, who is a professional member of ACMA, MIA, CGMA and CIA. He currently leads the Risk Consulting Practice in KPMG in Malaysia. He has accumulated more than 25 years of experience with extensive audit, accounting, quality assessment review, risk management engagements and consulting experience. He provides overall direction of the internal audit engagement and is responsible for all stages of the audit work and maintains contact with the management to ensure open communication is practised and all internal audit work is carried out effectively and on a timely manner.

All the personnel deployed by KPMG MRC are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

INTERNAL AUDIT FUNCTION (Cont'd)

There was a total of 6 personnel who were deployed by KPMG MRC for the internal audit work during the financial year ended 31 March 2023. All the personnel possess tertiary qualifications and the level of expertise and professionalism is as follows:

Expertise category	Percentage of total auditors
Bachelor's degree	60%
Professional	40%

The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practices Framework for Internal Auditing issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.

During the financial year ended 31 March 2023, the total fee paid to KPMG MRC is RM50,000 (2022: RM48,000) excluding service tax and out of pocket expenses.

The internal audit function adopted the risk-based methodology in its review of key processes of the identified operating units in the Group and provided independent and objective reports on the state of internal control of the selected operating units within the Group direct to the Audit Committee. An internal audit plan setting out the proposed scope, extent and timing of internal audit work was developed and submitted to the Audit Committee for consideration and approval prior to commencement of the internal audit work.

The Internal Audit function also monitors and reports on the status of Management follow-up on the implementation of the Management action plans to improve areas where control deficiencies were noted during internal audit.

The Directors are aware of the fact that an independent audit function is essential to assist in obtaining reasonable assurance with regard to the adequacy, integrity and effectiveness of the internal control systems in place to manage the selected processes.

The Audit Committee reviews the adequacy of the scope, function, resources and competency of the internal auditors and assess their effectiveness in discharging their responsibilities. The Audit Committee and Management will continue to work closely with the outsourced internal audit function to review the internal control issues to ensure that significant issues are brought to the attention of the Board.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the Chief Executive Officer and Group Financial Controller that the Group's risk management and internal control system has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Based on this assurance, the input from external and internal auditors, as well as the Board's review, the Board is of the view that the risk management and internal control system is adequate to meet the needs of the Group in addressing financial, operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. Notwithstanding this, the Board and Senior Management remain committed to strengthening the Group's control environment and processes. On-going measures and appropriate action plans will be put in place to enhance the Group's system of internal control as and when necessary.

Pursuant to Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 March 2023 and reported to the Board that nothing has come to their attention which caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Assurance Practice Guide 3, nor was it factually inaccurate. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, "Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report", issued by the Malaysia Institute of Accountants.

This statement was made at the Board of Directors' Meeting held on 30 June 2023.

SUSTAINABILILITY STATEMENT

ABOUT THE SUSTAINABILITY STATEMENT

With a remarkable presence of 34 years in the motion sensor and sensor lighting industry, where we have consistently championed energy savings, we are proud to announce a significant milestone in our sustainability journey. Today, we unveil an in-depth Sustainability Statement that provides comprehensive insights into our sustainability performance across our business and operations. This Statement represents our unwavering commitment to sustainability and our aspiration to foster a culture of environmental stewardship and responsible corporate citizenship.

Within our organization, the culture of sustainability is deeply ingrained in the daily operations of our dedicated employees. With the release of this Statement, we aim to strengthen our existing governance structure and ensure continuous compliance with regulations, thereby fortifying our commitment to sustainable practices.

In the fiscal year 2022/2023, we remain steadfast in our pursuit of leading the industry in environmental, social and governance (ESG) standards. We are building upon the sustainability platform we have established in previous years and our approach revolves around three core dimensions: Better Society, Better Environment and Better Business. Despite the lingering challenges posed by the ongoing pandemic, we have experienced growing momentum in our efforts to shape a more sustainable future. At IQ-group, safety is paramount in everything we do, from our people to our products.

This Sustainability Statement serves as a comprehensive disclosure of our progress, initiatives and accomplishments in the realm of sustainability for the financial year that concluded on March 31, 2023 (FY22/23). During this reporting period, our sustainability initiatives encompassed the performance of both IQ Group Holdings Berhad and IQ Group Sdn. Bhd. (referred to collectively as the "IQ-group" or the "Group"). While we continue to maintain our sustainability endeavors, we are also actively working towards expanding the scope of our sustainability reporting to include operations beyond Malaysia in the near future. Our Statement and reporting approach adhere to Practice Note 9 of Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements, along with the Sustainability Reporting Guidelines and Toolkits issued by Bursa Malaysia. Where applicable, we have included comparable data from previous years to provide a holistic view of our progress.

As we move forward, IQ-group remains committed to driving sustainability at every level of our organization. We recognize that the journey towards a more sustainable future requires consistent effort, innovation and collaboration. Through our Sustainability Statement, we aim to inspire stakeholders, partners and customers to join us in this collective endeavor, as we work towards a Better Society, a Better Environment, and a Better Business for generations to come.

OUR SUSTAINABILITY APPROACH

For 34 years, we have proudly established ourselves as a global leader in the design and manufacture of motion sensors, motion sensor controlled lighting, security, and convenience products. Throughout this time, our product offerings have made significant contributions to the progress and quality of life for our valued customers. Following the ban on conventional halogen lamps in Europe[1], there has been a surge in demand for LED lighting, which serve as a safer and more cost-effective alternative to traditional lighting. This transition away from conventional lighting not only presents a favorable opportunity for our business but also holds the potential to reduce global carbon dioxide emissions by an estimated 800 million metric tons annually[2].

As we navigate the evolving landscape of our operating environment, we recognize that our past success has been the result of both our financial and non-financial performance. Looking ahead, our focus is on embedding sustainability further into our business practices, taking into greater consideration the economic, environmental and social (EES) factors that impact our daily operations. To align ourselves with the United Nations Sustainable Development Goals (SDGs), we are committed to integrating sustainable practices into our core business strategies.

In addressing the impact of these changes, IQ-group's management has developed a robust business resumption plan that prioritizes customer deliveries. In the current fiscal year 2022/2023 (FY22/23), our primary focus is to sustain the momentum of last year's sustainability initiatives.

To guide our efforts and strategy, we have established a value creation model that forms the foundation of our sustainability approach. This model, depicted in the accompanying diagram, encapsulates our commitment to creating value for all stakeholders, recognizing that value is not solely generated within the confines of our organization.

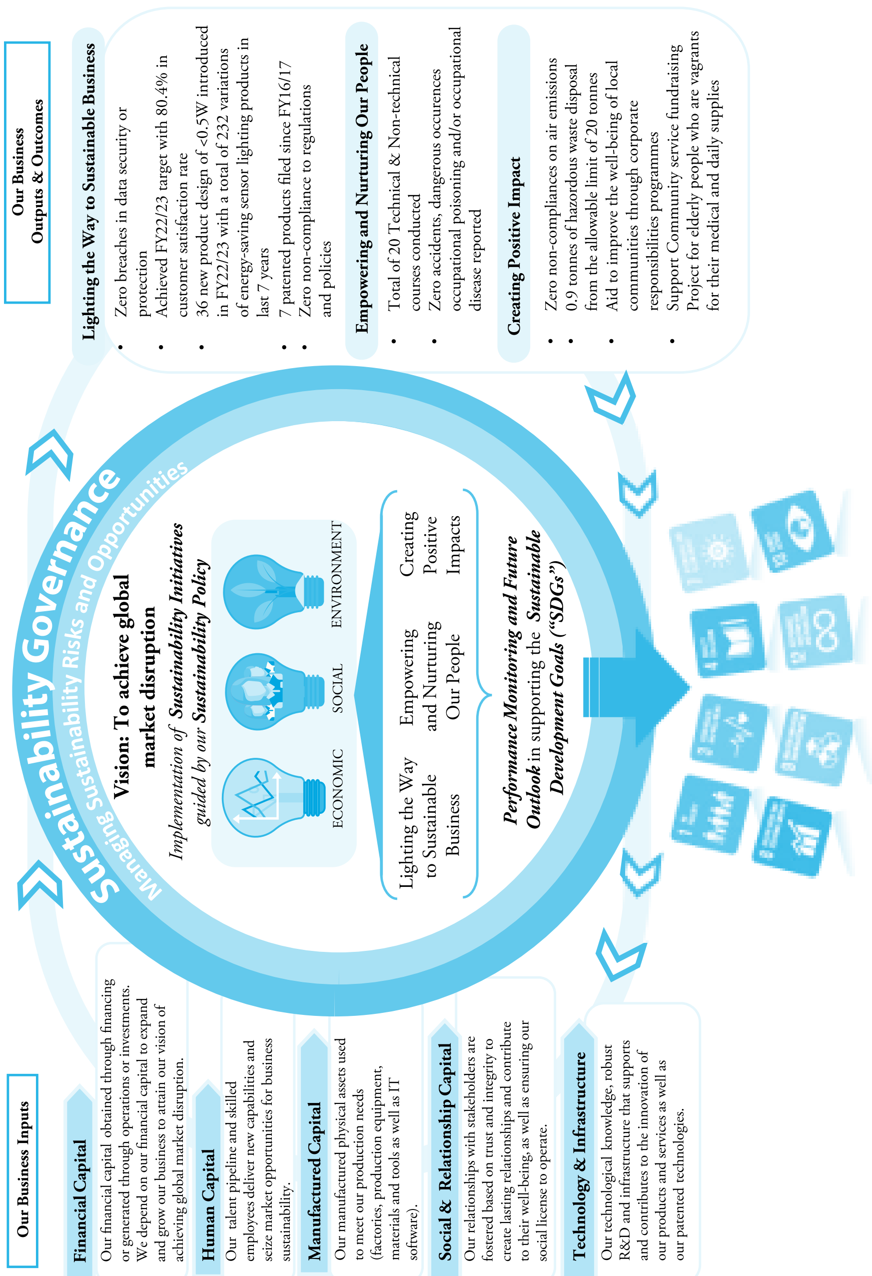
Our sustainability approach entails strict adherence to relevant legislation, regulations, and codes of practice, while ensuring that sustainability issues and impacts are considered in all our business decisions. We are dedicated to conducting our operations in a responsible and compliant manner, while also addressing the broader sustainability challenges and opportunities that arise.

As we embrace the future, IQ-group remains steadfast in our commitment to sustainable practices and responsible corporate citizenship. By embracing a holistic approach to sustainability, we aim to not only meet the needs of our customers but also contribute positively to the environment and society at large.

1 Nelsen, 23 August 2018. Europe to ban halogen light bulbs. The Guardian. https://www.theguardian.com

2 Department of Energy, 7 December 2015. Rise and Shine: Lighting the World with 10 Billion LED Bulbs. https://www.energy.gov/

OUR SUSTAINABILITY APPROACH (Cont'd)



GOVERNANCE STRUCTURE

As we continue on our journey to enhance our sustainability practices, we have taken significant steps to gradually integrate more sustainable approaches into our daily operations. Our commitment to sustainability is reflected in the structure and responsibilities of our governance framework.

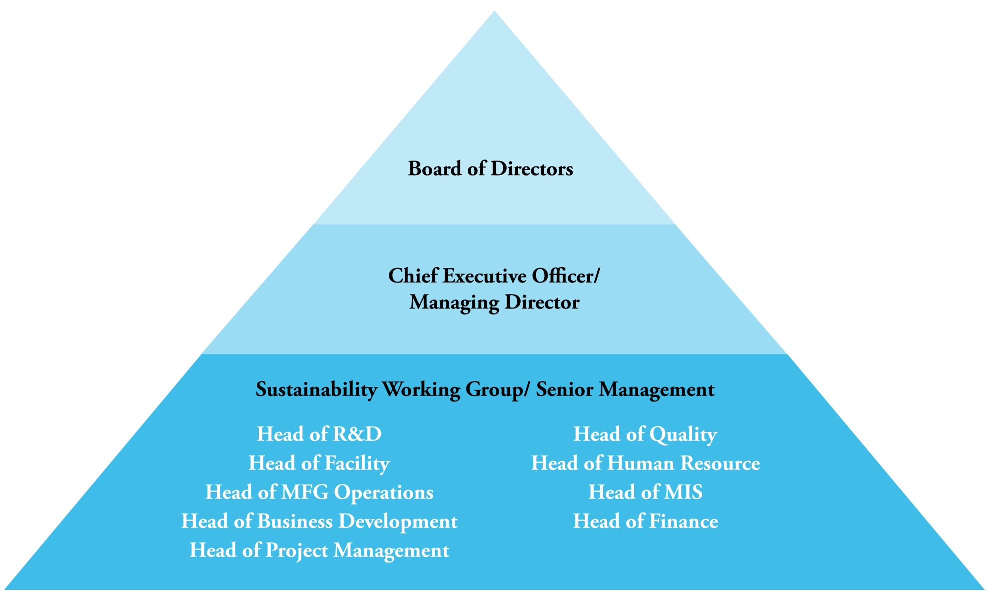
At the core of our sustainability strategies is the Board of Directors, who hold the ultimate accountability for setting the direction of sustainability initiatives. The Board takes into consideration the economic, environmental and social (EES) matters that arise from our business operations and strategic decisions. To ensure effective implementation, the Chief Executive Officer (CEO)/Managing Director (MD) oversees the execution of sustainability strategies and monitors the Group’s overall sustainability performance. Acting as a crucial intermediary, the CEO/MD provides progress updates and presents sustainability-related disclosures to the Board for approval.

To support the implementation and monitoring of sustainability initiatives, we have established a dedicated Sustainability Working Group (SWG). Chaired by our Sustainability Officer, the SWG comprises representatives from various business functions within IQ-group’s key operating entities in Malaysia. These functions include Research & Development (R&D), Facility, Manufacturing (MFG) Operations, Business Development, Project Management, Quality, Human Resources, Management Information System (MIS) and Finance. The SWG is responsible for driving sustainability initiatives across our day-to-day operations and takes the lead in the Group’s sustainability reporting process, as required by the local stock exchange.

Through the collective efforts of the SWG and the involvement of key stakeholders from diverse business functions, we aim to ensure that sustainability is deeply ingrained in our organizational practices. By engaging representatives from R&D, Facility, MFG Operations, Business Development and other vital areas, we can holistically address sustainability challenges and seize opportunities across our operations.

Additionally, we recognize the importance of sustainability reporting as a means to transparently communicate our progress and achievements. By following the guidelines prescribed by the local stock exchange, we strive to provide accurate and comprehensive sustainability-related disclosures that align with best practices.

Through the collaborative efforts of our governance framework, encompassing the Board, CEO/MD and the SWG, we are actively working towards a more sustainable future. By embedding sustainability into our decision-making processes and operational activities, we aim to create long-term value for our stakeholders, mitigate risks and contribute positively to the well-being of the environment and society.



STAKEHOLDER ENGAGEMENT

As part of our commitment to stakeholder engagement, we recognize the importance of fostering meaningful relationships with both internal and external stakeholders. We understand that each stakeholder group holds unique perspectives, concerns and expectations and it is vital for us to listen to their views and address their needs effectively. To facilitate this process, we have established a range of engagement channels to enable open and transparent communication.

The following table provides a summary of our key stakeholders, their primary concerns, the platforms we utilize to engage with them and how we are actively responding to their concerns:

Stakeholder Group	Key Concerns	Engagement Channels	How We Respond
Senior Management Team	• Regulatory compliance • Financial performance • Technology and innovation • Human capital management • Data security • Product and service quality	• Management meetings • On-going interactions • Company-related events	Refer to: • Regulatory Compliance • Sustainable Manufacturing • Data Security & Protection • Employee Learning & Development
Employees	• Learning & development • Occupational safety and health • Employee health and wellbeing	• Employee Handbook • Daily communication via Intranet and emails • Meetings & trainings • Career development program	Refer to: • Employee Learning & Development • Occupational Safety & Health
Customers	• Product quality • Technical support services • Manufacturing capacity and on-time delivery • Data security • Competitive pricing • Customer service	• On-going interactions • On-site visit • Customer survey • Corporate website • Events and activities (trainings, trade shows, exhibitions, workshops, etc.)	Refer to: • Sustainable Manufacturing • Customer Satisfaction • Data Security & Protection
Investors	• Regulatory compliance • Financial performance • Business strategy	• Annual General meetings • Quarterly financial reports and Annual Report • Corporate website	Refer to: • Regulatory Compliance
Government/ Local authorities	• Regulatory compliance • Corporate governance • Occupational safety and health • Environmental management	• On-going interactions via email and calls • On-site visit • Online portal • Company-related events	Refer to: • Regulatory Compliance • Occupational Safety and Health • Energy & Waste Management
Local Community	• Corporate governance • Community involvement • Environmental management	• Community-related events • Corporate website	Refer to: • Regulatory Compliance • Community Development • Energy & Waste Management

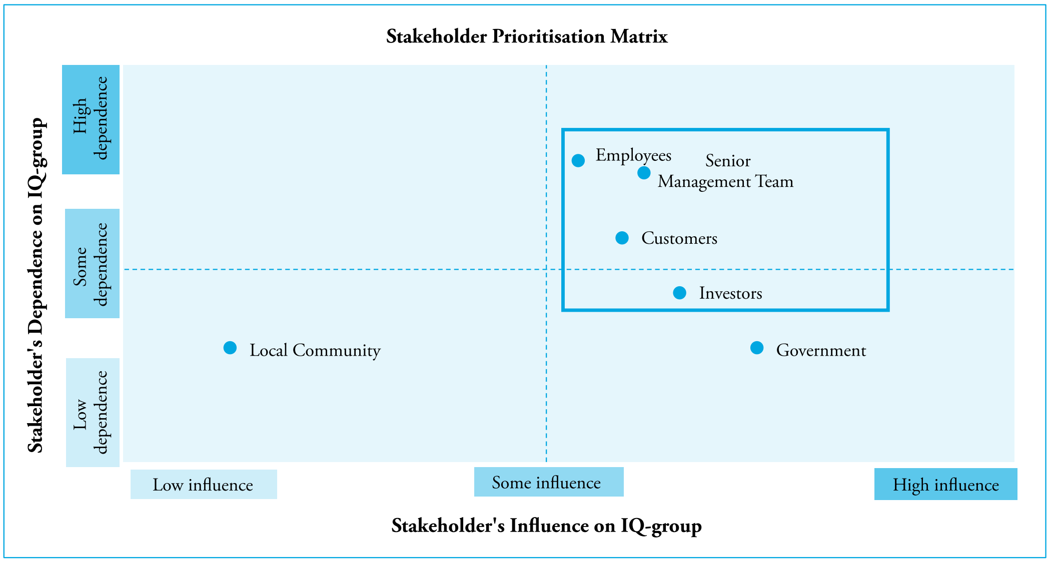
By actively engaging with these stakeholders through various platforms, we are able to gain valuable insights, align our practices with their expectations and enhance our overall performance. We place great importance on addressing their concerns and feedback promptly, ensuring that their voices are heard and acted upon.

Furthermore, we understand that stakeholders differ in terms of their influence and dependence on our operations. As a result, we tailor our engagement efforts to suit the specific needs and priorities of each stakeholder group. This approach enables us to build strong relationships, foster trust and work collaboratively towards shared goals.

Our commitment to stakeholder engagement extends beyond mere communication. We actively listen, respond and adapt our strategies to meet their evolving expectations. By incorporating stakeholder feedback into our decision-making processes, we can enhance our operations, uphold ethical standards and contribute positively to society and the environment.

STAKEHOLDER ENGAGEMENT (Cont'd)

Through continuous dialogue and collaboration, we strive to build lasting partnerships with our stakeholders, reinforcing our commitment to responsible and sustainable business practices.



MATERIALITY ASSESSMENT

In accordance with the guidelines and toolkits provided by Bursa Malaysia Sustainability Reporting, we have diligently carried out a systematic materiality assessment process. This invaluable exercise allowed us to gain profound insights into the aspects that hold significance for both our business and our stakeholders. Our ultimate objective was to establish a harmonious balance between our organizational requirements and the interests of our stakeholders. To achieve this, we employed a meticulous three-step approach, as visually depicted in the diagram below.

By adhering to this comprehensive methodology, we aimed to comprehensively identify and prioritize the issues that are of utmost importance to our business operations and the diverse range of stakeholders we engage with. Through this process, we strived to uncover the crucial intersection between our strategic objectives and the expectations, concerns and aspirations of our stakeholders.

The first step of our approach involved a thorough analysis of the environmental, social and governance (ESG) landscape that encompasses our industry and market. This enabled us to gain a holistic understanding of the overarching sustainability context and the emerging trends that have the potential to impact our business in a significant way.

In the second step, we engaged in extensive stakeholder consultation and engagement exercises. By actively seeking input from various stakeholder groups, such as customers, employees, suppliers, local communities and regulatory bodies, we ensured a comprehensive representation of diverse perspectives and interests. This inclusive approach fostered open dialogue, enabling us to gather valuable feedback and insights that played a pivotal role in shaping our materiality assessment.

The third and final step involved a rigorous analysis and synthesis of the collected data and feedback. We meticulously evaluated the relative importance and potential impact of each identified issue. This analysis allowed us to prioritize the material aspects that demand our focused attention and resources, ensuring a strategic alignment between our business objectives and stakeholder expectations.

This comprehensive three-step approach to materiality assessment has not only guided us in understanding the critical issues that drive our sustainability strategy but has also enabled us to navigate the intricate landscape of stakeholder interests. Armed with this knowledge, we are better equipped to integrate sustainability into our core business practices and effectively address the concerns and expectations of our stakeholders, ultimately contributing to long-term value creation and sustainable development.

MATERIALITY ASSESSMENT (Cont'd)

1 Identification of Sustainability Matters

Reviewed internal documents and conducted desktop research to identify key sustainability matters relevant to IQ-group on the sustainability disclosur es by peer organizations and international voluntary reporting standards.

2 Prioritization of Sustainability Matters

Workshop with management representatives to determine level of significance of each sustainability matter in terms of degree of impact and likelihood of occurrence, taking into consideration stakeholders' perspectives.

3 Approval of Materiality Matrix

Draft materiality matrix was presented and approved by the Board of Directors.

As we have consistently prioritized sustainability matters since the financial year FY18/19, we have adopted an indirect stakeholder engagement approach to ensure a comprehensive review of our efforts. This approach entails gathering inputs from management representatives who have actively engaged with stakeholders through various channels, such as past customer surveys, ongoing interactions, discussions and meetings. By seeking and incorporating stakeholders' perspectives, we strive to capture a holistic understanding of their expectations and concerns when prioritizing our sustainability matters.

The extensive engagement process is reflected in the Materiality Matrix, a key output of our materiality assessment. The diagram below illustrates this matrix, which serves as a visual representation of the relative importance and impact of our sustainability matters.

To enhance clarity and coherence, our sustainability matters have been categorized into three overarching themes. The first theme, "Lighting the Way to Sustainable Business," encapsulates our commitment to pioneering sustainable practices and setting industry benchmarks. It highlights our efforts to minimize environmental impacts, promote resource efficiency and drive innovation towards sustainable solutions.

The second theme, "Empowering and Nurturing our People," underscores our dedication to fostering a supportive and inclusive work environment. This involves initiatives aimed at nurturing our workforce, promoting employee well-being, diversity and inclusion and fostering a culture of continuous learning and development.

The third theme, "Creating Positive Impacts," reflects our aspiration to generate positive contributions to society and the communities in which we operate. Through responsible business practices, philanthropic endeavors and community engagement, we aim to make a meaningful difference and address societal challenges.

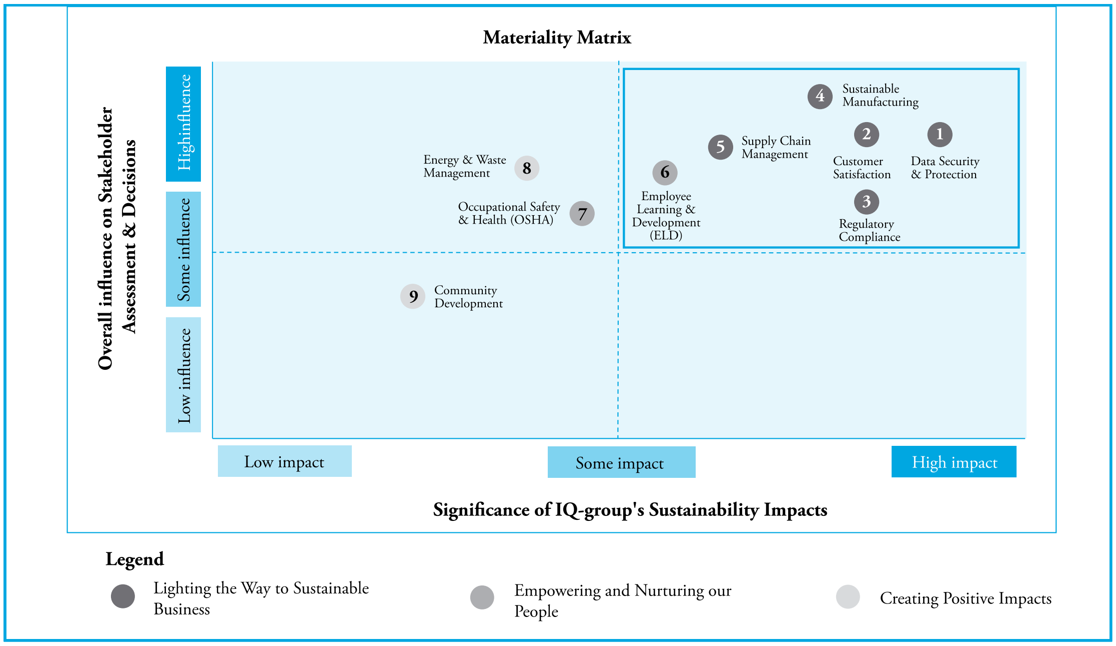
By structuring our sustainability matters within these three themes, we can effectively align our strategic focus and allocate resources towards addressing the most material issues. This approach ensures a comprehensive and coherent sustainability strategy that integrates both stakeholder expectations and our long-term business objectives.

As we continue on our sustainability journey, we remain committed to regularly reviewing and updating our materiality assessment, engaging with stakeholders and adapting our strategies to remain responsive to emerging sustainability trends and evolving stakeholder needs.

After careful analysis and consideration, we have identified the top six material matters that hold significant importance to both our business and stakeholders. These matters encompass data security and protection, customer satisfaction, regulatory compliance, sustainable manufacturing, supply chain management and employee learning and development. Recognizing their criticality, we have classified these matters into themes and evaluated their alignment with the advancement of Sustainable Development Goals (SDGs). The table below provides an overview of this classification and highlights how the management of our sustainability matters contributes to the pursuit of these SDGs.

These material matters serve as focal points for our sustainability strategy, guiding our efforts to effectively manage and monitor our performance in various areas. The management has extensively discussed and strategically laid out these sustainability matters to ensure their effective implementation throughout IQ-group.

MATERIALITY ASSESSMENT (Cont'd)



First and foremost, data security and protection have emerged as a paramount concern in today's digital landscape. By prioritizing robust data security measures, we aim to safeguard the privacy and confidentiality of our stakeholders' information while upholding their trust and confidence in our operations.

Customer satisfaction is another vital aspect of our business, as it directly impacts our reputation and long-term success. By consistently delivering high-quality products and services, addressing customer feedback and fostering strong relationships, we strive to enhance customer satisfaction and loyalty.

Regulatory compliance holds significant importance to ensure ethical and responsible business practices. We are committed to adhering to relevant laws, regulations and industry standards, fostering transparency, accountability and trust in our operations.

Sustainable manufacturing is a core pillar of our sustainability agenda. By minimizing our environmental footprint, optimizing resource efficiency and promoting circular economy principles, we aim to contribute to a more sustainable future and mitigate the impact of our manufacturing processes.

Effective supply chain management is crucial for ensuring responsible sourcing, ethical practices and reducing environmental impacts across our value chain. By collaborating with suppliers, implementing rigorous standards and promoting sustainable practices, we strive to create positive impacts throughout our supply chain.

Employee learning and development play a pivotal role in fostering a skilled and engaged workforce. By investing in continuous training, career development opportunities and a supportive work environment, we empower our employees to thrive, drive innovation and contribute to our overall success.

By aligning these material matters with the SDGs, we demonstrate our commitment to addressing global sustainability challenges and contributing to the broader agenda of sustainable development.

Throughout our sustainability statement, we will delve into each of these material matters, outlining our strategies, initiatives and performance in managing and advancing these areas. By doing so, we aim to provide a comprehensive view of how we prioritize, monitor and improve our sustainability performance while effectively meeting the expectations of our stakeholders.

MATERIALITY ASSESSMENT (Cont'd)

Themes	Mapping against EES aspects	Our Sustainability Matters	Contribution towards United Nation's SDGs
THEME 1: LIGHTING THE WAY TO SUSTAINABLE BUSINESS	Economic	1 Data Security and Protection	
		2 Customer Satisfaction	
	Economic, Environment	4 Sustainable Manufacturing	
	Economic	3 Regulatory Compliance	
		5 Supply Chain Management	
THEME 2: EMPOWERING AND NURTURING OUR PEOPLE	Social	6 Employee Learning & Development	
		7 Occupational Safety & Health	
THEME 3: CREATING POSITIVE IMPACTS	Environment	8 Energy & Waste Management	
	Social	9 Community Development	

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS

Theme 1: Lighting the Way to Sustainable Business

"As a global leader in the design and manufacture of motion sensors, motion sensor controlled LED lighting, security and convenience products, we strive to create long-term value for our stakeholders by operating our business ethically and professionally, whilst continuously improving our business through innovation and process efficiency to deliver innovative and high-quality products."

Data Security & Protection

In the rapidly evolving landscape of the Fourth Industrial Revolution, many industries have encountered challenges in keeping pace with the highly digitalized world. As a result, the need for robust data security measures has become paramount. The increasing threats and risks to organizational data and privacy have compelled us to prioritize the protection of our stakeholders' sensitive information.

To ensure the security and integrity of our Information Security Management Systems (ISMS), we have proactively implemented preventive measures and established internal controls. These measures are aimed at mitigating potential risks and safeguarding the privacy and security of our stakeholders' data in the face of unprecedented challenges.

Within IQ-group, our Management Information System (MIS) department assumes the responsibility of monitoring and managing data and IT-related issues. The implementation of our ISMS encompasses a comprehensive framework of policies, processes, procedures, organizational structures and software and hardware functions. This holistic approach ensures that all aspects of our information security are effectively addressed and managed.

Through stringent adherence to our ISMS protocols, we strive to maintain a secure environment for our stakeholders' data. By continually evaluating and enhancing our security measures, we aim to stay ahead of emerging threats and evolving industry standards. This proactive approach enables us to protect the privacy and confidentiality of our stakeholders' information and maintain their trust in our organization.

Our commitment to data security extends beyond mere compliance. We recognize the critical importance of robust data protection in today's digital landscape and continuously invest in the necessary resources and technologies to strengthen our information security infrastructure.

By upholding the principles of confidentiality, integrity and availability, we ensure that our stakeholders can confidently entrust us with their sensitive data. Through our dedicated MIS department and the implementation of our comprehensive ISMS, we strive to create a secure environment that enables us to navigate the digital realm with confidence and protect the interests of our stakeholders.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Data Security & Protection (Cont'd)

IQ-group general data security & Protection
- IT policy and access control policy
- Backup & password policy (MIS) in line with ISO 9001:2015
- Document Data Control
- Group Data Privacy Guideline

Data security & protection initiatives
- MIS support request
- Annual system maintenance
- Sophos, Symantec and Bitdefender antivirus
- User access control/Restrictions
- Data Privacy Management System (DPMS)
- Acronis Backup System

In addition to our stringent adherence to policies, we have implemented various processes and technologies to effectively manage data security and protection within our organization. These measures are designed to ensure the confidentiality, integrity and availability of our data.

To combat threats and prevent unauthorized access, we have implemented multilevel antivirus protection, regularly update system security patches, and employ network and user access controls. These measures work in conjunction to fortify our defense against potential vulnerabilities and maintain a secure computing environment.

To minimize the risk of data loss and ensure information security, we utilize RAID (Redundant Array of Independent Disks) technology. This data storage virtualization technology enhances both data redundancy and performance, providing an additional layer of protection. Through this approach, we safeguard against potential data loss or corruption, while also maintaining authorized access to our systems.

To further reinforce our data protection measures, we have established a robust backup mechanism. This allows us to regularly back up our data and restore it swiftly in the event of any loss or corruption. By diligently maintaining data backups, we mitigate the impact of potential disruptions and safeguard our information from unauthorized access or distribution.

Additionally, we recognize the importance of regular server hardware maintenance. By conducting routine maintenance procedures, we ensure the proper functioning of our servers and mitigate the risk of unplanned server outages. This proactive approach to server management helps to maintain the stability and availability of our systems, contributing to our overall data security efforts.

Furthermore, in our commitment to continuously enhance data security and protection, we have implemented a Virtualization program. This program focuses on improving backup and disaster recovery capabilities, while also establishing a dedicated channel through our MIS support for traceability and tracking purposes. By leveraging virtualization technology, we enhance the resilience of our systems and strengthen our overall data protection framework.

As part of our ongoing efforts, we recently upgraded our MRP system to a Windows-based platform. This upgrade enables us to better manage data security and protection, aligning our systems with industry best practices and addressing evolving data and IT needs.

Through these robust security measures and constant vigilance, we have maintained the trust of our stakeholders, without experiencing any data breaches or losses for the past seven years. Moving forward, we will continue to remain vigilant, regularly updating our processes and policies to meet the evolving data and IT requirements of IQ-group. We are committed to leveraging virtualization programs, enhancing our backup and disaster recovery capabilities and prioritizing the security of our stakeholders' data to ensure a safe and secure operating environment.

Customer Satisfaction

Our key original design manufacturer (ODM) customers serve as the pivotal gateway to the remarkable technology and innovative solutions that we consistently deliver. Through our collaborations with wholesalers, installers, retailers and more recently, e-commerce marketing, we have been able to revolutionize the market with cutting-edge products. Over the years, our customers have displayed unwavering enthusiasm and readiness to invest in new, high-value and added-value offerings, reflecting their proactive approach in adapting to evolving market demands.

In response to a collaborative effort with one of our valued customers in Auckland to promote sustainability, we have received a formal request for a yearly reduction of 6% in plastic consumption and paper waste. Recognizing the importance of waste reduction, we have already taken proactive measures through our Green initiative. To optimize our packaging design, we have implemented a range of strategies. These include reducing the sizes of our boxes and cartons, eliminating the use of PE bags and nesting in our product packages, replacing PE accessory bags with eco-friendly paper bags, substituting traditional instruction manuals (IM) with QR codes printed on the color box and transitioning from traditional product labels to laser printing.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Customer Satisfaction (Cont'd)

Currently, an impressive 90% of our customer in Auckland's product range incorporates recycled plastics, which serves as a testament to their strong commitment to sustainability. With a clear vision in mind, we have set an ambitious target to achieve 100% usage of recycled plastics across all their products by the year 2025. It is noteworthy that a significant portion, specifically 70%, of our revenue is generated from the sale of low carbon products such as sensors. This highlights our unwavering dedication to providing environmentally friendly solutions while simultaneously maintaining a robust financial performance.

The outstanding performance of our team has been recognized through the exceptional scores we received in various critical areas. With an impressive rating of 88.8% in Account Management & Customer Service, we have demonstrated our unwavering commitment to building strong relationships and providing exceptional support to our valued customers. Additionally, our score of 76.2% in Product evaluation reflects our dedication to delivering innovative solutions that meet and exceed expectations.

Efficiency and reliability are the cornerstones of our operations, as reflected in our customer satisfaction score of 80.5% in Supplier Chain, Operation & Quality Management. This achievement highlights our consistent attention to detail, streamlined processes and unwavering commitment to maintaining the consistency of high quality standards throughout the entire supply chain.

Furthermore, our score of 70.3% in New Project / Product Development signifies our continuous efforts in introducing groundbreaking products to the market. By effectively managing the entire lifecycle of product development, from ideation to launch, we ensure that our customers are always at the forefront of technological advancements.

Finally, our relentless pursuit of customer satisfaction has yielded outstanding results, as evidenced by the achievement of our target for overall customer satisfaction rating in the fiscal year 2022/2023. This accomplishment validates our customer-centric approach and serves as a testament to our ability to consistently deliver on our promises.

In conclusion, our key ODM customers play an instrumental role in propelling our success by providing invaluable insights and acting as catalysts for technological advancements. Through our consistent performance and customer-centric approach, we have been able to position ourselves as a trusted partner and provider of innovative solutions in the market. Table below are summaries of result from our customer satisfaction survey, comparing result of 2022 with earlier years.

	FY19/20	FY20/21	FY21/22	FY22/23
Actual	81.1%	79.5%	82.90%	80.4%
Target	80.0%	80.0%	80.0%	80.0%

Sustainable Manufacturing

At IQ-group, our primary objective is to achieve sustainable business growth that benefits not only our organization but also our stakeholders and the environment in which we operate. To accomplish this, it is crucial for our business to continuously embrace innovation and adapt to change, which is facilitated through our effective and robust research and development (R&D) efforts.

By maintaining a forward-looking vision and leveraging our R&D capabilities, we have successfully developed energy-efficient products that contribute to environmental sustainability. These innovations not only reduce our carbon footprint but also enhance our production efficiency, ultimately leading to cost savings across our operations.

Internally, we adhere to industry standards and guidelines to ensure excellence in our manufacturing processes. Our Printed Circuit Board (PCB) Design Guideline, based on the Association Connecting Electronics Industries Standards, serves as a blueprint for high-quality PCB designs. Additionally, we follow Mechanical and Molding Design Guidelines to optimize product durability and performance.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

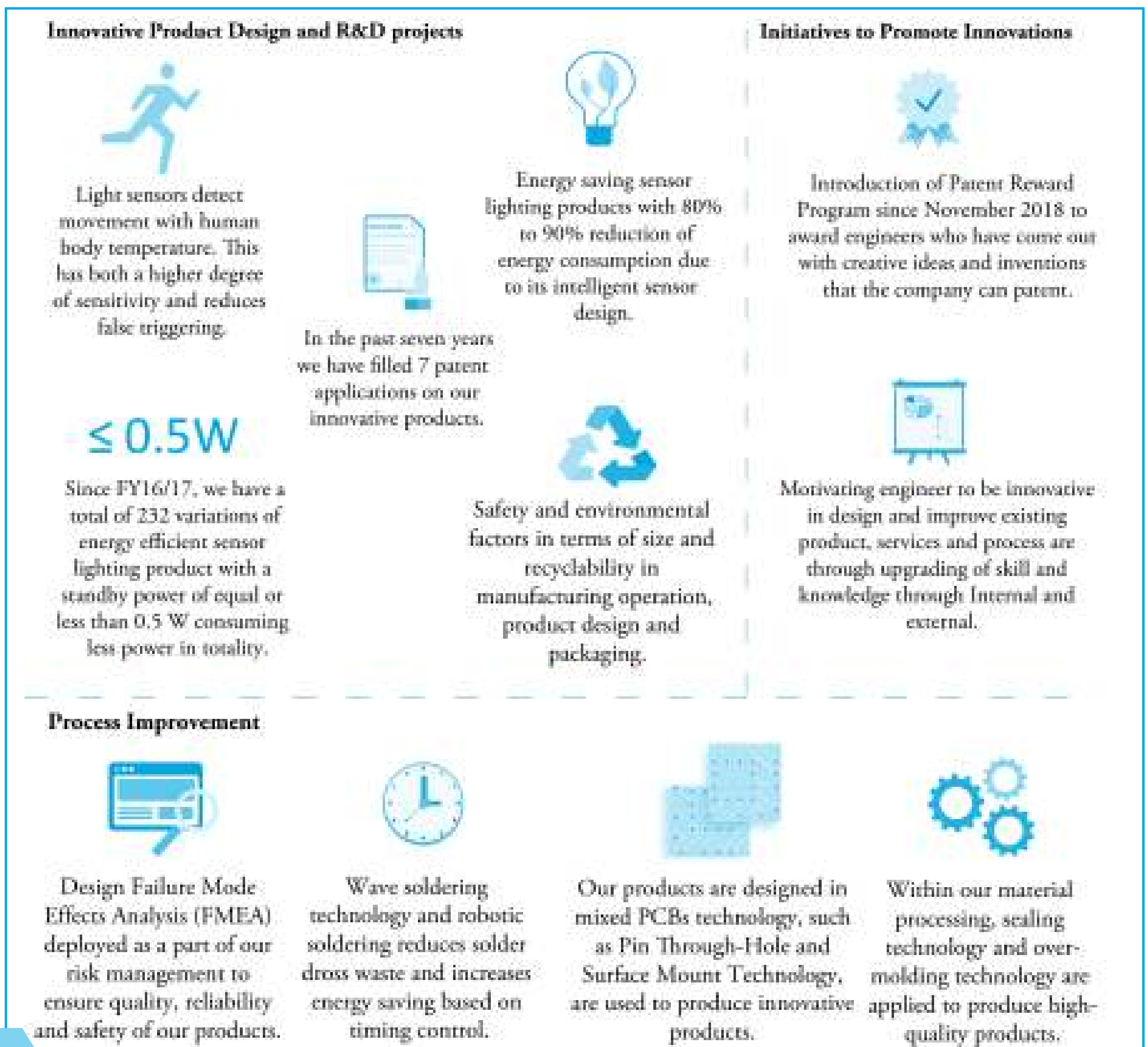
Sustainable Manufacturing (Cont'd)

Apart from incorporating the advanced simulation software, we employed technical professionals with optical and thermal expertise to analyze and enhance the efficiency of our products. By leveraging on these capabilities, we can minimize energy consumption and optimize thermal management, contributing to sustainable manufacturing practices.

Moreover, we have established Packaging Guidelines that promote eco-friendly packaging solutions, reducing waste and minimizing environmental impact throughout the product lifecycle.

These initiatives collectively demonstrate our commitment to sustainable manufacturing practices. By integrating environmental considerations into our R&D processes and embracing industry guidelines, we ensure that our products are not only technologically advanced but also environmentally responsible.

Looking ahead, we will continue to prioritize the initiative of sustainability in our R&D efforts, exploring new avenues for energy efficiency, waste reduction and environmental stewardship. Through our ongoing innovation and a steadfast commitment to sustainable manufacturing, we aim to achieve long-term growth while creating a positive impact on our stakeholders and the environment.



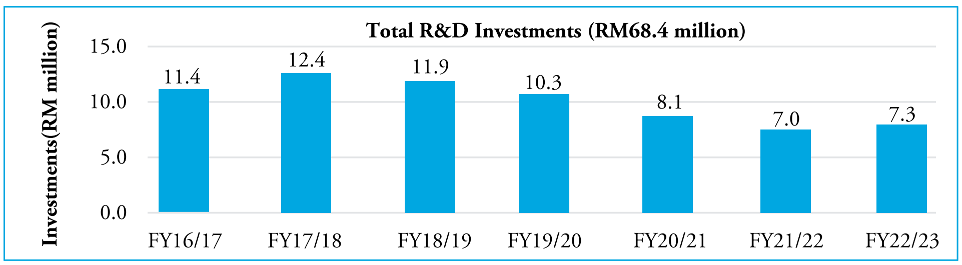
THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Sustainable Manufacturing (Cont'd)

Over the past seven years, IQ-group has consistently demonstrated its commitment to innovation and staying competitive in a challenging market. Recognizing that the technological aspects of our products play a crucial role, we have prioritized research and development (R&D) as one of our core activities since our inception. This unwavering dedication has been instrumental in driving our long-term business growth.

A testament to our commitment, we have invested a substantial amount of RM68.4 million in R&D over the past seven years. These investments have yielded remarkable results, enabling us to extend the benefits of sustainable manufacturing to both our customers and the environment. By harnessing the power of our R&D initiatives, we have achieved significant cost savings and reduced energy consumption throughout our manufacturing processes.



Moreover, our employees have reaped the rewards of these advancements as well. The increased efficiency resulting from our R&D efforts has not only enhanced overall productivity but has also equipped our workforce with advanced technical knowledge and competencies. This upskilling has empowered our employees to excel in their roles and contribute to our continued success.

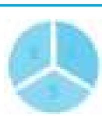
Looking ahead to the future, sustainability remains a top priority for IQ-group in manufacturing. Building on our past achievements, our R&D department is poised to set new targets aimed at reducing greenhouse gas (GHG) emissions throughout the product life cycle. We recognize the importance of developing products that minimize GHG emissions not only during their usage phase but also during the recycling process.

In line with this vision, our upcoming initiatives will focus on designing products with reduced GHG emissions during their operational lifespan. Additionally, we will prioritize the development of components and materials that are easily recyclable, thereby further reducing GHG emissions associated with the recycling process.

By setting these new targets, IQ-group is actively driving the transition towards a more sustainable manufacturing industry. We are committed to leveraging our R&D capabilities to lead the way in environmental responsibility, while simultaneously delivering cutting-edge products that meet the evolving needs of our customers. Through our continued investment in R&D, we aim to shape a brighter and greener future for our company, our stakeholders and the planet as a whole.

Regulatory Compliance

IQ-group appreciates the importance regulatory compliance in conducting and sustaining business, and are committed in ensuring that our reputation for integrity, professionalism and fairness are maintained. All our employees are expected to uphold the Group's standards of integrity, accountability and conduct themselves with rectitude. As illustrated in the diagram below, we have put in place internal policies and procedures to ensure all our business activities and relationships with all stakeholders reflect this standard. Further information and documents on our policies can be found on our corporate website at http://iq-group.com/corporate-governance/.



Sustainability Policy

With the increasing concern on sustainability, IQ-group has formulated a sustainability policy with the approval by the Board which guides our action in promoting sustainability in our business practices and business culture. Our policy includes our position on environmental, social (including health and safety) and governance aspects and ensures we comply with all the relevant regulations, integrate sustainability into our business and develop the appreciation of sustainability in our employees. Through this policy, we are able to improve our sustainability performance.

Break the chain

Anti-Bribery and Corruption Policy

IQ-group has adopted zero-tolerance policy against all forms of bribery and corruption.

The objective of this policy is to set out the responsibilities in observing and upholding the Group's position on bribery and corruption. It also provides information and guidance to employees on how to recognize and deal with potential bribery and corruption issues.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Regulatory Compliance Cont'd)

 **Code of Business Conduct and Ethics (the "Code")**	**Whistle Blowing Policy**
The Code covers a range of business policies and procedures such as prevention of the power abuse, insider trading, anti-corruption and bribe, equal opportunity and non-discrimination. All employees at all levels are expected to uphold these standards in their day-to-day operations. In FY22/23, we maintain with zero cases of ethical breaches reported.	The objective of the policy is to encourage employees and/ or stakeholders to raise concerns in confidence, disclose any malpractice or misconduct; and ensure that the reporter is protected from retaliation and discrimination. It describes in detail the steps to take and procedures that follow of reporting a malpractice misconduct. In FY22/23, there has been no whistleblowing cases being reported.

IQ-group operates in a highly innovative and competitive industry. As such, we hold classified information of our customers and of product details and requirements. As stipulated in our Code of Business Conduct and Ethics, all employees are required to sign a non-disclosure agreement so as to ensure confidentiality at all levels and to safeguard our stakeholders.

In view of the Corporate Liability provision introduced in the form of section 17A to the MACC Act which came into effect from 1st June 2020, IQ -group have reviewed and performed gap analysis on the risk management of adequate controls on corporate liability.

IQ-group have established the necessary policies and procedure, risk assessment in respect to the new provision in MACC Act on the relevant policies and procedure/ anti-corruption measures which are intended to ensure that we have the mechanism established and well prepared in against legal liability on the ground to prevent the promotion of corruption behaviors.

Enhancement has been made to our current procurement procedures in ensuring compliance to ISO9001:2015 and MACC Act which directly addresses Article 26 of the United Nations Conventions against Corruption with the following procedures.

Our other internal procedures to ensure regulatory compliance includes on-going monitoring of existing practices such as internal audits and awareness trainings on new regulations and standards which we are expected to adhere to. We also keep ourselves abreast with regulatory developments to ensure complete compliance through the external advice and trainings. This includes staying up to date with the accounting standards and ISO certification.

Our well-governed organization with ethical and effective leadership has allowed us to foster a transparent and open culture, minimizing IQ-group's compliance risks and potential financial losses. It is noteworthy that there have been no cases of non-compliance or breaches in laws and regulations in the past seven years. We are committed to maintaining our high standards towards regulatory compliance.

Supply Chain Management

In a highly competitive and demanding market for a higher Quality and Reliability products, IQ-group is working towards enhancing its Quality Management System to ensure that we comply with all regulations and laws in our operations and we are compelled to extend this commitment to those beyond our direct operations.

Managing our supply chain in a responsible and sustainable manner requires a structured and guided approach. At IQ-group, the management of our supply chain is in compliance with our internal ISO 9001:2015 quality management system procedures.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Supply Chain Management (Cont'd)

As part of continuous improvement in strengthening the supply chain management, IQ-group has pursued several enhancements in its Quality Management System by introducing the following new procedures.

Since the restructuring of our manufacturing operations in Malaysia in 2018, we have remained steadfast in our commitment to support and sustain the local economy and businesses. One of the key ways we demonstrate this commitment is through our emphasis on sourcing materials, outsourcing processes, and availing services from local vendors.

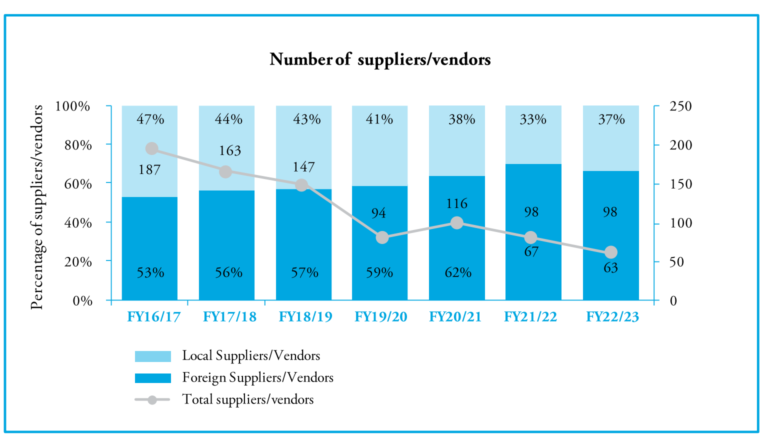
To uphold this commitment, we have actively engaged with local suppliers, with 63% of our active suppliers being local businesses. Moreover, in line with our dedication to supporting the local economy, we have allocated up to 15% of our total supplier expenditure in the past year specifically for local suppliers. However, it is important to note that our Foreign Material procurement has increased to 85%, mainly due to the acquisition of Modular Kits from IQ Wuning.

In our efforts to deliver high-performance products that meet stringent customer requirements, we maintain open and transparent communication with our suppliers. We explicitly inform them about the exacting standards and specifications set forth by our customers. Consequently, only those suppliers who exceed our minimum acceptance criteria, as determined through our Vendor Selection Questionnaire and Assessment, are selectively chosen for collaboration.

During the selection process, we evaluate suppliers based on various factors, including compliance, reputation, quality, and financial stability. This comprehensive assessment encompasses an evaluation of customer satisfaction, which takes into account factors such as shorter delivery lead times, adherence to project/product development timelines and accuracy in meeting specifications.

Furthermore, we conduct new supplier audits specifically for our local suppliers. This audit process ensures that our local partners align with our expectations and meet our stringent quality standards. Through this assessment, we aim to establish mutually beneficial partnerships that foster growth, quality assurance and customer satisfaction.

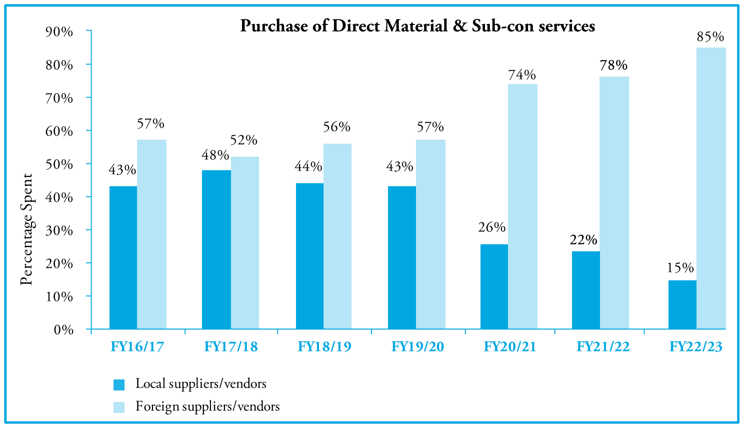
By actively engaging with local suppliers, conducting thorough assessments, and fostering strong relationships, we not only support the local economy but also enhance our ability to deliver high-quality products to our customers. We remain committed to continuously refining our supplier selection and evaluation processes to drive excellence and strengthen our position as a trusted provider of high-performance solutions.



THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 1: Lighting the Way to Sustainable Business (Cont'd)

Supply Chain Management (Cont'd)



In addition, to the day to day communications through various media, we treat our suppliers as a business partners to bridge the gap in responding to the needs of our customers. IQ-group conduct annual vendor performance appraisal on key vendors to ensure that they are meeting the standards we adhere by. Our evaluation criteria include response time, fair quotation and cost and machine capability.

All our suppliers must meet the requirements of the Restriction of Hazardous Substances Directive (RoHS) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) compliance.

In our design development stage, we promote Early Supplier Involvement (ESI) by engaging and collaborating with our suppliers during our product design concept stage to create the awareness and obtain inputs from suppliers which are crucial to our process to achieve shorter design to market with a smoother production run.

Theme 2: Empowering and Nurturing Our People

"To be an employer of choice, we are committed to providing and maintaining a safe and healthy workplace, and enhancing our employees' skills and competencies through provision of conducive learning environment and platform."

Employee Learning & Development (ELD)

During this reporting year, our organization made significant investments in training and development programs to enhance the skills and capabilities of our employees. A total of 2,842 training hours were dedicated to these initiatives, demonstrating our commitment to continuous learning and growth.

We conducted a total of 20 training programs throughout the year, which encompassed both technical and non-technical areas. Out of these, 17 training programs were focused on work- related or technical skills, while the remaining 3 programs targeted non-technical skills such as employees' awareness or HRMS system enhancement. This balanced approach allowed us to address the diverse needs of our workforce and ensure a well-rounded development experience for our employees.

The distribution of training hours between technical and non-technical upskilling was notable. Approximately 85% of the total training hours were allocated to worked related or technical upskilling initiatives. This emphasis on work-related and technical skills signifies our recognition of the importance of areas such as work compliance & occupational knowledge By investing a significant portion of our resources in these areas, we aimed to foster a strong foundation of work-related & technical skills among our employees, which are crucial for them to excel in their respective roles.

On the other hand, 15% of the training hours were dedicated to non work-related & non technical upskilling. This allocation highlights our commitment to staying up-to-date with the latest regulatory requirements and ensuring our employees possess the Mandatory awareness such as anti-harassment & security compliance in our workplace by providing targeted non work-related & non technical training, we aimed to foster the integrity in the staff on sharing and nurturing corporate culture and ethnics, improving communications and commitment. The approach is also an important element of Employee Engagement strategy to ameliorate practical knowledge on enacted corporate policies and good workplace culture.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 2: Empowering and Nurturing Our People (Cont'd)

Employee Learning & Development (ELD) (Cont'd)

The successful implementation of these training and development programs is reflected in the increased capabilities and performance of our employees. Through these initiatives, we have not only enhanced their existing skills but also fostered a culture of continuous learning and professional development within our organization.

Looking ahead, we remain committed to investing in our employees' growth by expanding our training and development offerings. We will continue to assess the evolving needs of our workforce and tailor our programs to address emerging skills gaps. By nurturing a learning-oriented environment, we aim to empower our employees to reach their full potential and drive our organization's success in an ever-changing business landscape.

Our people are our assets in driving the continuous growth of our business. They are like our blood vessel in our body where the continuous flow of blood which drives the knowledge and abilities to innovate ideas, promote improvements and constructive processes. Thus, we believe that IQ-group must support and develop their leadership skills, talents and career path through provision of trainings, feedbacks and guidance.

We continue to enhance our ISO 9001:2015 quality systems procedures and policies to ensure that our employees receive a comprehensive and holistic training opportunities here at IQ-group. This includes procedures on in-house training, operational training, training needs procedure and a performance management framework. To help our employees gain a wider and broader experience within the business, we have also established an employee transfer procedure.

In addition to our procedures, we also have in place mechanisms to ensure that our employees are continuously accompanied and guided through their career paths at IQ-group. These include:

- Career mapping and succession planning for selected departments to develop the employee capability and to facilitate employee career growth.
- Competency assessment to assess employee needs of training.
- Annual performance evaluation for all employees at all levels.
- Annual training calendar and budget set for both in-house and external trainings for all departments.

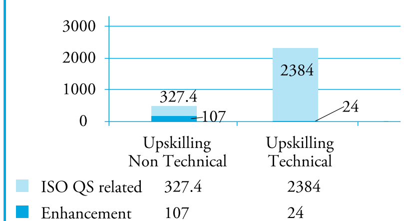
We continue to encourage our employee to keep abreast and remain vigilant to new technology development in the fast growing competitive market and well-informed, we encourage them to attend seminars for regulatory updates and technical-related matters, as well as exhibitions, conferences, association and meetings to benchmark ourselves with other players within this industry and for the exposure.

As we continue our effort in optimization of our operations, a total of 2325 hours or 82% from total training hours were invested in our production operators' multi-skill training programs.

Total technical and non-technical contribution in FY22/23

Total headcount attended training in FY22/23

Training hours spent in FY22/23



We will continue to support our workforce through their career path with us. We have started to rolled out in stages our career mapping initiative to all other departments as we understand that this initiative will be of significant use to our employees.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 3: Creating Positive Impacts

"As a socially responsible corporate citizen, we acknowledge our responsibility to minimize the environmental impacts arising from our business operations, and the care of the community around us."

Occupational Safety & Health (OSH)

At IQ-group, we take health and safety of our employees seriously as we believe our people are our responsibility and we have a duty to ensure that they return home in safety. We are proactive in our approach to safety by focusing on the preventive measures and thus establish a robust safety management system in place. Our Safety and Health Policy and safety and work instructions demonstrate our commitment to ensure a zero accident's work environment. We are happy to report that through our initiatives, IQ-group has not experienced any accidents, dangerous occurrences, occupational poisoning and/or occupational disease reported for the past 5 reporting years.

Below are some of our measures, initiatives and achievements in managing health and safety at IQ-group:

Regulations	Over the 7 reporting years we have complied with the air emissions level for Local Exhaust Ventilation (LEV) – soldering purposes to remove fumes from system - under DOSH with air emission monitoring as per Environmental Quality (Clean Air) Regulations 2014 (DOE guidelines) and hygiene technology as per Occupational Safety and Health (Use and Standard of Exposure Chemical Hazardous to Health) Regulations 2000 to ensure that our employees work within an environment with clean air and free from hazardous chemicals.
Organisational Arrangements	• Established Health and Safety Committee and appoint safety representatives who are accountable in the development of OSHA-related risk mitigation strategies, develop and deploy standards, programs and procedures to reduce health and safety-related risks. • Our Emergency Response Team (ERT) & First Aid Team are the ground in our operations and are trained to be the first response to any emergencies.
Inspections and Audits	• Annually, our operations are audited by the Department of Occupational Health and Safety (DOSH) to ensure compliance with as per their OSHA standards. • We regularly carry out internal and external audits, machine inspections, periodic equipment servicing and risks assessments, including soldering machine inspection and Chemical Health Risk Assessment (CHRA). • During the reporting year, we successfully passed both the internal audit on the maintenance service and examination for the local exhaust ventilation (LEV) system, liquefied petroleum gas (LPG) system and fire-fighting and detection equipment; and external audit by DOSH for general plan inspection and machinery plant renewal.
OSHA initiatives	• Personal protective equipment (PPE) such as safety goggles, face shields and gloves, are provided to employees who work in high-risk environment, i.e. soldering process. We optimise our PPE to reduce injury downtime and maximise operational efficiency. • Our new health and safety initiatives for this reporting year covers the upgrade of safety systems i.e. fire-fighting (iSCADA SPKA system), SPKA – Sistem Pengawasan Kebakaran Automatik (Direct link of the fire alarm system to 3rd party service provider and Bomba at Batu Kawan), establishment of Emergency Response Team (ERT) inclusive the First Aid Support, Pandemic Preparedness procedure and optimisation of personal safety equipment
Trainings and Communications	• All new employees are given an induction on health and safety training to ensure they understand the health and safety standards that IQ-group adheres to. • We regularly communicate with all our employees with updates on health and safety via notice boards and regular management briefings. • Provide training/competence program (annual, orientation) including operation of eye wash station.

Health and safety have always been a fundamental part of our identity and we will remain ever vigilant of safety hazards and risks. To achieve higher levels of occupational health and safety within IQ-group, First Aid training was conducted in to our First Aid member as a refresher course on health and safety.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 3: Creating Positive Impacts (Cont'd)

Energy & Waste Management

While it is often perceived that manufacturers have a short-term view when it comes to the environment and climate change, IQ-group, as a manufacturing plant, recognizes the additional responsibility we bear in mitigating any negative impacts on our operating environments and stakeholders. We are committed to upholding sustainable practices and taking pride in our efforts towards energy and waste management.

At IQ-group, we understand the importance of long-term thinking and the need to prioritize environmental sustainability. We are fully aware of the potential consequences that our manufacturing processes can have on the environment and the communities we operate in. As a result, we have taken proactive measures to address these concerns.

Energy management is a key focus for us. We have implemented various initiatives to optimize energy usage and reduce our carbon footprint. This includes investing in energy-efficient technologies and equipment, as well as adopting renewable energy sources where feasible. By continuously monitoring and optimizing our energy consumption, we strive to minimize our impact on the environment while maximizing operational efficiency.

In addition to energy management, we also prioritize waste management practices. We are committed to minimizing waste generation, promoting recycling and reuse and ensuring responsible disposal of any waste produced. By implementing efficient waste management strategies, we aim to reduce our environmental footprint and contribute to a circular economy.

Furthermore, we actively seek opportunities for improvement and innovation in our manufacturing processes to further enhance our environmental performance. This includes exploring alternative materials, optimizing production techniques and adopting sustainable practices throughout our supply chain.

We take pride in our commitment to sustainable manufacturing practices and strive to set an example within our industry. By continuously evaluating and refining our energy and waste management practices, we aim to not only mitigate negative impacts but also inspire positive change across our operating environments and among our stakeholders.

Moving forward, we will remain dedicated to upholding the highest environmental standards, embracing emerging technologies and collaborating with relevant stakeholders to drive sustainability throughout our operations. Through these ongoing efforts, we aim to lead by example and contribute to a more sustainable future for both our organization and the wider community.

Energy Management

At IQ-group, our unwavering commitment to reducing energy consumption and minimizing pollution remains a top priority. We have taken proactive measures to mitigate our environmental impact and enhance our overall environmental performance. Our Environmental Policy serves as a guiding framework, highlighting our dedication to:

Considering safety and environmental factors in all operational decisions. Exploring feasible opportunities to minimize adverse impacts stemming from our operations. Regularly evaluating our performance and compliance through comprehensive assessments. To uphold these commitments, we adhere to ISO 14001:2015 Standards practices, internal procedures and external regulations. Our continuous engagement with the Department of Environment (DOE) ensures that we stay up to date with new regulations, standards and requirements, enabling us to consistently improve our environmental practices.

In our pursuit of sustained performance, we rely on progressive tracking and analysis of data to monitor energy consumption closely. The graphs provided below illustrate our electricity consumption and carbon emissions over a three-year period. Notably, in the current reporting year, we have achieved a reduction in both energy consumption and carbon emissions.

This significant progress can be attributed to our proactive measures aimed at reducing our carbon footprint. Since 2016, we have replaced 88% of our high-energy consumption lighting with energy-efficient LED lighting, which consumes 80-90% less energy than conventional lighting. Additionally, we have optimized our operations and maximized the utilization of our manufacturing operations on the ground floor, further enhancing efficiency and productivity.

In our ongoing efforts to enhance energy savings, we have implemented additional measures. For instance, we have integrated IQ-group PIR motion sensor lighting and PIR motion sensor control devices in various areas within our plants. This installation enables further energy savings as the lighting is automatically activated only when motion is detected, reducing unnecessary energy consumption.

Our focus on energy savings through the LED lighting replacement project has been highly successful, with completion reaching 99%. Through this initiative, we have replaced inefficient and low power factor lighting with high power factor LED lighting, resulting in substantial energy savings.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 3: Creating Positive Impacts (Cont'd)

Energy & Waste Management (Cont'd)

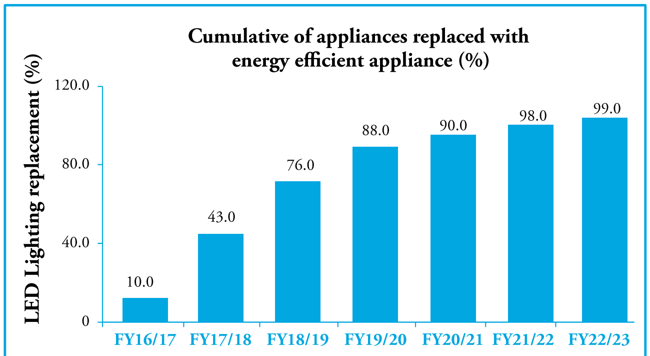
Energy Management (Cont'd)

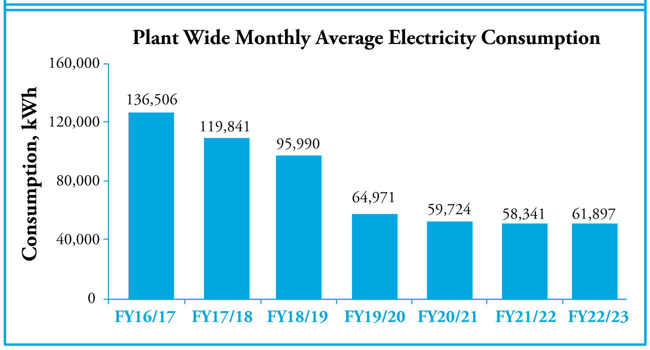
By maintaining a steadfast focus on energy efficiency and leveraging advanced technologies, we are making significant strides in reducing our environmental impact. We will continue to explore innovative solutions and strategies to further enhance our energy savings and overall sustainability performance.

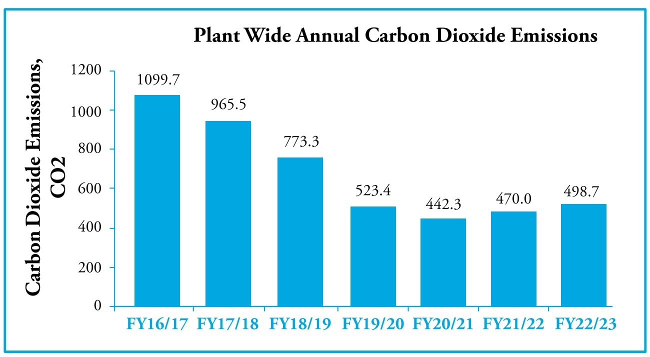
Our commitment to sustainable practices extends beyond our immediate operations, as we strive to inspire positive change within our industry and contribute to a greener future for generations to come.

As we enter the FY23/24 reporting period, we will be dedicating our efforts to Energy Saving projects with the utilization of Solar Energy within our workspace. We firmly believe that by fostering a culture of sustainability and implementing green practices both in our office and among our employees, we can enhance our operational efficiency, competitiveness and overall sustainability. Our commitment extends beyond mere token gestures and encompasses meaningful and environmentally conscious improvements.

Through our Energy Saving projects, we aim to reduce our ecological footprint by implementing innovative solutions that optimize energy consumption and minimize wastage. This includes initiatives such as adopting energy-efficient lighting systems, optimizing HVAC systems, and promoting responsible energy usage throughout our operations. By prioritizing energy efficiency, we not only contribute to the preservation of our planet's resources but also create a more sustainable and cost-effective work environment. By engaging our employees and promoting their active involvement in these initiatives, we aim to create a sense of shared responsibility and empower them to become advocates for sustainability. Through education, awareness campaigns and training programs, we seek to instill a mindset of environmental stewardship and inspire our employees to make sustainable choices both at work and in their personal lives.







Waste Management

Considering the utilization of chemicals in our operations, it is crucial to handle these inputs appropriately to prevent their release into the environment through air, water, or as solid waste. To ensure responsible waste disposal, IQ-group has established robust protocols including the implementation of our Work Procedure and Waste Handling, Emergency Preparedness and Response and Scheduled Waste/Chemical Handling Work Instruction.

At IQ-group, we maintain a zero-tolerance approach towards non-compliance. Therefore, we prioritize adherence to the Department of Environment (DOE) requirements concerning scheduled waste management. This includes timely waste disposal within the specified limits of 20 tones per disposal. To facilitate proper waste management, we have designated a specific area for the storage of scheduled waste.

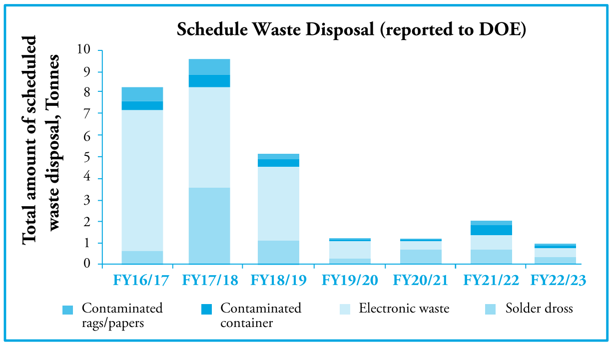
Recycling is an integral part of our waste management practices at IQ-group. We actively engage in recycling initiatives for both hazardous and non-hazardous wastes, ensuring that these activities are conducted through authorized channels. To oversee these efforts, we have established a Scrap Committee that exclusively handles tendering and scrapping activities.

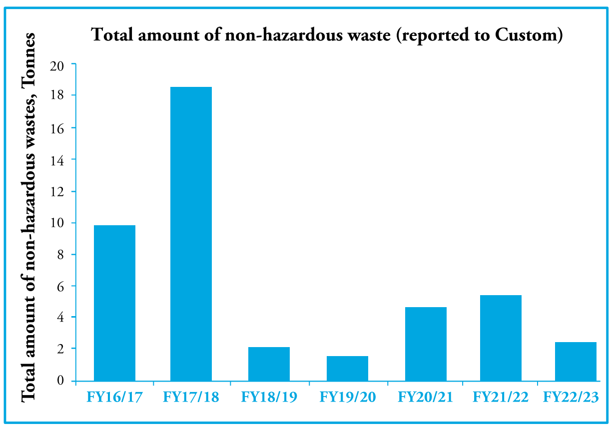
THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

Theme 3: Creating Positive Impacts (Cont'd)

Energy & Waste Management (Cont'd)

Waste Management (Cont'd)





Recognizing the detrimental impact of hazardous waste pollution on the environment, we take particular care in managing scheduled waste such as solder dross and electronic waste. These waste materials are primarily sold to licensed contractors specialized in recycling. By partnering with these contractors, we contribute to the responsible and sustainable disposal of scheduled waste while mitigating potential environmental harm.

At IQ-group, we remain dedicated to upholding stringent waste management practices, prioritizing compliance and actively pursuing recycling opportunities. These efforts are integral to our commitment to environmental stewardship and ensuring the long-term well-being of our planet.

In addition to our energy-saving endeavors, our focus on Green Initiatives further emphasizes our commitment to sustainable practices. This encompasses various actions such as waste reduction and recycling programs, encouraging the use of eco-friendly materials and promoting responsible consumption among our employees. By integrating these green practices into our daily operations, we strive to minimize our environmental impact and foster a culture of sustainability within our organization.

We firmly believe that embracing sustainable and green practices goes beyond being a mere "good thing to do." It is a strategic imperative that aligns with our values and long-term vision. By proactively addressing environmental concerns and implementing environmentally conscious improvements, we not only fulfill our corporate social responsibility but also position ourselves as a forward-thinking and environmentally responsible organization.

We place great importance on waste reduction not only within our operational areas but also in our non-operational spaces, such as management and administration. It is part of our organizational culture to minimize wastage and promote sustainable practices. Within these areas, we implement various measures to contribute to waste reduction and responsible resource management.

One of our key practices is maintaining the office temperature at an optimal level of 24 degrees Celsius, as recommended by the Malaysian government. This helps conserve energy and reduces unnecessary consumption. Additionally, we encourage employees to switch off lights during lunchtime or when areas are not in use, further minimizing electricity usage.

To minimize paper waste, we actively promote the use of recycled paper and encourage employees to print only when necessary. By adopting these practices, we strive to reduce our environmental footprint and conserve valuable resources.

Furthermore, we are committed to fostering a culture of recycling throughout our operations. To facilitate this, recycling bins are strategically placed across our facilities, making it convenient for employees to segregate recyclable materials. Through these efforts, we have witnessed significant reductions in waste generation, thanks to recycling, waste reduction and reuse initiatives.

We continuously explore and implement additional waste management initiatives to further enhance our sustainability practices. By encouraging responsible waste management and promoting a culture of recycling, we aim to minimize the impact of our operations on the environment and foster a greener future.

At IQ-group, we firmly believe that every action counts and by collectively embracing sustainable practices, we can make a substantial difference in waste reduction and resource conservation.

THE VALUE WE CREATE FOR BUSINESS AND STAKEHOLDERS (Cont'd)

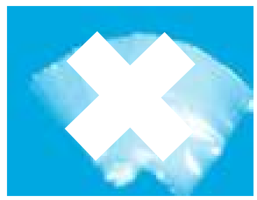
Theme 3: Creating Positive Impacts (Cont'd)

Energy & Waste Management (Cont'd)

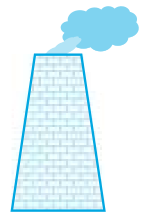
Waste Management (Cont'd)

Return to suppliers / vendors

Reduction of PE



Air emission monitoring



Community Development

As a socially responsible corporate entity, we recognize the significance of assuming a proactive role in community development. Our endeavors in this realm hold the potential to generate positive impacts, fostering trust among our employees and the broader community. We acknowledge our dual obligation to prioritize the well-being of our workforce and actively contribute to the betterment of the community through diverse forms of community engagement.

This reporting year marks the fifth anniversary since the establishment of our Community Service & Sports & Recreational (CSSR) Club in late 2018. The CSSR Club serves as a catalyst for promoting social responsibility and work-life balance among our employees. We take pride in the fact that all of our employees are members of this club, demonstrating our commitment to inclusive participation. Since its inception, the CSSR Club has empowered our employees to actively engage in determining the activities and programs that would yield maximum benefits for both IQ-group and the wider community.

As a concerned corporate citizen, we remain steadfast in our commitment to community engagement, recognizing that our actions hold the potential to make a meaningful difference in the lives of our employees and the community. By upholding shared responsibility and inclusivity, we reinforce our core values and cultivate enduring bonds that transcend the realm of day-to-day operations.

The diagram presented below provides a comprehensive overview of our community engagement initiatives for the FY22/23 reporting period. These initiatives encompass a wide array of activities designed to create positive impacts and foster trust among our employees and the community at large. By actively involving ourselves in community service, sports, recreational events and other social endeavors, we forge deeper connections and cultivate stronger relationships that extend beyond the boundaries of our organization.

Community Service
IQ Group CSSR club completed 2 charity projects in FY22/23. During Chinese New Year, we visited Ci Al Welfare Institution for a fundraising campaign to help the elderly people who are vagrants for their medical and daily supplies. Besides that, we contributed a fund of RM500 as sponsorship to Penang Open Woodball Championship 2023.

Sports Activity
To promote healthy life style and work-life balance amongst employees, IQ-group continues to provide annual funding to badminton games as sport activity for the employees.

Birthday gifts' giveaway has been a practice to show appreciation to our employees. The Covid pandemic had put a stop to other recreational activities for the safety of our employees.

IQ Group understands the critical importance of preserving a healthy planet for the well-being of future generations. As we embark on the FY23/24 reporting period, IQ Group remains committed to driving positive change and making a meaningful impact on the environment. By integrating Energy Saving projects and Green Initiatives into our CSSR agenda, we demonstrate our dedication to a sustainable future for generations to come.

AUDIT COMMITTEE REPORT

The Board of Directors of IQ Group Holdings Berhad ("the Board") is pleased to present the report on Audit Committee for the financial year ended 31 March 2023

INTRODUCTION

The Audit Committee was established on 26 July 2005, prior to the listing of IQ Group Holdings Berhad on the Main Board of Bursa Malaysia on 10 October 2005.

The purpose of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

COMPOSITION OF THE COMMITTEE AND MEETINGS

The Audit Committee comprises the following members:-

Chairman : Tan Boon Hoe
(Independent Non-Executive Director)

Members : Dato' Yoon Chon Leong
(Senior Independent Non-Executive Director)

Teresa Tan Siew Kuan
(Independent Non-Executive Director)

During the financial year ended 31 March 2023, a total of seven (7) meetings were held. The details of attendance of each member at the committee meetings held during the financial year are as follows:

	Number of Audit Committee Meetings	
Directors	**Attended**	**Held**
Tan Boon Hoe	7	7
Charlie Ong Chye Lee (resigned on 31-5-2023)	7	7
Dato' Yoon Chon Leong	7	7
Teresa Tan Siew Kuan (appointed on 1-3-2023)	0	0

SUMMARY TERMS OF REFERENCE OF THE COMMITTEE

1. Objectives of Audit Committee

- To assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group;
- Evaluate the quality of the audit conducted by the internal and external auditors;
- Oversee the financial information presented by management to ensure it is factual, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct which is in accordance with Code of Business Conduct and Ethics; and
- Determine the adequacy of the Group's control environment.

2. Members

- The Audit Committee shall consist not less than three members, comprising Non-Executive Directors, with a majority being Independent Directors.
- Chairman of the Board shall not be a member of the Committee.

SUMMARY TERMS OF REFERENCE OF THE COMMITTEE (Cont'd)

2. Members (Cont'd)

- At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, must have at least three years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- A former key audit partner and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group must observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.
- The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.
- No alternate Director shall be appointed as a member of the Committee.
- If a member of the Audit Committee, for whatever reason, ceases to be a member with the result that the number of members is reduced below three, the Board of Directors shall, within three months of the event, appoints such number of new members as may be required to make up the minimum number of three members.

3. Authority

- The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to the employees of the Group.
- The Committee shall also be able to convene meetings with the external Auditors, the internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- The Committee shall have the authority to obtain independent legal or other professional advice, as it considers necessary.
- The Committee has the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee shall deem fit and necessary.

4. Meetings

- The Committee is at liberty to determine the frequency of its meetings, which in any event shall not be less than four (4) times a year.
- The quorum shall consist of two (2) members, majority of the members present must be Independent Directors.

5. Attendance at meetings

- The Group Financial Controller and a representative of the external and internal Auditors are invited to attend the meeting as and when necessary. Other Board members may attend meetings upon the invitation of the Committee.
- The Committee should meet with the external Auditors without executive Board members present at least twice a year. The Committee may invite any person to be in attendance to assist in its deliberations.
- The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supported by explanatory documentation to committee members prior to each meeting.

6. Duties

The duties of the Audit Committee include the followings:

- to consider and recommend the appointment and re-appointment of the external Auditors, the audit fee and any questions of resignation or dismissal, if any;
- to assess the suitability, objectivity and independent of the auditor annually.
- to establish policies and procedures to address the criteria on the appointment and re-appointment of the external auditors and appropriateness of audit fees to support a quality audit.
- to discuss with the external Auditors on their audit plan including the assistance given by the employees of the Company to the external Auditors;

SUMMARY TERMS OF REFERENCE OF THE COMMITTEE (Cont'd)

6. Duties (Cont'd)

- to review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements; and
  - any significant and unusual events.
- to review the financial reporting process, detect financial irregularities and to ascertain that the financial statements are consistent with operational information.
- to consider any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to review the major risk area of the Group;
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- to review evaluation by the External Auditors on the System of Internal Controls, the external Auditors' management letter and management's response;
- to do the following where an internal audit function exists:
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function;
  - review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning;
- to maintain and keep under review the whistle-blowing mechanism of the Group;
- to consider the major findings of internal investigations and management's response;
- to consider other topics as defined by the Board.

7. Reporting

- The Committee is authorised to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.
- The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.

SUMMARY OF WORK PERFORMED DURING THE FINANCIAL YEAR

During the financial year under review, the Audit Committee in the discharge of its functions and duties had carried out the following activities to meet its responsibilities:-

Financial Reporting

- Reviewed the unaudited quarterly financial results before recommend the same to members of the Board for approval prior to the announcement to Bursa Malaysia Securities Berhad. The Audit Committee review is to ensure that the report presented a true and fair view of the Group's financial performance.

SUMMARY OF WORK PERFORMED DURING THE FINANCIAL YEAR (Cont'd)

Financial Reporting (Cont'd)

- Reviewed the annual audited financial statement of the Company and the Group with the external auditors prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosures are in compliance with relevant rules, regulations and approved accounting standards.

External Audit

- Reviewed the re-appointment of the external auditors and their remuneration. This is to ensure competency and effectiveness of the external auditor.
- Reviewed the external auditor's audit plan to ensure adequacy of the scope of work for the year.
- Reviewed and discussed the findings arising from the audit carried out by the external auditors and follow up actions with the management if necessary.
- Reviewed and approved the non-audit services by the external auditors. This is to ensure that independence and objectivity of the External Auditor are not compromised.
- Had private meetings with the External Auditor on two (2) occasions to ensure that there is no restrictions on the scope of their audit and to discuss on significant matters highlighted including financial reporting issues, significant judgements, unusual transactions that arose during the course of audit.

Internal Audit

- Reviewed the adequacy of the scope, functions, resources and competency of the internal audit function of the group.
- Reviewed the performance of the internal auditors. This is to ensure competency and effectiveness of the internal auditor before their reappointment.
- Reviewed the Internal Audit Plan tabled by the outsourced internal auditors. This is to ensure the adequacy of audit scope and coverage on auditable entities with significant high risks.
- Reviewed and deliberated the Internal Audit Report tabled during the year, the audit recommendations made and the management response to those recommendations. Significant issues were discussed with the management to ensure satisfactory response to address identified risks.

Related Party Transactions

- Reviewed the quarterly updates on the related party transactions entered into by the Group as to ensure that there is no conflict of interest situations and related party transactions were at arm's length.
- Reviewed the circular to shareholders relating to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to recommending it for Board's approval.

Risk Management

- Reviewed the Enterprise Risk Management (ERM) or Principle Business Risks of the Group and provide guidance on the action plans to address the identified risks.
- Evaluated the overall adequacy and effectiveness of the system of internal controls through review the work performed by both internal and external auditors and discussions with the management.

Annual Reporting

- Reviewed the Audit Committee Report, Corporate Governance Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control prior to recommendation to the Board for inclusion into the Company's Annual Report.

STATEMENT ON EMPLOYEE SHARE OPTION SCHEME BY THE COMMITTEE ("ESOS")

IQ Group Holdings Berhad Employee Share Option Scheme ("ESOS") was established on 9 September 2005. On 27 May 2010, the company has extended the ESOS for a period of 5 years commencing from 9 September 2010 on the same terms and conditions as mentioned in the By-Laws. The ESOS has expired on 8 September 2015. There is no new establishment ESOS scheme after the expiration.

NOMINATION COMMITTEE REPORT

The Nomination Committee was established on 26 July 2005, prior to the listing of IQ Group Holdings Berhad ("IQGHB") on the Main Board of Bursa Malaysia on 10 October 2005. The Committee comprised the following members:

Chairman	**:**	Dato' Yoon Chon Leong *(Senior Independent Non-Executive Director)*
Members	**:**	Tan Boon Hoe *(Independent Non-Executive Director)*
		Teresa Tan Siew Kuan *(Independent Non-Executive Director)*

Two (2) meetings was held during the financial year ended 31 March 2023. The details of attendance of each member at the committee meeting held during the financial year are as follows:

	Number of Nomination Committee Meetings	
Directors	**Attended**	**Held**
Charlie Ong Chye Lee (resigned on 31-5-2023)	2	2
Dato' Yoon Chon Leong	2	2
Tan Boon Hoe	2	2
Teresa Tan Siew Kuan (appointed on 1-3-2023)	0	0

TERMS OF REFERENCE OF NOMINATION COMMITTEE

1. Members

The Nomination Committee ("NC") of IQGHB ("the Company") shall consist of not less than 3 Directors appointed by IQGHB Board of Directors ("IQGHB Board"), all of whom should be Non-Executive Directors.

No Alternate Director shall be appointed as a Member of the Committee unless he/she is an Alternate to the NC Member.

The Chairman shall be elected by the members of the NC and shall be the Senior Independent Director. In the absence of the Committee Chairman, the remaining members present shall elect one of their members to chair the meeting.

Chairman of the Board shall not be a member of the Committee.

If a member, for any reason, ceases to be a member, IQGHB Board shall, within three (3) months of the event, appoint a new member so that the number of members does not fall below three.

A member who wishes to retire or resign from the NC shall notify IQGHB Board in writing, giving at least three (3) months' notice.

The office of a member shall become vacant upon the member's resignation/retirement/removal or disqualification as a Director of the Company.

A Secretary shall be nominated by the NC.

2. Duties

The NC shall make recommendations to IQGHB Board on the appointment of new executive and non-executive Directors, including making recommendations to the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board.

The NC shall ensure that the positions of the Chairman and CEO are held by different individuals.

The NC shall regularly review the Board structure, size, gender diversity and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary.

The NC shall review the participation of women in senior management to ensure there is healthy talent pipeline.

TERMS OF REFERENCE OF NOMINATION COMMITTEE (Cont'd)

2. Duties (Cont'd)

The NC shall review the suitability and eligibility of nominated candidates for the approval of the Board, to fill Board and Senior Management vacancies as and when they arise as well as put in place plans for succession including considering the following independent sources to identify suitable qualifies candidates.

- Directors' registry
- Industry and professional associations
- Open advertisements
- Independent search firms

The NC shall evaluate and review performance of the Board and senior management including, taking into consideration the company's performance in managing material sustainability risks and opportunities

The NC shall make recommendation to IQGHB Board to fill the seats on the Board Committee.

The NC shall put in place the Board and Senior Management Succession Plan.

The NC shall recommend Directors who are retiring by rotation under the Articles of Association to be put forward for re-election.

The NC shall decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director, particularly when he/she has multiple board representatives.

The NC shall have due regard to the principles of governance and code of best practice.

The NC shall liaise with IQGHB Board in relation to the preparation of the NC's report to shareholders (in the annual report) as required.

The NC shall keep under review the leadership needs of the organization with a view of ensuring the continued ability to compete effectively in the organization's marketplace.

The NC shall conduct annual performance assessments on individual directors, Board Committees and the Board as a whole based on the following criteria:

(a) Competence
(b) Time commitment
(c) Integrity
(d) Character
(e) Experience
(f) Contribution; and
(g) Performance

The NC shall recommend training programmes for Directors with considerations on the results from the annual assessment of Directors conducted. The NC shall ensure training in relation to anti-corruption management are developed for Directors for continuous improvement.

The NC shall undertake an annual assessment of the independence of its Independent Non-Executive Directors based on the criteria set in the Bursa Securities Main Market Listing Requirements and Malaysia Code on Corporate Governance, taking into consideration of their probity with law and adherence to governance practices including anti-corruption policies and procedures.

The NC shall ensure all Directors comply to the Code of Business Conduct and Ethics, where declaration of personal business interest are being performed on annual basis to avoid conflict of interest.

The NC shall review own performance annually and recommend changes to the Term of Reference.

The NC shall review the Term of Office and performance of the Audit Committee and each of its members annually and to determine whether the Audit Committee has carried out their duties in accordance to its Term of reference.

3. Meetings

The meetings of the NC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as aforesaid.

NOMINATION COMMITTEE REPORT (Cont'd)

TERMS OF REFERENCE OF NOMINATION COMMITTEE (Cont'd)

3. Meetings (Cont'd)

A resolution in writing signed or approved by letter or facsimile by a majority of members (of whom at least one must be an independent Director) shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members.

Meetings of the NC will be held as the NC deems to be appropriate; however, the NC should meet at least once each year. Meetings should be organized so that attendance is maximized. A meeting may be called, at any other time, by the Chairman of the NC or any member of the NC. Any Director or management may be invited to the meetings.

The notice of each meeting of the NC, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the NC not fewer than five (5) business days prior to the date of the meeting.

The quorum for decisions of the NC shall be any two members, including at least one independent Director, present and voting on the matter for decision.

Each member present shall have one vote. All resolutions passed in the meeting shall be by majority votes. If the votes for and against a resolution are equal, the Chairman of the meeting shall have a casting vote.

The Chairman (or in his absence, an alternate to the member of the NC) of the NC shall attend the Annual General Meeting and be prepared to answer questions concerning the appointment of executive and non-executive Directors.

Minutes of meetings shall be taken by the NC Secretary. Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the NC.

If the Chairman of the NC so decides the minutes shall be circulated to other members of IQGHB Board, any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the NC's minutes.

4. General

The NC in carrying out its tasks under these terms of reference, may obtain such external or other independent professional advice as it considers necessary to carry out its duties.

IQGHB Board will ensure that the NC will have access to professional advice both internally and externally at the Company's expense in order for it to perform its duties.

These terms of reference may from time to time be amended as required, subject to the approval of IQGHB Board.

5. Reporting

The NC is authorised to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Nomination Committee include the following:

a) Discussed and recommended the re-election of Directors retiring in accordance with the Company's Constitution.
b) Recommended the re-appointment of Independent Director who has reached the nine years term limit.
c) Assessed the independence of Independent Directors.
d) Reviewed the required mix of skills, experience and other qualities including core competencies of Non-Executive Directors.
e) Assessed the effectiveness of the Board as a whole and the Committee of the Board as well as contribution by each Director.
f) Reviewed and assessed the character, experience, integrity and competency of the Group Financial Controller.
g) Reviewed the term of office and performance of the Audit Committee and each of its members.
h) Reviewed the terms and reference of the Nomination Committee and to recommend any necessary changes.
i) Discussed the types of training the Directors have to undergo.
j) Reviewed and recommended to the Board the Directors' Fit And Proper Policy.
k) Recommended to the Board the appointment of new Executive Director and new Independent Non-Executive Director.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee was established on 26 July 2005, prior to the listing of IQ Group Holdings Berhad ("IQGHB") on the Main Board of Bursa Malaysia on 10 October 2005. The Committee comprises the following members:

Chairman : Dato' Yoon Chon Leong
(Senior Independent Non-Executive Director)

Members : Tan Boon Hoe
(Independent Non-Executive Director)

Teresa Tan Siew Kuan
(Independent Non-Executive Director)

Two (2) meetings were held during the financial year ended 31 March 2023. The details of attendance of each member at the committee meetings held during the financial year are as follows:-

	Number of Remuneration Committee Meetings	
Directors	**Attended**	**Held**
Charlie Ong Chye Lee (resigned on 31-5-2023)	2	2
Dato' Yoon Chon Leong	2	2
Tan Boon Hoe	2	2
Teresa Tan Siew Kuan (appointed on 1-3-2023)	0	0

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. Members

The Remuneration Committee (the "RC") of IQGHB ("the Company") shall be appointed by IQGHB Board of Directors ("IQGHB Board") from amongst its members, and shall comprise not less than 3 members, with all being non-executive and a majority of them being independent directors.

No Alternate Director shall be appointed as a Member of the Committee unless he/she is an Alternate to a RC Member.

The Chairman shall be elected by members of the RC. In the absence of the committee Chairman, the remaining members present shall elect one of their members to chair the meeting.

Chairman of the Board shall not be a member of the Committee.

A Secretary shall be nominated by the RC.

If a member, for any reason, ceases to be a member, IQGHB Board shall, within three (3) months of the event, appoint a new member so that the number of members does not fall below three.

The office of a member shall become vacant upon the member's resignation/retirement/removal or disqualification as a Director of the Company.

2. Meetings

The meetings of the RC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as aforesaid.

A resolution in writing signed or approved by letter or facsimile by a majority of members shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members.

The meetings shall be held at least once a year. Additional meetings may also be held by the RC to discuss other issues, which the RC considers necessary.

The RC shall have full discretion with regard to the calling of the meetings and the proceedings thereat and may invite any Director or management to its meetings.

REMUNERATION COMMITTEE REPORT (Cont'd)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE (Cont'd)

2. Meetings (Cont'd)

The RC shall appoint a secretary who shall attend all meetings and minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. The minutes shall be confirmed by the Chairman of the meeting and circulated to all members of the RC.

The quorum necessary for the transaction of business shall be two, the majority of whom must be Non-Executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretion vested or exercisable by the Committee.

Notice
The notice of each meeting of the RC, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC not fewer than five (5) business days prior to the date of the meeting.

Voting
Each member present shall have one vote. All resolutions passed in the meeting shall be by majority votes. If the votes for and against a resolution are equal, the Chairman of the meeting shall have a casting vote.

3. Duties

The duties of the RC as below shall be reviewed on an annual basis.

(i) to review and recommend to IQGHB Board of Directors in consultation with Management and the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive Directors and senior executives/divisional Directors those reporting directly to the Chairman and/or the Group Managing Director/CEO of the Group including those employees related to the executive Directors and controlling shareholders of the Group, having regard to among others, Company's performance in managing material sustainability risks and opportunities, the Group's operating results, individual performance and comparable market statistics.

(ii) to recommend to IQGHB Board in consultation with Management and the Chairman of the Board, any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection herewith.

(iii) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by IQGHB Board from time to time.

(iv) the RC shall have full discretion with regard to the calling of the meetings and the proceedings thereat and may invite any Director or management to its meetings.

(v) to review the remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.

4. General

The RC in carrying out its tasks under these terms of reference, may obtain such external or other independent professional advice, as it considers necessary to carry out its duties.

IQGHB Board will ensure that the RC has access to professional advice both internally and externally at the Company's expense in order for it to perform its duties.

These terms of reference may from time to time be amended as required, subject to the approval of the Board.

5. Reporting

The RC is authorised to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The minutes of meetings shall be circulated by the Secretary of the Committee to the Committee members and all the other Board members.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Remuneration Committee include the followings:

a) Discussed and reviewed the payment of Directors' Fees for the financial year ended 31 March 2023.
b) Discussed and reviewed the remuneration of the Executive Directors for the financial year ended 31 March 2023.
c) Discussed and reviewed the remunerations of Senior Executives of the Group for the financial year ended 31 March 2023.
d) Discussed and reviewed the payment of Directors' benefit in accordance with Section 230(1) of the Company Act 2016.
e) Discussed and reviewed the Director's Fee of new Executive Director and Independent Non-Executive Director.
f) Reviewed the service agreements of the newly appointed Directors.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Bursa Securities Main Market Listing Requirements

1. UTILISATION OF PROCEEDS

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 March 2023.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the external auditors, Deloitte PLT in Malaysia by the company and the Group for the financial year ended 31 March 2023 were as follows:

	Company	**Group**
Audit Fee (RM)	100,000	187,000
Non Audit Fee (RM)	98,100	210,200

The details on of the Non-audit fee are shown below:-

	Company	**Group**
Review of Statement on Risk Management & Internal Control (RM)	4,000	4,000
Tax Compliance Services (RM)	6,500	23,000
Transfer Pricing Services (RM)	12,000	107,600
Other Tax Services (RM)	75,600	75,600
Total	98,100	210,200

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major Shareholders, either still subsisting as at 31 March 2023 or since the end of previous financial year ended 31 March 2022.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

Significant transactions between the Group and its related parties during the financial year were as follows:

Sensorlite Inc. (formerly known as Interquartz Taiwan Ltd.)	**RM**
Purchase of raw materials	4,445,867
Rental paid/ payable	1,090,208
Sales commission paid/ payable	38,157
Purchase of property, plant and equipment	17,032

IQ (America) Inc.	**RM**
Sales of finished goods	9,759,738
Sales commission payable	293,060

The relationships between IQ Group Holdings Berhad ("IQGHB") and the related parties are as follows:

Sensorlite Inc.
Chen, Wen-Chin also known as Kent Chen, the Group Executive Chairman and Substantial Shareholder of IQGHB is also the Director and Substantial Shareholder of Sensorlite Inc.

IQ (America) Inc.
Chen, Wen-Chin also known as Kent Chen, is the Director and Substantial Shareholder of Sensorlite Limited. Sensorlite Limited is the Substantial Shareholder of IQGHB and the holding company of IQ (America) Inc.

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favorable than those arranged with independent third parties.

5. ACCOUNTS

The Group Financial Controller of IQ Group Holdings Berhad signed the statutory declaration in relation to the financial statements for the year ended 31 March 2023. She is a member of the Malaysian Institute of Accountants and thus fulfills the requirement of Paragraph 9.27 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

CONTENTS

DIRECTORS' REPORT

The directors of **IQ GROUP HOLDINGS BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended March 31, 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and providing management services. The principal activities and other information relating to the subsidiaries are as stated in Note 16 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit/(Loss) for the year attributable to owners of the Company	7,146,045	(231,952)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors also do not recommend any dividend payment in respect of current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

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 allowance for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was required; and

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

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

(a) which would require the writing off of bad debts or the making of allowance for doubtful debts in the financial statements of the Group and of the Company; 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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

As of 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 liabilities 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.

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

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

DIRECTORS

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

Chen, Wen-Chin also known as Kent Chen	
Daniel John Beasley	
Yoon Chon Leong	
Tan Boon Hoe	
Chen, Yi-Chung	(Appointed on March 1, 2023)
Teresa Tan Siew Kuan	(Appointed on March 1, 2023)
Charlie Ong Chye Lee	(Resigned on May 31, 2023)

DIRECTORS (Cont'd)

The directors who held office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Direct subsidiary companies	Directors of the subsidiary companies
IQ Group Sdn. Bhd.	Chen, Wen-Chin also known as Kent Chen Daniel John Beasley Choong Bee Gnoh Chee Ting Ting (Alternate to Chen, Wen-Chin also known as Kent Chen) Loo Weng Keong
IQ Group (Dongguan) Ltd.	Daniel John Beasley Wong Kwok Hon Loo Weng Keong
IQ Group (Wuning) Ltd	Daniel John Beasley Wong Kwok Hon Loo Weng Keong
IQ Japan Co., Ltd.	Chen, Wen-Chin also known as Kent Chen Daniel John Beasley Hisayuki Tominaga
IQ Industries Limited	Chen, Wen-Chin also known as Kent Chen
SILQ (Malaysia) Sdn. Bhd.	Chen, Wen-Chin also known as Kent Chen Daniel John Beasley

DIRECTORS' INTERESTS

The interests in shares of the Company of those who were directors at the end of the financial year, according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	No. of ordinary shares			
Shares in the Company	Balance as of April 1, 2022	Bought	Sold	Balance as of March 31, 2023
Direct interests:				
Chen, Wen-Chin also known as Kent Chen	16,895,701	-	-	16,895,701
Daniel John Beasley	40,000	-	-	40,000
Charlie Ong Chye Lee	7,000	-	-	7,000
Indirect interests:				
Chen, Wen-Chin also known as Kent Chen (through Sensorlite Limited*, Sensorlite Investments Limited* and his spouse)	41,171,451	-	-	41,171,451

* A company in which a director, Mr. Chen, Wen-Chin also known as Kent Chen has substantial interests and is a director.

By virtue of his interests in the shares of the Company, Mr. Chen, Wen-Chin also known as Kent Chen is also deemed to has beneficial interests in the shares of all the subsidiary companies of IQ Group Holdings Berhad to the extent that IQ Group Holdings Berhad has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Group and of the Company have received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration and benefits-in-kind received or due and receivable by directors or the fixed salary of a full-time employee of the Group and of the Company amounting to RM4,432,120 and RM2,615,279 respectively) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of transactions mentioned in Note 33 to the financial statements.

During and as of the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' liability insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year, which provides appropriate insurance cover for the directors of the Company. The amount of insurance premium paid during the year, which was borne by the Company amounted to RM15,910.

There was no indemnity given to or insurance effected for officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors of the Group and of the Company for the financial year ended March 31, 2023 are RM630,283 and RM104,000 respectively.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

____

CHEN, WEN-CHIN ALSO KNOWN AS KENT CHEN

____

DANIEL JOHN BEASLEY

Penang,

June 30, 2023

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IQ GROUP HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IQ Group Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as of March 31, 2023, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 75 to 136.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	Our audit performed and responses thereon
1. Capitalisation and impairment assessment of product development costs	
The Group capitalised product development costs for its lighting products. As of March 31, 2023, the carrying amount of product development costs is approximately RM7.06 million. Management exercises significant judgement in determining whether the product development costs qualify for capitalisation by assessing the requirements for recognition in accordance with MFRS 138 Intangible Assets, which includes among others, the technical feasibility of the products developed and the ability to generate future economic benefits. The criteria for capitalisation of product development costs are disclosed in Note 3 to the financial statements. In accordance with the Group's accounting policy, the Group performs an impairment assessment of capitalised development costs for products that are not yet available for use at least annually, and whenever there is an indication that the asset may be impaired.	We obtained an understanding of management's business process and criteria surrounding the capitalisation and impairment assessment of product development costs and we tested the design and implementation of relevant controls. We performed audit procedures over the capitalisation of product development costs which included, among others, assessing the recognition criteria for product development costs; conducting discussions with relevant personnel; observing the authorisation of the development stage of the product; challenging the key assumptions and estimates used by management (i.e. projected growth rates and discount rate used) in assessing the technical feasibility of the products developed and the ability to generate future economic benefits; testing the accuracy and occurrence of costs capitalised; and assessing the useful economic life attributed to the product.

Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
1. Capitalisation and impairment assessment of product development costs (Cont'd) For capitalised development costs for products with finite useful lives, management performed an impairment assessment should there be indicators of impairment. Management judgement and assumptions are applied to determine the recoverable amount, which is also influenced by current and future economic developments. The Group's product development costs capitalised and written off during the financial year were approximately RM1.43 million and RM1.53 million respectively, which are disclosed in Note 15 to the financial statements. The key sources of estimation uncertainty on the product development costs capitalised and impairment assessment are disclosed in Note 4 to the financial statements.	We obtained management-prepared impairment assessment for the product development costs and evaluated the appropriateness of impairment indicators identified and assessed the reasonableness of the assumptions used in the impairment assessment. We also considered the adequacy of the Group's disclosures of management's judgements and estimates in relation to capitalisation and impairment assessment for product development costs.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended March 31, 2023.

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 Group's annual report and the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's annual report is expected to be made available to us after the date of this auditors' report.

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 on the other information that we obtained prior to date of this auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

(Forward)

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:

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

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

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

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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

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

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

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

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

(Forward)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IQ GROUP HOLDINGS BERHAD
(Incorporated in Malaysia) (Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other Matters

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

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

ALVIN CHANG SHU-WEI
Partner - 03480/01/2024 J
Chartered Accountant

Penang,

30 June 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2023

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Revenue	5	132,755,497	127,480,488	5,550,700	6,591,411
Investment revenue	6	350,669	51,396	605,737	417,968
Other gains and losses	7	4,028,278	(1,185,392)	91,182	623,141
Changes in inventories of finished goods and work-in-progress		(9,154,368)	5,018,001	-	-
Raw materials and consumables used		(57,770,795)	(65,412,000)	-	-
Purchase of trading goods		(149,718)	(1,084,788)	-	-
Employee benefit expenses	8	(37,256,253)	(40,777,033)	(5,049,397)	(5,728,518)
Depreciation and amortisation of non-current assets		(5,557,660)	(5,596,073)	(303,333)	(261,037)
Impairment loss on investment in subsidiary companies		-	-	-	(5,022,272)
Product development costs written off		(1,534,068)	(1,452,349)	-	-
Finance costs	9	(233,350)	(275,803)	(5,478)	(12,576)
Other expenses		(16,569,569)	(24,940,060)	(936,562)	(551,184)
Profit/(Loss) before tax		8,908,663	(8,173,613)	(47,151)	(3,943,067)
Tax expense	10	(1,762,618)	(2,019,169)	(184,801)	(1,266,932)
Profit/(Loss) for the year	11	7,146,045	(10,192,782)	(231,952)	(5,209,999)
Other comprehensive (loss)/income, net of income tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(3,106,456)	4,777,592	-	-
Other comprehensive (loss)/income for the year, net of tax		(3,106,456)	4,777,592	-	-
Total comprehensive income/(loss) for the year		4,039,589	(5,415,190)	(231,952)	(5,209,999)
Profit/(Loss) for the year attributable to the owners of the Company		7,146,045	(10,192,782)	(231,952)	(5,209,999)
Total comprehensive income/(loss) attributable to the owners of the Company		4,039,589	(5,415,190)	(231,952)	(5,209,999)
Earnings/(Loss) per share					
Basic (sen per share)	12	8.12	(11.58)		
Diluted (sen per share)	12	8.12	(11.58)		

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

STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	10,363,972	11,827,056	316,507	383,354
Right-of-use assets	14	3,468,002	2,713,383	111,353	103,194
Product development costs	15	7,060,763	9,205,383	-	-
Investment in subsidiary companies	16	-	-	87,114,306	87,117,979
Deferred tax assets	17	1,309,122	765,224	-	-
Total non-current assets		22,201,859	24,511,046	87,542,166	87,604,527
Current assets					
Inventories	18	42,898,290	61,006,373	-	-
Trade and other receivables	19	34,184,307	29,285,817	17,361,576	22,422,495
Tax assets		1,645,623	2,010,556	156,562	246,695
Other assets	20	1,409,840	2,727,443	3,000	2,000
Short-term deposits with licensed banks	21	20,495,000	15,600,000	19,900,000	15,000,000
Cash and bank balances	22	28,014,913	13,524,399	1,551,412	1,511,666
		128,647,973	124,154,588	38,972,550	39,182,856
Asset classified as held for sale	23	-	-	-	-
Total current assets		128,647,973	124,154,588	38,972,550	39,182,856
Total assets		150,849,832	148,665,634	126,514,716	126,787,383
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	24	96,177,462	96,177,462	96,177,462	96,177,462
Reserves	25	6,782,393	9,888,849	-	-
Retained earnings	26	21,359,892	14,213,847	30,035,928	30,267,880
Total equity		124,319,747	120,280,158	126,213,390	126,445,342
Non-current liabilities					
Borrowings	27	2,475,975	3,514,018	-	-
Deferred tax liabilities	17	8,000	8,000	8,000	8,000
Lease liabilities	28	1,179,773	653,048	-	-
Total non-current liabilities		3,663,748	4,175,066	8,000	8,000
Current liabilities					
Trade and other payables	29	19,216,814	21,448,290	180,539	221,439
Tax liabilities		1,548,011	934,174	-	-
Lease liabilities	28	1,092,940	825,946	112,787	112,602
Borrowings	27	1,008,572	1,002,000	-	-
Total current liabilities		22,866,337	24,210,410	293,326	334,041
Total liabilities		26,530,085	28,385,476	301,326	342,041
Total equity and liabilities		150,849,832	148,665,634	126,514,716	126,787,383

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

The Group

	Issued capital RM	Non-distributable Translation reserve RM	Non-distributable Legal reserve RM	Distributable Retained earnings RM	Total RM
Balance as of April 1, 2021	96,177,462	4,986,121	125,136	24,406,629	125,695,348
Loss for the year	-	-	-	(10,192,782)	(10,192,782)
Other comprehensive income for the year	-	4,777,592	-	-	4,777,592
Total comprehensive income/(loss) for the year	-	4,777,592	-	(10,192,782)	(5,415,190)
Balance as of March 31, 2022	96,177,462	9,763,713	125,136	14,213,847	120,280,158
Balance as of April 1, 2022	96,177,462	9,763,713	125,136	14,213,847	120,280,158
Profit for the year	-	-	-	7,146,045	7,146,045
Other comprehensive loss for the year	-	(3,106,456)	-	-	(3,106,456)
Total comprehensive (loss)/income for the year	-	(3,106,456)	-	7,146,045	4,039,589
Balance as of March 31, 2023	96,177,462	6,657,257	125,136	21,359,892	124,319,747

(Forward)

The Company

	Issued capital RM	Distributable Retained earnings RM	Total RM
Balance as of April 1, 2021	96,177,462	35,477,879	131,655,341
Loss for the year	-	(5,209,999)	(5,209,999)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(5,209,999)	(5,209,999)
Balance as of March 31, 2022	96,177,462	30,267,880	126,445,342
Balance as of April 1, 2022	96,177,462	30,267,880	126,445,342
Loss for the year	-	(231,952)	(231,952)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(231,952)	(231,952)
Balance as of March 31, 2023	96,177,462	30,035,928	126,213,390

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Cash flows from/(used in) operating activities				
Profit/(Loss) for the year	7,146,045	(10,192,782)	(231,952)	(5,209,999)
Adjustments for:				
Depreciation and amortisation of non-current assets	5,557,660	5,596,073	303,333	261,037
Tax expense recognised in profit or loss	1,762,618	2,019,169	184,801	1,266,932
Product development costs written off	1,534,068	1,452,349	-	-
Inventories written off	669,103	-	-	-
Unrealised loss on foreign exchange	570,462	274,542	98,512	190,318
Interest expense	233,350	275,803	5,478	12,576
Allowance for slow moving inventories	195,980	1,289,340	-	-
Inventories written down	112,467	417,604	-	-
Property, plant and equipment written off	37,196	258,624	-	-
Loss on disposal of property, plant and equipment	9,819	5,923	-	-
(Gain)/loss arising from striking-off of investment in subsidiary companies	(1,918,927)	3,356,022	3,673	1
Interest income	(350,669)	(51,396)	(605,737)	(417,968)
Gain on remeasurement of lease	(34,040)	-	-	-
Gain on termination of lease	(323)	-	-	-
Gain on disposal of asset classified as held for sale	-	(453,742)	-	(453,742)
Impairment loss on investment in subsidiary companies	-	-	-	5,022,272
Gross dividend income from subsidiary companies	-	-	-	(711,921)
	15,524,809	4,247,529	(241,892)	(40,494)
Movements in working capital:				
Decrease/(Increase) in:				
Inventories	15,699,900	(8,637,310)	-	-
Trade and other receivables	(4,872,443)	22,586,621	377,491	7,810,042
Other assets	1,033,191	(1,110,715)	-	-
Decrease in trade and other payables	(1,770,602)	(10,535,413)	(40,900)	(578,601)
Cash generated from operations	25,614,855	6,550,712	94,699	7,190,947
Tax paid, net	(1,317,654)	(1,606,123)	(94,668)	(1,308,611)
Net cash from operating activities	24,297,201	4,944,589	31	5,882,336
Cash flows from/(used in) investing activities				
Interest received	350,669	51,396	316,519	417,968
Proceeds from disposal of property, plant and equipment	2,627	16,725	-	-
Additions to product development costs	(1,429,859)	(1,774,485)	-	-
Purchase of property, plant and equipment*	(926,771)	(1,432,178)	(21,938)	(403,402)
Proceeds from disposal of asset held for sale	-	2,088,612	-	2,088,612
Net decrease/(increase) in loan to a subsidiary company	-	-	4,994,000	(1,752,000)
Dividend received	-	-	-	711,921
Net cash (used in)/from investing activities	(2,003,334)	(1,049,930)	5,288,581	1,063,099

(Forward)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023 (Cont'd)

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Cash flows used in financing activities					
Repayment of lease liabilities#		(1,041,627)	(1,009,006)	(222,522)	(215,424)
Decrease in borrowings		(992,238)	(983,919)	-	-
Interest paid		(233,350)	(275,803)	(5,478)	(12,576)
Net cash used in financing activities		(2,267,215)	(2,268,728)	(228,000)	(228,000)
Net increase in cash and cash equivalents		20,026,652	1,625,931	5,060,612	6,717,435
Effect of foreign exchange rate changes		(641,138)	(193,773)	(120,866)	(190,998)
Cash and cash equivalents as of beginning of year		29,124,399	27,692,241	16,511,666	9,985,229
Cash and cash equivalents as of end of year	30	48,509,913	29,124,399	21,451,412	16,511,666

* During the financial year, the Group and the Company acquired property, plant and equipment by way of:

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Cash settlements		926,771	1,432,178	21,938	403,402
Advanced payment in prior year	20	218,503	406,446	-	-
Total	13	1,145,274	1,838,624	21,938	403,402

\# Cash outflows for leases as a lessee

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Included in net cash from operating activities:					
Payment relating to short-term leases	11	870,720	796,841	300	4,419
Included in net cash from financing activities:					
Interest paid for lease liabilities	9	77,195	87,865	5,478	12,576
Repayment of lease liabilities		1,041,627	1,009,006	222,522	215,424
Total cash outflows for leases		1,989,542	1,893,712	228,300	232,419

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Group's and the Company's statement of cash flows as cash flows financing activities:

The Group

	1.4.2022 RM	Cash flows used in financing activities RM	Non-cash changes* RM	31.3.2023 RM
Borrowings	4,516,018	(1,148,393)	116,922	3,484,547
Lease liabilities	1,478,994	(1,118,822)	1,912,541	2,272,713
	5,995,012	(2,267,215)	2,029,463	5,757,260

	1.4.2021 RM	Cash flows used in financing activities RM	Non-cash changes* RM	31.3.2022 RM
Borrowings	5,591,202	(1,171,857)	96,673	4,516,018
Lease liabilities	2,394,596	(1,096,871)	181,269	1,478,994
	7,985,798	(2,268,728)	277,942	5,995,012

(Forward)

	The Company			
	1.4.2022 RM	Cash flows used in financing activities RM	Non-cash changes* RM	31.3.2023 RM
Lease liabilities	112,602	(228,000)	228,185	112,787

	1.4.2021 RM	Cash flows used in financing activities RM	Non-cash changes* RM	31.3.2022 RM
Lease liabilities	328,026	(228,000)	12,576	112,602

* Non-cash changes consist mainly interest accrued and new leases entered.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally involved in investment holding and providing management services. The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary company are disclosed in Note 16.

The registered office of the Company is located at Suite A, Level 9, Wawasan Open University, 54, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia.

The principal place of business of the Company is located at 149, Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa I (FTZ) Bayan Lepas, 11900 Penang, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on June 30, 2023.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Adoption of amendments to MFRSs

In the current year, the Group and the Company have applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after April 1, 2022.

Amendments to MFRS 3	References to the Conceptual Framework
Amendments to MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract
Annual improvements to MFRS Standards 2018-2020	Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards,* MFRS 9 *Financial Instruments,* MFRS 16 *Leases* and MFRS 141 *Agriculture*

The adoption of these revised amendments to MFRSs has not had any material impact on the disclosures or on the amounts reported in the financial statements. There were no significant changes in the accounting policies of the Group and of the Company during the financial year.

New and amendments to Standards in issue but not yet effective

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

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback [b]
MFRS 17	Insurance Contracts [a]
Amendments to MFRS 17	Insurance Contracts [a]
Amendments to MFRS 17	Initial Application of MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* - Comparative Information [a]
Amendments to MFRS 101	Non-current Liabilities with Covenants [b]
Amendments to MFRS 101 and MFRS Practice Statements 2	Disclosure of Accounting Policies [a]
Amendments to MFRS 108	Definition of Accounting Estimates [a]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [a]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [c]

[a] Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.
[b] Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.
[c] Effective date deferred to a date to be announced by MASB.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

New and amendments to Standards in issue but not yet effective (Cont'd)

The directors anticipate that the above-mentioned new and revised amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these new and revised amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and of the Company have been prepared on the basis of historical cost, except for certain financial instruments that are measured at amortised cost or at fair value as of the end of each reporting period, as explained in the accounting policies below.

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 as of the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability as of the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access as of the measurement date;
(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(c) Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiary companies and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

(a) has power over the investee;
(b) is exposed, or has rights, to variable returns from its involvement with the investee; and
(c) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

(a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(b) potential voting rights held by the Company, other vote holders or other parties;
(c) rights arising from other contractual arrangements; and
(d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiary companies and basis of consolidation (Cont'd)

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, a gain or a loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill) less liabilities of the subsidiary company and any non-controlling interests. When assets of the subsidiary company are carried at revalued amounts or at fair value and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Subsidiary companies

Investment in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

As of acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

(a) deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business combinations (Cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measured period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Revenue recognition

The Group and the Company recognise revenue from sales of goods. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group and the Company recognise revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated customer returns, rebates, sales commission and other similar allowances.

Revenue from contract with customers

(a) Manufacturing sales – At a point in time

The Group generates revenue from the sale of goods as disclosed in Note 5. Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

For sales of goods, revenue is recognised when control of the goods has transferred to the customer depending on the shipping term agreed with its customers. The shipping term of the Group's sales comprises of Ex Works ("EXW") and Free on Board ("FOB") terms.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue from contract with customers (Cont'd)

(a) Manufacturing sales – At a point in time (Cont'd)

Under the Group's standard contract terms, customers have a right of return for defective products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has rights to recover the product when customers exercise their right of return and consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The Group concluded that under MFRS 15 *Revenue from Contracts with Customers*, the sales commission is a consideration payable to a customer. The Group determined that, they shall account for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue.

(b) Consignment sales – At a point in time

The subsidiary company, IQ Group Sdn. Bhd. has consignment sales to one of its customers. The subsidiary company directly ships the goods with the shipping term of Cost, Insurance and Freight ("CIF") to a destination specified by the customer via mutually agreed upon carriers. Revenue is recognised when title to the products is passed upon withdrawal of products by the customer from the consigned location.

Other income

(a) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

(b) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Management fee and marketing service fee – Over time

Management fee and marketing service fee are recognised on an accrual basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as of the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, as of the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or an income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Employee benefit expenses

(a) Short-term employee benefits

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

(b) Defined contribution plan

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group and the Company have no further payment obligations once these contributions have been paid.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee benefit expenses (Cont'd)

(c) Retrenchment compensation

Retrenchment compensation is payable whenever service of an employee is terminated before normal retirement date or whenever an employee accepts voluntary redundancy offered in exchange for benefits. The Group and the Company recognise a liability and expense for retrenchment compensation at the earlier of the dates (a) the Group and the Company can no longer withdraw the offer of those benefits; and (b) when the Group and the Company recognise costs for a restructuring that involves the payment of retrenchment compensation. The Group and the Company consider it can no longer withdraw the offer of those benefits when the Group and the Company are demonstrably committed to either (i) terminate the employment of current employees according to a detailed formal plan, for which the Group and the Company have announced and have no realistic possibility of withdrawal; or (ii) to provide retrenchment compensation as a result of an offer to encourage voluntary redundancy in a restructuring.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Group and the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. As of the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and

(b) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(c) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies (Cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to RM using exchange rates prevailing as of the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary company that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary company that does not result in the Group losing control over the subsidiary company, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Leases

(a) The Group and the Company as a lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

(a) The Group and the Company as a lessee (Cont'd)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position. The estimated useful lives of right-of-use assets are as follows:

Short-term leasehold land	60 years
Building	3 – 10 years
Motor vehicles	5 years

The Group and the Company apply MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, MFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2%
Plant and machinery	12.5% & 20%
Factory equipment	20% & 50%
Air conditioners	10%
Furniture, fittings and office equipment	10%, 16.67% - 50%
Renovation	10%
Motor vehicles	16.67% & 20%
Electrical installations	10%

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss. Depreciation of these assets in progress, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

All items of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets

As of the end of each reporting period, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Internally-generated intangible assets - Research and development expenditure and Product development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Internally-generated intangible assets - Research and development expenditure and Product development costs (Cont'd)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) the intention to complete the intangible asset and use or sell it;
(iii) the ability to use or sell the intangible asset;
(iv) how the intangible asset will generate probable future economic benefits;
(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets which considered to have finite useful lives, are reported at cost less accumulated amortisation and any accumulated impairment losses using the straight-line basis over the commercial lives of the underlying products over a period not exceeding four years.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, includes an appropriate portion of fixed and variable overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is determined based on the standard cost method, which approximates actual purchase cost.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of raw materials consists of purchase price plus the cost of bringing the inventories to their present location. Cost of work-in-progress and finished goods consists of the cost of raw materials, direct labour and an appropriate proportion of factory overheads. Goods-in-transit is stated at cost.

Assets held for sale

Assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment revenue" line item (Note 6).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

(i) Investments in equity instruments are classified as at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

(ii) Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group and the Company have not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item (Note 7). Fair value is determined in the manner described in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

(i) for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item (Note 7);

(ii) for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other gains and losses" line item. Other exchange differences are recognised in other comprehensive income in the investment revaluation reserve;

(iii) for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange difference are recognised in profit or loss in the "other gains and losses" line item (Note 7); and

(iv) for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and amounts due from customers. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime expected credit loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's and Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant increase in credit risk (Cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

(i) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
(ii) significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
(iii) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
(iv) an actual or expected significant deterioration in the operating results of the debtor;
(v) significant increases in credit risk on other financial instruments of the same debtor;
(vi) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group and the Company have reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group and the Company consider a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

(i) when there is a breach of financial covenants by the counterparty; or
(ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collaterals held by the Group and the Company).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 180 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as of the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 16 *Leases*.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determine at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12 months ECL at the current reporting date, except for assets for which simplified approach was used.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when the transfer of the financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group and the Company, and commitments issued by the Group and the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which MFRS 3 *Business Combinations* applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

(i) it has been acquired principally for the purpose of repurchasing it in the near term; or
(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
(iii) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
(iii) it forms part of a contract containing one or more embedded derivatives, and MFRS 9 *Financial Instruments* permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other gains and losses" line item (Note 7).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 32.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Financial guarantee contract liabilities

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

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently a the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 *Financial Instruments* (see financial assets above); and

- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item (Note 7) in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign currency forward contracts.

Derivatives are initially recognised at fair value as of the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or to be settled within twelve months. Other derivatives are presented as current assets or current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

Segment information

For management purpose, the Group is organised into operating segments based on their business segment which is regularly reviewed by the Group's chief operation decision officer for the performance of the respective segments under their charge. The segment chief operation officer reports directly to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents consist of bank balances, demand deposits which are not pledged and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore, the future depreciation charge could be revised. The carrying amount of the Group's and the Company's property, plant and equipment as of the end of the reporting period is disclosed in Note 13.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Product development costs

Management's judgement (i.e. projected growth rates and discount rate used) is involved in determining the product development costs that qualify for capitalisation and the impairment of product development costs (if any) as of March 31, 2023. As of March 31, 2023, the directors assessed the recoverability of the Group's product development costs which are included in the statements of financial position with a carrying amount of RM7,060,763 (2022: RM9,205,383). Product development costs that were capitalised and written off during the year amounted to RM1,429,859 (2022: RM1,774,485) and RM1,534,068 (2022: RM1,452,349) respectively as disclosed in Note 15.

The product development projects continue to progress in a satisfactory manner and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the product development projects and the directors are confident that the carrying amount of the asset will be recovered in full. This situation is closely monitored, and adjustments will be made in future periods if future market activity indicates that such adjustments are appropriate.

(iii) Impairment of investment in subsidiary companies

Management reviews the investment in subsidiary companies for impairment when there is an indication of impairment. Recoverable amounts of the investment in subsidiary companies are assessed by reference to the fair value less cost of disposal of the underlying assets of the respective subsidiary companies. The fair value less cost of disposal was determined based on directors' estimation which make reference to prior years valuation report by professional valuer and adjusted with changes in current market conditions.

An impairment loss of RM5,022,272 was recognised in the previous financial year to bring the carrying amount to the recoverable amount due to decline in operations of a subsidiary company. Further details are disclosed in Note 16.

(iv) Inventories

The Group makes an allowance for slow moving/obsolete inventories based on an assessment of the net realisable value of the inventories. When estimating the net realisable value of inventories, management considers all of the facts relating to the inventories and the operating environment at the time the estimates are made. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed. The cost of inventories recognised as an expense includes RM669,103 (2022: RM Nil) and RM112,467 (2022: RM417,604) in respect of inventories written off and inventories written down to net realisable value respectively. During the financial year, the Group recognised allowance for slow moving inventories of RM195,980 (2022: RM1,289,340). Further details are disclosed in Note 18.

(v) Impairment of receivables

When measuring expected credit loss ("ECL"), the Group and the Company use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group and the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The Group and the Company assessed that no expected credit loss is recognised as it is negligible. Further details are disclosed in Note 19.

(vi) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax capital allowances to the extent that it is probable that taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies. Details of deferred tax assets not recognised in the financial statements as of the end of reporting period due to uncertainty of its realisation are disclosed in Note 17.

5. REVENUE

Revenue comprises of the following:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers	132,755,497	127,480,488	-	-
Management fee from subsidiary companies	-	-	5,143,633	5,406,519
Marketing service fee from subsidiary companies	-	-	407,067	472,971
Gross dividend income from subsidiary companies	-	-	-	711,921
	132,755,497	127,480,488	5,550,700	6,591,411

Disaggregation of Group's revenue from contracts with customers:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Segment revenue				
Sales of goods:				
Manufacturing	130,445,916	125,947,423	-	-
Consignment	2,309,581	1,533,065	-	-
	132,755,497	127,480,488	-	-
Management fee from subsidiary companies	-	-	5,143,633	5,406,519
Marketing service fee from subsidiary companies	-	-	407,067	472,971
Gross dividend income from subsidiary companies	-	-	-	711,921
	132,755,497	127,480,488	5,550,700	6,591,411
Geographical markets				
Europe countries	77,591,341	76,131,694	-	-
Asia countries	40,447,412	39,443,653	5,550,700	6,591,411
North America countries	14,716,744	11,905,141	-	-
	132,755,497	127,480,488	5,550,700	6,591,411
Timing of revenue recognition				
At a point in time:				
Sale of goods	132,755,497	127,480,488	-	-
Gross dividend income from subsidiary companies	-	-	-	711,921
Over time:				
Management fee from subsidiary companies	-	-	5,143,633	5,406,519
Marketing service fee from subsidiary companies	-	-	407,067	472,971
	132,755,497	127,480,488	5,550,700	6,591,411

6. INVESTMENT REVENUE

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income on short-term deposits	350,669	51,396	316,519	24,204
Interest income on loan to a subsidiary company	-	-	289,218	393,764
	350,669	51,396	605,737	417,968

The following is an analysis of investment revenue earned on financial assets by category of asset:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income for financial assets not designated as at fair value through profit or loss:				
Financial assets at amortised cost (including cash and bank balances)	350,669	51,396	605,737	417,968

7. OTHER GAINS AND LOSSES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain/(Loss) arising from striking-off of investment in subsidiary companies	1,918,927	(3,356,022)	(3,673)	(1)
Net foreign exchange gain/(loss):				
Realised	1,304,219	877,276	193,367	357,443
Unrealised	(570,462)	(274,542)	(98,512)	(190,318)
Government grant received	1,000,230	1,234,751	-	-
Gain on remeasurement of lease	34,040	-	-	-
Gain on termination of lease	323	-	-	-
Property, plant and equipment written off	(37,196)	(258,624)	-	-
Loss on disposal of property, plant and equipment	(9,819)	(5,923)	-	-
Gain on disposal of asset classified as held for sale	-	453,742	-	453,742
Sundry income	388,016	143,950	-	2,275
	4,028,278	(1,185,392)	91,182	623,141

Government grants received relates to the economic assistance program introduced by the People's Republic of China Government in response to the COVID-19 pandemic which was received by IQ Group (Dongguan) Ltd. and IQ Group (Wuning) Ltd. during the year.

8. EMPLOYEE BENEFIT EXPENSES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Pension costs - defined contribution plans	1,908,304	1,976,276	388,137	469,221
Other employee benefit expenses	35,251,986	38,519,316	4,661,260	5,259,297
Retrenchment compensation	95,963	281,441	-	-
	37,256,253	40,777,033	5,049,397	5,728,518

Other employee benefit expenses include directors' remuneration, salaries, bonuses, and all other employee related expenses.

Included in employee benefit expenses are expenses related to research and development department personnel amounting to RM2,713,898 (2022: RM2,506,230).

Details of remuneration of directors and officers who are the key management personnel of the Group and of the Company, are as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive				
Directors of the Company:				
Fees	123,600	123,600	123,600	123,600
Pension costs - defined contribution plans	201,708	273,875	201,708	273,875
Other emoluments	1,682,280	2,282,173	1,682,280	2,282,173
Directors of subsidiary companies:				
Pension costs - defined contribution plans	13,115	27,382	-	-
Other emoluments	1,803,726	1,115,097	-	-
Officers of the Company:				
Pension costs - defined contribution plans	118,835	122,566	118,835	122,566
Other emoluments	1,343,268	1,418,171	1,343,268	1,418,171
Non-executive				
Directors of the Company:				
Fees	313,120	302,820	313,120	302,820
	5,599,652	5,665,684	3,782,811	4,523,205

The estimated cash value of benefits-in-kind, provided to directors is disclosed in Note 34.

9. FINANCE COSTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on borrowings	156,155	187,938	-	-
Interest expense on lease liabilities	77,195	87,865	5,478	12,576
	233,350	275,803	5,478	12,576

10. TAX EXPENSE

Tax expense recognised in profit or loss

Tax expense comprises:

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Current year:				
Current tax expenses:				
Malaysian	86,092	16,840	83,518	15,034
Foreign	1,996,974	499,665	11,807	5,521
Deferred tax relating to origination and reversal of temporary differences	(770,050)	(256,100)	-	-
Witholding tax	-	1,244,508	-	1,244,508
	1,313,016	1,504,913	95,325	1,265,063
Adjustment recognised in the current year in relation to prior years:				
Current tax:				
Malaysian	89,476	51,124	89,476	1,869
Foreign	150,351	97,264	-	-
Deferred tax	209,775	365,868	-	-
	449,602	514,256	89,476	1,869
Total tax expenses	1,762,618	2,019,169	184,801	1,266,932

The Group is operating in the jurisdictions of Malaysia, Japan, British Virgin Islands and People's Republic of China.

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the year. The applicable domestic statutory income tax rates for foreign entities are 34% (2022: 34%) for Japan, tax exempted (2022: tax exempted) for British Virgin Islands and 25% (2022: 25%) for People's Republic of China.

10. TAX EXPENSE (Cont'd)

The total tax expense for the year can be reconciled to the profit/(loss) before tax as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	8,908,663	(8,173,613)	(47,151)	(3,943,067)
Tax expenses calculated using the Malaysian income tax rate of 24% (2022: 24%)	2,138,079	(1,961,667)	(11,316)	(946,336)
Effect of expenses that are not deductible in determining taxable profit	308,942	3,080,414	137,694	1,286,645
Effect of revenue that is exempt from tax	(314,865)	(1,005,602)	(13,053)	(356,754)
Utilisation of deferred tax assets previously not recognised	(614,444)	(157,549)	(18,000)	-
Deferred tax assets not recognised	57,820	512,275	-	37,000
Effect of different tax rates of subsidiary companies operating in other jurisdictions	(262,516)	(207,466)	-	-
Witholding tax	-	1,244,508	-	1,244,508
	1,313,016	1,504,913	95,325	1,265,063
Adjustments recognised in the current year in relation to prior years:				
Current tax	239,827	148,388	89,476	1,869
Deferred tax	209,775	365,868	-	-
Tax expense recognised in profit or loss	1,762,618	2,019,169	184,801	1,266,932

As of March 31, 2023, the approximate amounts of unused tax losses and unused tax capital allowances of the Group which are available for set off against future taxable income are as follows:

	The Group	
	2023 RM	2022 RM
Unused tax losses:		
Expiring in financial year ending March 31, 2025	-	286,000
Expiring in financial year ending March 31, 2028	683,000	1,071,000
Expiring in financial year ending March 31, 2029	7,446,000	7,450,000
Expiring in financial year ending March 31, 2030	1,467,000	6,370,000
Expiring in financial year ending March 31, 2031	3,804,000	12,687,000
Expiring in financial year ending March 31, 2032	11,699,000	11,465,000
Expiring in financial year ending March 31, 2033	6,737,000	-
Unused tax capital allowances	6,142,000	5,681,000
Total	37,978,000	45,010,000

	The Company	
	2023 RM	2022 RM
Unabsorbed tax capital allowances	63,000	43,000

Pursuant to Finance Act 2021, the unused tax losses in Malaysia can be carried forward for 10 consecutive years of assessment.

10. TAX EXPENSE (Cont'd)

In Japan, unused tax losses can be carried forward for 9 years, which will be extended to 10 years for tax losses incurred in fiscal years beginning on or after April 1, 2018.

11. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Research and development expenses:				
Amortisation of development costs	2,040,411	1,892,674	-	-
Product development costs written off	1,534,068	1,452,349	-	-
Lease expense on short-term leases	830,077	699,973	-	-
Others	165,228	132,356	-	-
Depreciation of property, plant and equipment	2,399,567	2,643,276	88,785	54,651
Amortisation of right-of-use assets	1,117,682	1,060,123	214,548	206,386
Inventories written off	669,103	-	-	-
Statutory audit fees:				
Deloitte PLT and its affiliates	569,058	634,495	100,000	93,000
Other auditors	57,225	61,470	-	-
Non-statutory audit fees:				
Deloitte PLT and its affiliates	4,000	4,000	4,000	4,000
Allowance for slow moving inventories	195,980	1,289,340	-	-
Inventories written down	112,467	417,604	-	-
Lease expense on short-term and low-value asset leases	40,643	96,868	300	4,419
Property, plant and equipment written off	37,196	258,624	-	-
Loss on disposal of property, plant and equipment	9,819	5,923	-	-
Loss arising from striking-off of investment in subsidiary companies	-	3,356,022	3,673	1
Impairment loss on investment in subsidiary companies (Note 16)	-	-	-	5,022,272
After crediting:				
Gain arising from striking-off of investment in subsidiary companies (Note 16)	1,918,927	-	-	-
Gain on remeasurement of lease	34,040	-	-	-
Gain on termination of lease	323	-	-	-
Gain on disposal of asset classified as held for sale	-	453,742	-	453,742

12. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic and diluted earnings/(loss) per share are as follows:

	The Group	
	2023	2022
Profit/(Loss) attributable to ordinary equity holders of the Company (RM)	7,146,045	(10,192,782)
Number of ordinary shares for the purposes of basic earnings/(loss) per share (units)	88,028,550	88,028,550
Basic and diluted earnings/(loss) per ordinary share (sen)	8.12	(11.58)

There is no dilution in earnings/(loss) per share as the Group has no potential dilutive ordinary shares for both years 2023 and 2022.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Beginning of year RM	Additions RM	Disposals/ write-offs RM	Translation effect RM	End of year RM
2023:					
Buildings	8,023,870	-	-	-	8,023,870
Plant and machinery	3,600,360	45,262	(1,854,558)	(42,201)	1,748,863
Factory equipment	17,215,707	290,791	(3,401,412)	(112,956)	13,992,130
Air conditioners	1,576,057	57,486	(341,799)	(16,461)	1,275,283
Furniture, fittings and office Equipment	10,975,439	751,735	(2,313,203)	(76,892)	9,337,079
Renovation	4,590,361	-	-	(71,549)	4,518,812
Motor vehicles	1,885,729	-	(364,883)	(18,440)	1,502,406
Electrical installations	775,208	-	-	-	775,208
	48,642,731	1,145,274	(8,275,855)	(338,499)	41,173,651
2022:					
Buildings	8,023,870	-	-	-	8,023,870
Plant and machinery	3,514,922	211,904	(49,724)	(76,742)	3,600,360
Factory equipment	16,601,477	772,548	(4,955)	(153,363)	17,215,707
Air conditioners	1,712,983	5,500	(171,704)	29,278	1,576,057
Furniture, fittings and office Equipment	11,594,845	207,798	(922,340)	95,136	10,975,439
Renovation	4,245,053	245,343	-	99,965	4,590,361
Motor vehicles	1,486,928	395,531	-	3,270	1,885,729
Electrical installations	775,208	-	-	-	775,208
	47,955,286	1,838,624	(1,148,723)	(2,456)	48,642,731

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-offs RM	Translation effect RM	End of year RM
2023:					
Buildings	3,992,114	160,463	-	-	4,152,577
Plant and machinery	2,831,966	116,738	(1,854,484)	(19,214)	1,075,006
Factory equipment	15,132,667	906,927	(3,378,060)	(46,296)	12,615,238
Air conditioners	1,177,807	68,992	(334,551)	(6,631)	905,617
Furniture, fittings and office equipment	8,671,223	565,874	(2,294,238)	(61,093)	6,881,766
Renovation	2,835,752	465,638	-	(30,395)	3,270,995
Motor vehicles	1,469,082	99,828	(364,880)	(15,721)	1,188,309
Electrical installations	705,064	15,107	-	-	720,171
	36,815,675	2,399,567	(8,226,213)	(179,350)	30,809,679
2022:					
Buildings	3,831,651	160,463	-	-	3,992,114
Plant and machinery	2,870,213	106,352	(35,259)	(109,340)	2,831,966
Factory equipment	14,319,012	1,020,077	(1,492)	(204,930)	15,132,667
Air conditioners	1,271,583	64,961	(171,701)	12,964	1,177,807
Furniture, fittings and office equipment	8,537,093	727,897	(658,999)	65,232	8,671,223
Renovation	2,342,861	462,637	-	30,254	2,835,752
Motor vehicles	1,383,720	85,782	-	(420)	1,469,082
Electrical installations	689,957	15,107	-	-	705,064
	35,246,090	2,643,276	(867,451)	(206,240)	36,815,675

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company

Cost	Beginning of year RM	Additions RM	Disposals/ write-off RM	End of year RM
2023:				
Furniture, fittings and office equipment	375,749	21,938	-	397,687
Motor vehicles	555,419	-	-	555,419
	931,168	21,938	-	953,106
2022:				
Furniture, fittings and office equipment	367,878	7,871	-	375,749
Motor vehicles	159,888	395,531	-	555,419
	527,766	403,402	-	931,168

Accumulated depreciation	Beginning of year RM	Charge for the year RM	Disposals/ write-offs RM	End of year RM
2023:				
Furniture, fittings and office equipment	341,784	9,679	-	351,463
Motor vehicles	206,030	79,106	-	285,136
	547,814	88,785	-	636,599
2022:				
Furniture, fittings and office equipment	333,278	8,506	-	341,784
Motor vehicles	159,885	46,145	-	206,030
	493,163	54,651	-	547,814

	The Group 2023 RM	The Group 2022 RM
Carrying amount		
Buildings	3,871,293	4,031,756
Plant and machinery	673,857	768,394
Factory equipment	1,376,892	2,083,040
Air conditioners	369,666	398,250
Furniture, fittings and office equipment	2,455,313	2,304,216
Renovation	1,247,817	1,754,609
Motor vehicles	314,097	416,647
Electrical installations	55,037	70,144
	10,363,972	11,827,056

	The Company 2023 RM	The Company 2022 RM
Carrying amount		
Furniture, fittings and office equipment	46,224	33,965
Motor vehicles	270,283	349,389
	316,507	383,354

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

As of March 31, 2023, the buildings of the Group with a carrying amount of RM3,871,293 (2022: RM4,031,756) have been charged to a local licensed bank as security for banking facilities granted to the Group as mentioned in Note 27.

14. RIGHT-OF-USE ASSETS

The Group

	Short-term leasehold land RM	Building RM	Motor vehicles RM	Total RM
Cost				
As of April 1, 2022	2,506,557	4,430,432	137,136	7,074,125
Additions	-	1,945,842	-	1,945,842
Remeasurements	-	(44,076)	-	(44,076)
Terminations	-	(30,543)	-	(30,543)
Translation effect	-	(145,555)	(5,290)	(150,845)
As of March 31, 2023	2,506,557	6,156,100	131,846	8,794,503
As of April 1, 2021	2,506,557	4,282,383	149,454	6,938,394
Additions	-	30,766	-	30,766
Translation effect	-	117,283	(12,318)	104,965
As of March 31, 2022	2,506,557	4,430,432	137,136	7,074,125
Accumulated amortisation				
As of April 1, 2022	1,188,291	3,100,454	71,997	4,360,742
Amortisation during the year	48,454	1,043,073	26,155	1,117,682
Remeasurements	-	(27,123)	-	(27,123)
Terminations	-	(19,089)	-	(19,089)
Translation effect	-	(103,147)	(2,564)	(105,711)
As of March 31, 2023	1,236,745	3,994,168	95,588	5,326,501
As of April 1, 2021	1,139,837	2,066,963	48,573	3,255,373
Amortisation during the year	48,454	982,214	29,455	1,060,123
Translation effect	-	51,277	(6,031)	45,246
As of March 31, 2022	1,188,291	3,100,454	71,997	4,360,742
Carrying amount				
As of March 31, 2023	1,269,812	2,161,932	36,258	3,468,002
As of March 31, 2022	1,318,266	1,329,978	65,139	2,713,383

14. RIGHT-OF-USE ASSETS (Cont'd)

	The Company	
	2023	2022
	RM	RM
Building		
Cost		
Balance as of beginning	722,350	722,350
Additions	222,707	-
Written off	(722,350)	-
Balance as of end of the year	222,707	722,350
Accumulated amortisation		
Balance as of beginning of year	619,156	412,770
Charge for the year	214,548	206,386
Written off	(722,350)	-
Balance as of end of the year	111,354	619,156
Carrying amount	111,353	103,194

The Group's right-of-use assets comprise leases of factory buildings, office buildings, hostels and motor vehicle and the lease terms range from 2 to 10 years (2022: 2 to 10 years). The Company's right-of-use assets comprise of office building with a lease term of 1 year (2022: 3 years).

As of March 31, 2023, the unexpired lease period of the short-term leasehold land of the Group is 26 years (2022: 27 years).

As of March 31, 2023, the short-term leasehold land of the Group with a carrying amount of RM1,269,812 (2022: RM1,318,266) has been charged to a local licensed bank as security for banking facilities granted to the Group as mentioned in Note 27.

The maturity analysis of lease liabilities is presented in Note 28.

15. PRODUCT DEVELOPMENT COSTS

	The Group	
	2023	2022
	RM	RM
At cost:		
As of beginning of year	21,214,934	20,892,798
Additions from internal development during the year	1,429,859	1,774,485
Write-off during the year	(1,534,068)	(1,452,349)
As of end of year	21,110,725	21,214,934
Accumulated amortisation:		
As of beginning of year	12,009,551	10,116,877
Charge for the year	2,040,411	1,892,674
As of end of year	14,049,962	12,009,551
Carrying amount	7,060,763	9,205,383

Product development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities or projects.

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2023 RM	The Company 2022 RM
Unquoted shares, at cost		
Balance as of beginning of the year	105,136,947	105,136,948
Struck off during the year	(3,673)	(1)
Balance as of end of the year	105,133,274	105,136,947
Accumulated impairment		
Balance as of beginning of the year	18,018,968	12,996,696
Impairment during the year (Note 11)	-	5,022,272
Balance as of end of the year	18,018,968	18,018,968
	87,114,306	87,117,979

The subsidiary companies are as follows:

Name of companies	Place of incorporation and operation	Proportion of ownership interests and voting power held by the Group 2023	2022	Principal activities
IQ Group Sdn. Bhd.	Malaysia	100%	100%	Design and manufacture of motion sensors, sensor lighting, and wireless door entry products
IQ Group (Dongguan) Ltd. [(a)]	People's Republic of China	100%	100%	Design, manufacturing and sales of mould; providing corporate management services to IQ Group (Wuning) Ltd.; providing research and development services and technology transfer to IQ Group (Wuning) Ltd.
IQ Group (Wuning) Ltd. [(a)]	People's Republic of China	100%	100%	Manufacture and sales of sensor lighting, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances
IQ Japan Co., Ltd. [(a)]	Japan	100%	100%	Sales, marketing and distribution of motion sensors, sensor lighting and wireless door entry products
IQ Industries Limited [(b)]	British Virgin Islands	-	100%	Ceased operations since April 1, 2021 and struck off on May 11, 2022
SILQ (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

(a) The financial statements of these companies were audited by member firms of Deloitte in the respective countries.

(a) On April 28, 2022, an application was submitted to the registrar of the BVI Business Companies Act 2004 of the British Virgin Islands to strike off IQ Industries Limited ("IQI"). During the financial year, the application to strike off has been approved by the register of the BVI Business Companies Act 2004 of the British Virgin Islands on May 11, 2022. The Group and the Company recognised gain of RM1,918,927 and loss of RM3,673 respectively arising from striking-off of investment in IQI.

The Group and the Company recognised loss of RM3,356,022 and RM1 respectively arising from striking-off of investment in IQ Group Limited ("IQGL") in the previous financial year.

Management reviews the investment in subsidiary companies for impairment when there is an indication of impairment. Recoverable amounts of the investment in subsidiary companies are assessed by reference to the fair value less cost of disposal of the underlying assets of the respective subsidiary companies. The fair value less cost of disposal was determined based on directors' estimation which make reference to prior years valuation report by professional valuer and adjusted with changes in current market conditions.

An impairment loss of RM5,022,272 was recognised in the previous financial year to bring the carrying amount to the recoverable amount due to decline in operations of a subsidiary company.

Composition of the Group

Information about the composition of the Group as of the end of the reporting period is as follows:

Principal activities	Country of incorporation	Number of wholly-owned subsidiary companies	
		2023	2022
Design and manufacture of motion sensors, sensor lighting, and wireless door entry products	Malaysia	1	1
Design, manufacture and sales of motion sensors, sensor lighting, wireless door entry products, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances; design, manufacturing and sales of mould; providing corporate management services to IQ Group (Wuning) Ltd.; providing research and development services and technology transfer to IQ Group (Wuning) Ltd.	People's Republic of China	2	2
Sales, marketing and distribution of motion sensors, sensor lighting and wireless door entry products	Japan	1	1
Ceased operations	Malaysia/British Virgin Islands	1	2
		5	6

17. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	1,309,122	765,224	-	-
Deferred tax liabilities	(8,000)	(8,000)	(8,000)	(8,000)
Net	1,301,122	757,224	(8,000)	(8,000)

The movement in deferred tax assets/(liabilities) during the year prior to offsetting are as follows:

	Opening balance RM	Recognised in profit or loss (Note 10) RM	Currency Translation Difference RM	Closing balance RM
The Group				
2023				
Deferred tax assets				
Unused tax capital allowances	1,021,000	196,514	(1,069)	1,216,445
Unused tax losses	1,287,000	(145,173)	(3,519)	1,138,308
Other deductible temporary differences	1,250,224	(27,066)	(11,789)	1,211,369
	3,558,224	24,275	(16,377)	3,566,122
Deferred tax liabilities				
Product development costs	(1,915,000)	520,000	-	(1,395,000)
Property, plant and equipment	(861,000)	18,000	-	(843,000)
Other taxable temporary differences	(25,000)	(2,000)	-	(27,000)
	(2,801,000)	536,000	-	(2,265,000)
Net	757,224	560,275	(16,377)	1,301,122
2022				
Deferred tax assets				
Unused tax losses	2,184,000	(897,000)	-	1,287,000
Unused tax capital allowances	885,000	136,000	-	1,021,000
Accelerated depreciation	31,142	(31,142)	-	-
Other deductible temporary difference	1,015,738	210,374	24,112	1,250,224
	4,115,880	(581,768)	24,112	3,558,224
Deferred tax liabilities				
Product development costs	(2,300,000)	385,000	-	(1,915,000)
Property, plant and equipment	(973,000)	112,000	-	(861,000)
Other taxable temporary difference	-	(25,000)	-	(25,000)
	(3,273,000)	472,000	-	(2,801,000)
Net	842,880	(109,768)	24,112	757,224

17. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

The movement in deferred tax assets/(liabilities) during the year prior to offsetting are as follows: (Cont'd)

	Opening balance RM	Recognised in profit or loss (Note 10) RM	Closing balance RM
The Company			
2023			
Deferred tax assets			
Other deductible temporary differences	28,000	2,000	30,000
Deferred tax liability			
Property, plant and equipment	(11,000)	-	(11,000)
Other taxable temporary differences	(25,000)	(2,000)	(27,000)
	(36,000)	(2,000)	(38,000)
Net	(8,000)	-	(8,000)
2022			
Deferred tax assets			
Other deductible temporary differences	27,000	1,000	28,000
Deferred tax liability			
Property, plant and equipment	(35,000)	24,000	(11,000)
Other taxable temporary differences	-	(25,000)	(25,000)
	(35,000)	(1,000)	(36,000)
Net	(8,000)	-	(8,000)

As mentioned in Note 3, the tax effects of the deductible temporary differences, unused tax losses and unused tax capital allowances which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax capital allowances can be utilised. As of March 31, 2023, the estimated gross amount of the deductible temporary differences, unused tax losses and unused tax capital allowances, for which the deferred tax assets are not recognised in the financial statements due to uncertainty of its realisation, is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses	27,437,998	28,496,000	-	-
Unused tax capital allowances	1,430,000	1,410,000	63,000	43,000
Other deductible temporary differences	773,049	7,246,718	203,000	297,000
Total	29,641,047	37,152,718	266,000	340,000

18. INVENTORIES

	The Group	
	2023 RM	2022 RM
At cost:		
Raw materials	18,958,709	26,753,651
Work-in-progress	11,986,602	17,795,544
Finished goods	8,303,639	9,697,541
Goods-in-transit:		
Raw materials	381,202	694,501
Finished goods	1,093,887	4,041,469
At net realisable value:		
Finished goods	2,174,251	2,023,667
	42,898,290	61,006,373

The Group's cost of inventories sold during the financial year amounted to RM93,968,548 (2022: RM99,142,228).

The cost of inventories recognised as an expense includes RM669,103 (2022: RM Nil) and RM112,467 (2022: RM417,604) in respect of inventories written off and inventories written down to net realisable value respectively. During the financial year, the Group recognised allowance for slow moving inventories of RM195,980 (2022: RM1,289,340).

19. TRADE AND OTHER RECEIVABLES

	The Group	
	2023 RM	2022 RM
Trade receivables	31,999,657	26,304,865
Other receivables	2,184,650	2,980,952
	34,184,307	29,285,817

	The Company	
	2023 RM	2022 RM
Amount owing by a subsidiary company	16,956,773	21,976,256
Other receivables	404,803	446,239
	17,361,576	22,422,495

The currency exposure profile of trade and other receivables is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
United States Dollar	31,450,706	25,520,244	363,098	434,079
Renminbi	1,778,331	1,127,085	-	-
Japanese Yen	895,109	1,587,145	-	-
Ringgit Malaysia	42,264	1,047,367	16,856,503	21,873,957
Great Britain Pound	15,352	3,976	141,975	114,459
Other currencies	2,545	-	-	-
	34,184,307	29,285,817	17,361,576	22,422,495

19. TRADE AND OTHER RECEIVABLES (Cont'd)

The average credit periods granted by the Group range from 30 to 120 days (2022: 30 to 120 days). No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions as of the end of the reporting period. Allowance for impairment loss are recognised against trade receivables exceeded credit period based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 180 days past due and the Group confirms that the debts are uncollectible, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due as of the end of the reporting period but against which the Group has not recognised an allowance for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing analysis of trade receivables:

	The Group	
	2023 RM	2022 RM
Neither past due nor impaired	20,322,273	17,072,793
1 to 30 days past due but not impaired	6,264,247	3,241,462
31 to 60 days past due but not impaired	1,032,131	2,817,682
61 to 90 days past due but not impaired	3,148,630	1,374,730
91 to 120 days past due but not impaired	755,773	977,569
More than 120 days past due but not impaired	476,603	820,629
	11,677,384	9,232,072
Total	31,999,657	26,304,865

Included in the above amount of trade and other receivables is an amount of RM4,236,469 (2022: RM668,075) owing from IQA which is past due beyond the credit period but has not been impaired as IQA director has confirmed that the amount will be repaid by IQA as soon as IQA has sufficient liquidity and/or working capital to do so.

Ageing of past due but not impaired of amount owing from IQA:

	The Group	
	2023 RM	2022 RM
Number of days past due		
0 - 30 days	395,991	499,276
31 - 60 days	1,031,233	168,799
61 - 90 days	1,584,044	-
91 - 120 days	748,598	-
120 - 365 days	476,603	-
	4,236,469	668,075

19. TRADE AND OTHER RECEIVABLES (Cont'd)

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

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period.

The amount owing by a subsidiary company is as follows:

	The Company	
	2023	2022
	RM	RM
IQ Group Sdn. Bhd.	16,956,773	21,976,256

Included in amount owing by a subsidiary company is RM9,500,000 (2022: RM14,494,000), representing loan given to a subsidiary company, IQ Group Sdn. Bhd., which bears interest at a rate of 2.70% (2022: 1.75%) per annum, is unsecured and repayable on demand.

Other than the loan as disclosed above, the amount owing by a subsidiary company arose mainly from management fee receivable, marketing service fee receivable and advances which are unsecured, interest free and are repayable on demand.

Impairment for amount owing by a subsidiary company is recognised based on the general approach of MFRS 9. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

For balances in which the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For balances in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company assessed the impairment loss on amount owing by a subsidiary company based on lifetime expected credit loss approach. No expected credit loss is recognised as it is negligible.

20. OTHER ASSETS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Prepayments:				
Property, plant and equipment	79,934	218,503	-	-
Purchases of moulds	-	32,085	-	-
Others	1,123,254	2,368,022	-	-
Refundable deposits	206,652	108,833	3,000	2,000
	1,409,840	2,727,443	3,000	2,000

Other prepayments comprise mainly of prepayments to suppliers for purchase of raw materials.

20. OTHER ASSETS (Cont'd)

The currency exposure profile of other assets is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Renminbi	517,155	1,631,983	-	-
Japanese Yen	447,285	573,092	-	-
Ringgit Malaysia	445,400	522,368	3,000	2,000
	1,409,840	2,727,443	3,000	2,000

21. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The currency exposure profile of short-term deposits with licensed banks is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	20,495,000	15,600,000	19,900,000	15,000,000

The short-term deposits with licensed banks of the Group carry interest at rates of 2.3% to 2.5% (2022: 1.4% to 1.55%) per annum with a maturity period ranging from 29 to 94 days (2022: 31 to 93 days). The short-term deposits with a licensed bank of the Company carry interest at rates of 2.3% to 2.5% (2022: 1.4% to 1.55%) per annum with a maturity period of 29 to 94 days (2022: 32 to 93 days).

22. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
United States Dollar	13,475,851	7,096,956	1,255,311	1,439,626
Renminbi	9,655,387	2,904,825	-	-
Ringgit Malaysia	3,038,078	1,572,465	254,523	48,196
Japanese Yen	1,372,761	1,544,321	-	-
New Taiwan Dollar	366,144	262,207	-	-
Great Britain Pound	106,323	143,375	41,578	23,844
Singapore Dollar	369	250	-	-
	28,014,913	13,524,399	1,551,412	1,511,666

23. ASSET CLASSIFIED AS HELD FOR SALE

	The Group and the Company	
	2023	2022
	RM	RM
Freehold land and building		
As of beginning of the year	-	1,634,870
Disposal during the year	-	(1,634,870)
As of end of the year	-	-

In 2021, the Group and the Company entered into a conditional agreement with an external party for the disposal of its freehold land and building for an agreed total consideration of GBP360,000, equivalent to RM2,088,612. The disposal transaction had been completed in the previous financial year.

24. ISSUED CAPITAL

	The Company			
	2023	2022	2023	2022
	Number of shares	Number of shares	RM	RM
Fully paid ordinary shares	88,028,550	88,028,550	96,177,462	96,177,462

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All fully paid ordinary shares rank pari passu with regards to the Company's assets.

At the Annual General Meeting held on August 29, 2022, the Company's shareholders approved the Company's plan to repurchase its own shares. Under the share buy-back exercise, the Company is authorised to purchase up to maximum of 10% of the total issued and paid-up share capital. During the financial year, the Company did not repurchase any of its issued and fully paid ordinary shares from the open market.

25. RESERVES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-distributable:				
Translation reserve	6,657,257	9,763,713	-	-
Legal reserve	125,136	125,136	-	-
	6,782,393	9,888,849	-	-

The translation reserve is used to record exchange differences arising on translation of foreign subsidiary companies. Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

The Companies Act of Japan requires that an amount equal to 10% of dividends must be appropriated as legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the ordinary shares.

26. RETAINED EARNINGS

The entire retained earnings of the Company as of the end of the reporting period is available for distribution as single-tier dividends to the shareholders of the Company.

As of March 31, 2023, the Company has tax exempt income profits available for distribution of RM67,009,924 (2022: RM66,952,515), subject to the agreement of the Inland Revenue Board.

27. BORROWINGS

	The Group	
	2023 RM	2022 RM
Term loan from financial institutions:		
Secured	2,495,000	3,497,000
Unsecured	989,547	1,019,018
	3,484,547	4,516,018

The currency exposure profile of borrowings is as follows:

	The Group	
	2023 RM	2022 RM
Ringgit Malaysia	2,495,000	3,497,000
Japanese Yen	989,547	1,019,018
	3,484,547	4,516,018

The term loans are as follows:

	The Group	
	2023 RM	2022 RM
Amount outstanding	3,484,547	4,516,018
Less: Current portion	(1,008,572)	(1,002,000)
Non-current portion	2,475,975	3,514,018

The non-current portion of term loans is repayable as follows:

	The Group	
	2023 RM	2022 RM
Later than one year and not later than two years	1,011,777	1,008,769
Later than two years and not later than five years	1,214,850	2,051,381
Later than five years	249,348	453,868
	2,475,975	3,514,018

The unsecured term loan of the Group bears interest at a rate of 1.00% (2022: 1.00%) per annum.

27. BORROWINGS (Cont'd)

The secured term loan of the Group bears interest at a rate of 2.05% (2022: 2.05%) per annum above the Kuala Lumpur Interbank Offered Rate ("KLIBOR"). The banking facilities are secured by legal charges over all lands and buildings of the Group and covered by a negative pledge over all the Company's assets. The banking facilities were also covered by corporate guarantee of the Company.

Details of additional undrawn financial facilities that the Group has at its disposal to further reduce liquidity risk are set out below:

	2023 RM	2022 RM
Secured:		
Amount unused	6,372,391	5,368,076

28. LEASE LIABILITIES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current – Amount due for settlement within 12 months	1,092,940	825,946	112,787	112,602
Non current – Amount due for settlement after 12 months	1,179,773	653,048	-	-
	2,272,713	1,478,994	112,787	112,602

The weighted average incremental borrowing rates applied to the lease liabilities of the Group are between 2.175% to 5.16% (2022: 2.175% to 5.95%) per annum respectively. The weighted average incremental borrowing rates applied to the lease liabilities of the Company is 5.16% (2022: 5.95%) per annum.

The currency exposure profile of lease liabilities is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Renminbi	1,794,300	1,300,419	-	-
Japanese Yen	478,413	178,575	-	-
Ringgit Malaysia	-	-	112,787	112,602
	2,272,713	1,478,994	112,787	112,602

Future minimum lease payments under the lease liabilities together with the present value of the minimum lease payment are as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Minimum lease payments:				
Not later than 1 year	1,158,488	871,958	114,000	114,000
Between 1 year to 5 years	1,211,696	639,566	-	-
Later than 5 years	19,408	54,343	-	-
Total minimum lease payments	2,389,592	1,565,867	114,000	114,000
Less: Amount representing finance charges	(116,879)	(86,873)	(1,213)	(1,398)
Present value of minimum lease payments	2,272,713	1,478,994	112,787	112,602

28. LEASE LIABILITIES (Cont'd)

Future minimum lease payments under the lease liabilities together with the present value of the minimum lease payment are as follows: (Cont'd)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Present value of payments:				
Not later than 1 year	1,092,940	825,946	112,787	112,602
Between 1 year to 5 years	1,160,599	600,638	-	-
Later than 5 years	19,174	52,410	-	-
Present value of minimum lease payments	2,272,713	1,478,994	112,787	112,602
Less: Amount due within 12 months	(1,092,940)	(825,946)	(112,787)	(112,602)
Amount due after 12 months	1,179,773	653,048	-	-

The Group and the Company do not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's and the Company's finance department.

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	8,887,271	9,339,440	-	-
Other payables	3,980,758	5,695,558	-	-
Accrued expenses	6,348,785	6,413,292	180,539	221,439
	19,216,814	21,448,290	180,539	221,439

Included in other payables of the Group are accruals for social insurance and housing fund liabilities of RM3,229,482 (2022: RM2,718,865).

The currency exposure profile of trade and other payables is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Renminbi	12,982,999	11,475,182	-	-
Ringgit Malaysia	3,849,234	5,808,856	180,539	221,439
Japanese Yen	1,163,129	1,489,172	-	-
United States Dollar	996,513	2,346,011	-	-
New Taiwan Dollar	202,112	316,679	-	-
Euro Dollar	18,933	10,917	-	-
Great Britain Pound	3,894	1,473	-	-
	19,216,814	21,448,290	180,539	221,439

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases range from 30 to 120 days (2022: 30 to 120 days). No interest is charged on outstanding trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Other payables and accrued expenses comprise mainly amounts outstanding for ongoing costs.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term deposits with licensed banks	20,495,000	15,600,000	19,900,000	15,000,000
Cash and bank balances	28,014,913	13,524,399	1,551,412	1,511,666
	48,509,913	29,124,399	21,451,412	16,511,666

31. FINANCIAL GUARANTEE

	The Company	
	2023 RM	2022 RM
Corporate guarantee given by the Company to financial institution for banking facilities granted to a subsidiary:		
Outstanding as of financial year end	2,495,000	3,497,000

32. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

Management monitors capital based on ability of the Group and the Company to generate sustainable profits. The Group's and the Company's overall strategy remains unchanged from 2022. The capital structure of the group consists of net debt and equity of the group. Debt is defined by the group as long-term and short-term borrowings and lease liabilities as disclosed in Notes 27 and 28 respectively. Net debt is defined as debt after deducting cash and cash equivalents. Equity includes issued capital, reserves and retained earnings.

Pursuant to the requirements of Practice Note No.17/2005 issued by Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five per centum (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 March 2023.

The Group is not subject to any other externally imposed capital requirement.

b. Categories of financial instruments

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets At amortised cost:				
Trade and other receivables, excluding Value Added Tax receivable	33,689,453	28,857,959	17,361,576	22,422,495
Refundable deposits	206,652	108,833	3,000	2,000
Short-term deposits with licensed banks	20,495,000	15,600,000	19,900,000	15,000,000
Cash and bank balances	28,014,913	13,524,399	1,551,412	1,511,666

32. FINANCIAL INSTRUMENTS (Cont'd)

b. Categories of financial instruments (Cont'd)

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial liabilities At amortised cost:				
Trade and other payables	19,216,814	21,448,290	180,539	221,439
Lease liabilities	2,272,713	1,478,994	112,787	112,602
Borrowings	3,484,547	4,516,018	-	-

c. Financial risk management objectives and policies

The operations of the Group and the Company are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate risk, liquidity risk and cash flow risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and the Company.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group and the Company seek to minimise the effects of these risks using derivative financial instruments to hedge risks exposures. The use of financial derivative is governed by the Group's and the Company's policies approved by the Board of Directors. The Group and the Company do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

i. Market risk management

The Group and the Company have in place policies to manage the Group's and the Company's exposures to fluctuation in the prices of the raw materials used in the operations.

There has been no change to the Group's and the Company's exposure to market risk or the manner in which these risks are managed and measured.

ii. Foreign currency risk management

The Group and the Company have exposure to foreign exchange risk as a result of transactions, receivables and payables in foreign currencies arising from normal operating activities.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities as of the end of the reporting period are as follows:

	The Group	
	2023	2022
	RM	RM
Assets		
United States Dollar	44,926,557	32,617,200
Renminbi	11,950,873	5,663,893
Japanese Yen	2,715,155	3,704,558
New Taiwan Dollar	366,144	262,207
Great Britain Pound	121,675	147,351
Other currencies	2,914	250

32. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

ii. Foreign currency risk management (Cont'd)

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities as of the end of the reporting period are as follows: (Cont'd)

	The Group	
	2023	2022
	RM	RM
Liabilities		
Renminbi	14,777,299	12,775,601
Japanese Yen	2,631,089	2,686,765
United States Dollar	996,513	2,346,011
New Taiwan Dollar	202,112	316,679
Other currencies	22,827	12,390

	The Company	
	2023	2022
	RM	RM
Assets		
United States Dollar	1,618,409	1,873,705
Great Britain Pound	183,553	138,303

The following table details the Group's and the Company's sensitivity to a 10% (2022: 10%) increase and decrease in the RM against the relevant foreign currencies. 10% (2022: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2022: 10%) change in foreign currency rates. A negative number below indicates a decrease in the Group's profit net of tax and an increase in the Company's loss net of tax and a decrease in Group's equity (2022: an increase in the Group's and the Company's loss net of tax and a decrease in Group's equity) and a negative number indicates a decrease in the Group's and the Company's profit net of tax and a decrease in Group's equity (2022: an increase in the Group's loss net of tax and a decrease in the Company's profit net of tax and a decrease in Group's equity) where the RM strengthens 10% (2022: 10%) against the relevant currency. For a 10% (2022: 10%) weakening of the RM against the relevant currency, it would have had equal but opposite effect on the below currencies to the amounts shown below.

	The Group	
	2023	2022
	RM	RM
Impact on profit or loss		
Renminbi	282,643	711,171
United States Dollar	(4,393,004)	(3,027,119)
New Taiwan Dollar	(16,403)	5,447
Great Britain Pound	(12,168)	(14,735)
Japanese Yen	(8,407)	(101,779)
Other currencies	1,991	1,214
Impact on equity		
Renminbi	(3,839,188)	(3,491,231)
Japanese Yen	(390,910)	(259,485)

32. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

ii. Foreign currency risk management (Cont'd)

	The Company	
	2023	2022
	RM	RM
Impact on profit or loss		
United States Dollar	(161,841)	(187,371)
Great Britain Pound	(18,355)	(13,830)

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company use its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amount	12 months ECL
Doubtful	Amount > 120 days past due and/or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – Not credit-impaired
In default	Amount > 180 days past due and/or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	Amount > 365 days past due and/or there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12 months or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
					RM	RM	RM
March 31, 2023							
Trade receivables	19	N/A	(i)	Lifetime ECL (simplified approach)	31,999,657	-	31,999,657
March 31, 2022							
Trade receivables	20	N/A	(i)	Lifetime ECL (simplified approach)	26,304,865	-	26,304,865

32. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

iii. Credit risk management (Cont'd)

(i) For trade receivables, the Group has applied the simplified approach in MFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

As of the end of the reporting period, approximately 94% (2022: 89%) of the Group's trade receivables were due from 10 (2022: 10) major customers.

Apart from these major customers, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparties did not exceed 2% (2022: 2%) of gross trade receivables as of the end of the reporting period.

The carrying amount of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's and the Company's maximum exposure to credit risk.

Further details of credit risks on trade receivables are disclosed in Note 19.

The credit risk on liquid funds is limited because the counterparties are reputable banks.

Financial guarantee

The Company provides unsecured financial guarantee to a licensed bank in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the repayments made by the subsidiary and their financial performance.

The maximum exposure to credit risk amounts to RM2,495,000 (2022: RM3,497,000) representing the outstanding balance of banking facilities of the subsidiary in which financial guarantee is given by the Company as of the end of the reporting period.

As of the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantee has not been recognised since the fair value on initial recognition was immaterial as the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view of the securities pledged by the subsidiary and it was not probable that the counterparty to financial guarantee contract will claim under the contract.

iv. Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to changes in interest rates relates primarily to the Group's and the Company's short-term deposits and borrowings.

As of the end of the reporting date, if interest rates on borrowings and short-term deposits had been 100 (2022: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been RM22,800 (2022: RM30,400) and RM9,900 (2022: RM6,700) lower/higher arising mainly as a result of lower/higher interest expense on floating rate borrowings.

As of the end of the reporting date, if interest rates on short-term deposits had been 100 (2022: 100) basis points lower/higher with all other variables held constant, the Company's profit net of tax would have been RM9,751 (2022: RM6,559) lower/higher arising mainly as a result of lower/higher interest expense on floating rate borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

32. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

v. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and the Company's funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and financial liabilities. Note 27 sets out details of the additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group and the Company was required to pay.

	Weighted average effective rate/ Incremental borrowing rate* %	The Group 2023 RM	2022 RM
Trade and other payables			
Not later than one year	-	19,216,814	21,448,290
Lease liabilities			
Not later than 1 year	2.18 – 4.50	1,158,488	-
Between 1 year to 5 years	2.18 – 4.50	1,211,696	-
Later than 5 years	2.18 – 4.50	19,408	-
Not later than 1 year	2.18 – 5.66	-	871,958
Between 1 year to 5 years	2.18 – 5.66	-	639,566
Later than 5 years	2.18 – 5.66	-	54,343
		2,389,592	1,565,867
Borrowings			
Not later than 1 year	1.00 & 5.01	1,110,610	-
Between 1 year to 5 years	1.00 & 5.01	2,316,549	-
Later than 5 years	1.00 & 5.01	266,635	-
Not later than 1 year	1.00 & 3.96	-	1,121,384
Between 1 year to 5 years	1.00 & 3.96	-	3,213,024
Later than 5 years	1.00 & 3.96	-	487,745
		3,693,794	4,822,153

	Weighted average effective rate/ Incremental borrowing rate* %	The Company 2023 RM	2022 RM
Trade and other payables			
Not later than one year	-	180,539	221,439
Lease liabilities*			
Not later than 1 year	5.16	114,000	-
Not later than 1 year	5.95	-	114,000
Financial guarantee contracts	-	2,655,852	3,742,561

32. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

v. Liquidity risk management (Cont'd)

The amounts included above for financial guarantee contracts are the maximum amounts of the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterpart to the guarantee. Based on expectations as of the end of the reporting period, the Company considers it remote to make such payment under the arrangement.

vi. Cash flow risk management

The Group and the Company review its cash flow position regularly to manage its exposures to fluctuations in future cash flows associated with its monetary financial instruments.

d. Fair value measurements

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values due to the short maturity of these financial instruments, except for lease liabilities which is disclosed in Note 28.

The carrying values of lease liabilities approximate their fair values as it bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

33. RELATED PARTY BALANCES AND TRANSACTIONS

Included in the following accounts of the Group as of March 31, 2023 are amounts owing by/(to) the following related parties:

	The Group	
	2023	2022
	RM	RM
Trade receivables:		
IQ (America) Inc. *	4,742,667	1,543,368
Trade payables:		
Sensorlite Inc.*	(291,819)	(1,290,146)
IQ (America) Inc. *	-	(113,701)

* A company in which a director has substantial interests and is a director.

The amount owing by/(to) related parties, included in trade receivables and trade payables arose mainly from trade transactions. The credit periods granted by/(to) related parties range from 30 to 120 days (2022: 30 to 120 days).

The financial statements of the Group reflect the following significant related party transactions which are based on terms negotiated between the Group and its related parties:

	The Group	
	2023	2022
	RM	RM
With related parties:		
IQ (America) Inc.:		
Sales of finished goods	9,759,738	5,975,422
Sales commission paid/payable	293,060	530,264
Sensorlite Inc.:		
Purchase of raw materials	4,445,867	5,276,718
Lease expense on short-term leases paid/payable	1,090,208	1,077,265
Procurement commission paid/payable	38,157	51,058
Purchase of property, plant and equipment	17,032	-

33. RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

The financial statements of the Company reflect the following significant intercompany transactions which are based on terms negotiated between the Company and its subsidiary companies:

	The Company	
	2023	2022
	RM	RM
IQ Group Sdn. Bhd.:		
Management fee received/receivable	5,143,633	5,406,519
Repayment of loan from/(loan to)	4,994,000	(1,752,000)
Marketing service fee received/receivable	407,067	472,971
Interest income received/receivable	289,218	393,764
Rental of premises paid/payable	228,000	228,000

	The Company	
	2023	2022
	RM	RM
IQ Industries Limited:		
Dividend received/receivable	-	711,921

Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The remuneration of key management personnel is disclosed in Note 8.

34. DIRECTORS' BENEFITS-IN-KIND

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Estimated cash value of benefits-in-kind provided to directors	294,571	156,399	294,571	156,399

35. CAPITAL COMMITMENTS

As of March 31, 2023, the Group and the Company have the following commitments in respect of capital expenditure on property, plant and equipment:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Approved and contracted for	389,406	94,609	212,718	-

36. SEGMENTAL REPORTING

Products and services from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services provided. The Group's reportable segments under MFRS 8 *Operating Segments* are therefore as follows:

a. investment holding (includes management services);
b. manufacturing of motion sensors, sensor lighting, wireless door entry products, door bells, home security system, lighting fixtures, sensor product, wireless product, security product and household electrical appliances; and
c. trading of motion sensors, sensor lighting and wireless door entry products.

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2023					
Revenue					
External revenue	-	100,919,493	31,836,004	-	132,755,497
Inter-segment revenue	5,550,700	128,196,671	-	(133,747,371)	-
Total revenue	5,550,700	229,116,164	31,836,004	(133,747,371)	132,755,497
Results					
Segment (loss)/profit	(738,592)	2,808,129	1,262,505	1,431,024	4,763,066
Investment revenue					350,669
Other gains					4,028,278
Finance costs					(233,350)
Profit before tax					8,908,663
Tax expense					(1,762,618)
Profit for the year					7,146,045
2022					
Revenue					
External revenue	-	95,760,157	31,720,331	-	127,480,488
Inter-segment revenue	6,591,411	128,928,222	-	(135,519,633)	-
Total revenue	6,591,411	224,688,379	31,720,331	(135,519,633)	127,480,488
Results					
Segment (loss)/profit	(4,971,601)	(6,635,683)	394,609	4,448,861	(6,763,814)
Investment revenue					51,396
Other losses					(1,185,392)
Finance costs					(275,803)
Loss before tax					(8,173,613)
Tax expense					(2,019,169)
Loss for the year					(10,192,782)

36. SEGMENTAL REPORTING (Cont'd)

Segment revenue and results (Cont'd)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without investment revenue, other gains and losses and tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2023					
Assets					
Segment assets	22,287,075	116,875,069	9,712,805	(979,862)	147,895,087
Current and deferred tax assets					2,954,745
Consolidated total assets					150,849,832
Liabilities					
Segment liabilities	293,326	22,196,931	2,596,604	(112,787)	24,974,074
Current and deferred tax liabilities					1,556,011
Consolidated total liabilities					26,530,085
2022					
Assets					
Segment assets	17,446,453	119,040,161	10,059,452	(656,212)	145,889,854
Current and deferred tax assets					2,775,780
Consolidated total assets					148,665,634
Liabilities					
Segment liabilities	334,041	24,535,098	2,686,765	(112,602)	27,443,302
Current and deferred tax liabilities					942,174
Consolidated total liabilities					28,385,476

For the purposes of monitoring segment performance and allocating resources between segments:

a. all assets allocated to reportable segments other than current and deferred tax assets.
b. all liabilities are allocated to reportable segments other than other financial liabilities, current and deferred tax liabilities.

36. SEGMENTAL REPORTING (Cont'd)

Other segment information

The Group

	Investment holding RM	Manufacturing RM	Trading RM	Elimination RM	Total RM
2023					
Other information					
Depreciation and amortisation expenses	303,333	5,187,354	199,727	(132,754)	5,557,660
Addition to non-current assets	21,938	1,123,336	-	-	1,145,274
Loss/(Gain) arising from striking-off of investment in subsidiary companies	3,673	-	-	(1,915,254)	(1,918,927)
Loss on disposal of property, plant and equipment	-	8,625	-	1,194	9,819
Product development costs written off	-	1,534,068	-	-	1,534,068
Inventories written off	-	669,103	-	-	669,103
Allowance for slow moving inventories	-	195,980	-	-	195,980
Inventories written down	-	112,467	-	-	112,467
Non-cash expense other than depreciation and amortisation	98,512	512,183	-	(3,037)	607,658
2022					
Other information					
Depreciation and amortisation expenses	261,037	5,113,925	250,592	(29,481)	5,596,073
Addition to non-current assets	403,402	1,435,222	-	-	1,838,624
Gain on disposal of asset classified as held for sale	(453,742)	-	-	-	(453,742)
(Loss)/Gain arising from striking-off of investment in subsidiary companies	(1)	-	-	3,356,023	3,356,022
Loss on disposal of property, plant and equipment	-	3,015	-	2,908	5,923
Product development costs written off	-	1,452,349	-	-	1,452,349
Allowance for slow moving inventories	-	1,289,340	-	-	1,289,340
Inventories written down	-	417,604	-	-	417,604
Non-cash expense other than depreciation and amortisation	190,318	389,707	-	(46,859)	533,166

Revenue from major products and services

Analysis of revenue from major products and services was not disclosed as it is not practical to analyse this information without incurring excessive cost.

Geographical information

The Group's manufacturing activities are located in Malaysia and People's Republic of China and trading activities are located in Japan and Taiwan.

36. SEGMENTAL REPORTING (Cont'd)

Geographical information (Cont'd)

The Group's revenue from external customers attributed to countries of domicile of the Company and its subsidiary companies are detailed below:

	The Group	
	2023 RM	2022 RM
Malaysia	100,778,905	95,252,460
Japan	31,836,004	31,720,331
People's Republic of China	140,588	507,697
	132,755,497	127,480,488

The Group's revenue from external customers attributed to countries from which the Company and its subsidiary companies derive revenue are detailed below:

	The Group	
	2023 RM	2022 RM
Europe countries	77,591,341	76,131,694
Asia countries	40,447,412	39,443,653
North America countries	14,716,744	11,905,141
	132,755,497	127,480,488

Information about the Group's non-current assets by location are detailed below:

	The Group	
	2023 RM	2022 RM
Malaysia	15,142,112	17,619,663
People's Republic of China	6,197,392	6,707,584
Japan	862,355	183,799
	22,201,859	24,511,046

Information about major customers

Included in revenue of the Group is revenue amounting to RM40,196,526 (2022: RM33,152,473) and RM15,063,375 (2022: RM15,397,704) which arose from sales to the Group's largest and second largest customers respectively.

STATEMENT BY DIRECTORS/ DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

The directors of **IQ GROUP HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of March 31, 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a
resolution of the Directors,

____

CHEN, WEN-CHIN ALSO KNOWN AS KENT CHEN

____

DANIEL JOHN BEASLEY

Penang,

June 30, 2023

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHEE TING TING (MIA MEMBERSHIP NO. 14767)**, the officer primarily responsible for the financial management of **IQ GROUP HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **CHEE TING TING** at **GEORGETOWN** in the State of **PENANG** on June 30, 2023

____

Before me,

CHEE TING TING
GROUP FINANCIAL CONTROLLER

____

COMMISSIONER FOR OATHS

LIST OF PROPERTIES
31 MARCH 2023

The details of the landed properties of the Group are as follows:-

Registered Owner/ Location	Description/ Existing Use/ Restriction of Interest	Land Area/ Built-up Area	Approximate Age of Building (year)	Tenure/ Encumbrances	Date of acquisition	Net Book Value as at 31.03.2023 (RM'000)
Leasehold Land and Buildings **IQ Group Sdn. Bhd.** Plot 149, Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas 11900 Penang held under P.T.1300 H.S. (D) 12680, Mukim 12, Daerah Barat Daya, Pulau Pinang	**Description** 2-storey factory cum office with a mezzanine floor **Existing Use** Industry use as head office, R&D centre and factory premises **Restriction of Interest** (a) The land shall not be transferred, charged, leased, sub-leased or disposed of without the written consent of the State Authority of Penang; and (b) The land shall not be sub-divided or partitioned.	8,136.93 square metre/ 6,091.79 square metre	33	**Tenure** Leasehold 60 years (expiring 22.09.2049) **Encumbrances** A 30 year lease of part of the land to Tenaga Nasional Berhad (expired on 15.09.2021)	05.12.1988	1,793
IQ Group Sdn. Bhd. Plot 151, Jalan Sultan Azlan Shah Taman Perindustrian Bayan Lepas Fasa 1 (FTZ), Bayan Lepas 11900 Penang held under P.T. 1246 H.S. (D) 12566, Mukim 12, Daerah Barat Daya, Pulau Pinang	**Description** 2-storey factory cum office **Existing Use** Industry use as head office, R&D centre and factory premises **Restriction of Interest** (a) The land shall not be transferred, charged, leased, sub-leased or disposed of without the written consent of the State Authority; and (b) The land shall not be sub-divided or partitioned	6,754.89 square metre/ 2,998.94 square metre	33	**Tenure** Leasehold 60 years (expiring on 11.06.2049) **Encumbrances** A 30 year lease of part of the land to Tenaga Nasional Berhad (expired on 25.09.2021)	10.07.1999	3,348

No revaluation exercise has been carried out on the land and buildings.

ANALYSIS OF SHAREHOLDINGS
(As at 30 June 2023)

Share capital

Total number of issued shares	:	88,028,550
Class of Shares	:	Ordinary shares
Voting Rights	:	One voting right for one ordinary share

Size of holdings	No of holders	%	No. of shares	%
Less than 100 shares	63	3.19	482	0.00
100 – 1,000 shares	632	32.03	277,666	0.32
1,001 – 10,000 shares	889	45.06	4,247,350	4.82
10,001 –100,000 shares	345	17.49	10,041,700	11.41
100,001 – 4,401,426 (*)	42	2.13	20,906,411	23.75
4,401,427 and above (**)	2	0.10	52,554,941	59.70
TOTAL	1,973	100.00	88,028,550	100.00

(*) Less than 5% of issued shares
(**) 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	No. of shares	%	No. of shares	%
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	41,171,451 ^	46.77
Daniel John Beasley	40,000	0.05	-	-
Chen, Yi-Chung	-	-	-	-
Dato' Yoon Chon Leong	-	-	-	-
Tan Boon Hoe	-	-	-	-
Teresa Tan Siew Kuan	-	-	-	-

^ By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited and interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Shareholders	No. of shares	%	No. of shares	%
Sensorlite Limited	35,659,240	40.51	-	-
Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19	39,638,867+	45.03

+ By virtue of his substantial interest in Sensorlite Limited and Sensorlite Investments Limited

ANALYSIS OF SHAREHOLDINGS
(As at 30 June 2023) (Cont'd)

TOP THIRTY SECURITIES ACCOUNT HOLDERS
(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of shares	%
1.	Sensorlite Limited	35,659,240	40.51
2.	Chen, Wen-Chin also known as Kent Chen	16,895,701	19.19
3.	Ultra Top International Co., Ltd.	4,391,100	4.99
4.	Sensorlite Investments Limited	3,979,627	4.52
5.	Lee Kok Hin	2,040,800	2.32
6.	Chang, Su-Chu	1,532,584	1.74
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For RME Holdings Sdn. Bhd. (E-KTU)	941,000	1.07
8.	Jusoh Bin Ali	910,000	1.03
9.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ong Chuan Sin (CCTS)	636,400	0.72
10.	Syarikat Shukor Sakam Sdn. Bhd.	500,000	0.57
11.	Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Chee Keong (STA 5)	295,500	0.33
12.	Teoh Hin Heng	288,000	0.33
13.	Lai Shwu Yan	268,300	0.30
14.	Yong Heng Wah	267,900	0.30
15.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Quek See Kui	256,900	0.29
16.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Khoo Ean Ean (E-BBB/RLU)	245,000	0.28
17.	Teh Bee Gaik	227,500	0.26
18.	Yeap Leong Peng	220,000	0.25
19.	Yeo Khee Huat	200,000	0.23
20.	Zainul Abideen Bin Fazle Abbas	200,000	0.23
21.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Seng Tung	199,000	0.23
22.	Lim Kee	195,000	0.22
23.	Phillip Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Siew Boon Yeong	194,600	0.22
24.	Lee Kok Leong	186,000	0.21
25.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Ah Kow	181,300	0.21
26.	Yong Seng Huat	180,300	0.20
27.	Looi Boon Ping	160,800	0.18
28.	Au Yang Tuan Kah	154,600	0.18
29.	Tee Boon Siew	140,800	0.16
30.	Teoh Kien Huat	137,000	0.16
		71,684,952	81.43

IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

I/We ______________________________________ Tel: ______________________
[Full name in block, NRIC/Passport/Company No.]

of ____

____

being member(s) of **IQ Group Holdings Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online on Tuesday, 29 August 2023 at 2.30 p.m. or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Re-election of Mr Chen, Wen-Chin also known as Kent Chen	Ordinary Resolution 1		
Re-election of Mr Chen, Yi-Chung	Ordinary Resolution 2		
Re-election of Madam Teresa Tan Siew Kuan	Ordinary Resolution 3		
Approval of Directors' Fees for the financial year ended 31 March 2023	Ordinary Resolution 4		
Approval of Directors' Fees for the financial year ending 31 March 2024	Ordinary Resolution 5		
Approval of Directors' benefits	Ordinary Resolution 6		
Re-appointment of Deloitte PLT as Auditors	Ordinary Resolution 7		
Continuing in office for Dato' Yoon Chon Leong	Ordinary Resolution 8		
Renewal of Share Buy-Back Authority	Ordinary Resolution 9		
Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 10		

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

____
Signature*
Member

** 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. *The AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via its TIIH Online website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors of IQGROUP via real time submission of typed texts) and vote (collectively, "**Participate**") remotely at this AGM via Remote Participation and Voting ("**RPV**") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.*
2. *According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.*
3. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 August 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
4. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
5. *A member of the Company who is entitled to attend and vote at a 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 General Meeting.*
6. *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.*
7. *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.*
8. *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.*
9. *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.*
10. *The appointment of a proxy may be made in hard copy form or by electronic means. In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang. In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.*
11. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Suite A, Level 9, Wawasan Open University, 54 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting 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.*
12. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
13. *Last date and time for lodging this proxy form is 2.30 p.m., 27 August 2023 (Sunday).*

FOLD THIS FLAP FOR SEALING

FOLD HERE

STAMP

IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
Suite A, Level 9
Wawasan Open University
54 Jalan Sultan Ahmad Shah
10050 Georgetown
Penang

FOLD HERE

IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
(Incorporated in Malaysia)

ANNUAL REPORT REQUEST FORM

Dear Shareholder,

Please complete your particulars below and return this form through mail to IQ Group Holdings Berhad at 149, Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas, 11900 Penang, Malaysia or fax to 604-6423769 should you wish to receive a hardcopy of the 2023 Annual Report. You may also contact Ms. Loo Siew Theng at telephone no. 604-6446677 (ext.178) or email your request to st.loo@iq-group.com.

The hardcopy of the Annual Report will be posted to you within four (4) market days from the date of receipt of your verbal or written request. Alternatively, you may download the Annual Report from www-iq-group.com.

Particulars of Shareholder

Name of Shareholder :

Phone contact No. :

I/C No./Passport No. or Company No. :

CDS Account No. :

Correspondence Address :

Date : ____________________

Signed : ____________________

FOLD THIS FLAP FOR SEALING

FOLD HERE

STAMP

IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523) (636944-U)
Suite A, Level 9
Wawasan Open University
54 Jalan Sultan Ahmad Shah
10050 Georgetown
Penang

FOLD HERE

IQ-group

IQ GROUP HOLDINGS BERHAD
(200301034523)(Company No: 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

149 Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas,
Fasa 1 (FTZ), Bayan Lepas, 11900 Pulau Pinang, Malaysia.

Tel: 04-644 6677
Fax: 04-644 9677
Web: www.iq-group.com