MAG Holdings Berhad
Registration No. 200401004611 (643114-X)

ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Min Lin
Executive Chairman

Yeoh Wooi Kia
Independent Non-Executive Director

Collin Goonting a/l O.S. Goonting
Independent Non-Executive Director

Datuk Lim Si Cheng
Independent Non-Executive Director

Wan Mohd Hazrie bin Wan Mokhtar (Appointed on 14 Feb 2023)
Independent Non-Executive Director

Melvin Lim Chun Woei
Non-Independent Non-Executive Director

Wong Jo Ann (Appointed on 31 May 2023)
Non-Independent Non-Executive Director

COMPANY SECRETARY

Wong Yuet Chyn
(MAICSA 7047163)
(SSM PC No. 202008002451)

AUDIT AND RISK MANAGEMENT COMMITTEE

Yeoh Wooi Kia
Chairman

Collin Goonting a/l O.S. Goonting

Datuk Lim Si Cheng

NOMINATION COMMITTEE

Collin Goonting a/l O.S. Goonting
Chairman

Yeoh Wooi Kia

Datuk Lim Si Cheng

REMUNERATION COMMITTEE

Datuk Lim Si Cheng
Chairman

Yeoh Wooi Kia

Collin Goonting a/l O.S. Goonting

LONG-TERM INCENTIVE PLAN COMMITTEE

Ng Min Lin
Chairman

Datuk Lim Si Cheng

Yeoh Wooi Kia

CORPORATE OFFICE

B-3-12, Gateway Corporate Suites
Gateway Kiaramas
No. 1, Jalan Desa Kiara
Mont Kiara
50480 Kuala Lumpur
W.P. Kuala Lumpur, Malaysia

Tel : 603-6419 1385
Fax : 603-6419 1386
Website : https://magholdings.com.my

REGISTERED OFFICE

A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur, Malaysia

Tel : 603-6413 3271
Fax : 603-6413 3270

AUDITORS

Moore Stephens Associates PLT
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : 603-7728 1800
Fax : 603-7728 9800

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
W.P. Kuala Lumpur, Malaysia

Tel : 603-2084 9000
Fax : 603-2094 9940

PRINCIPAL BANKERS

CIMB Bank Berhad

Bank Pertanian Malaysia Berhad

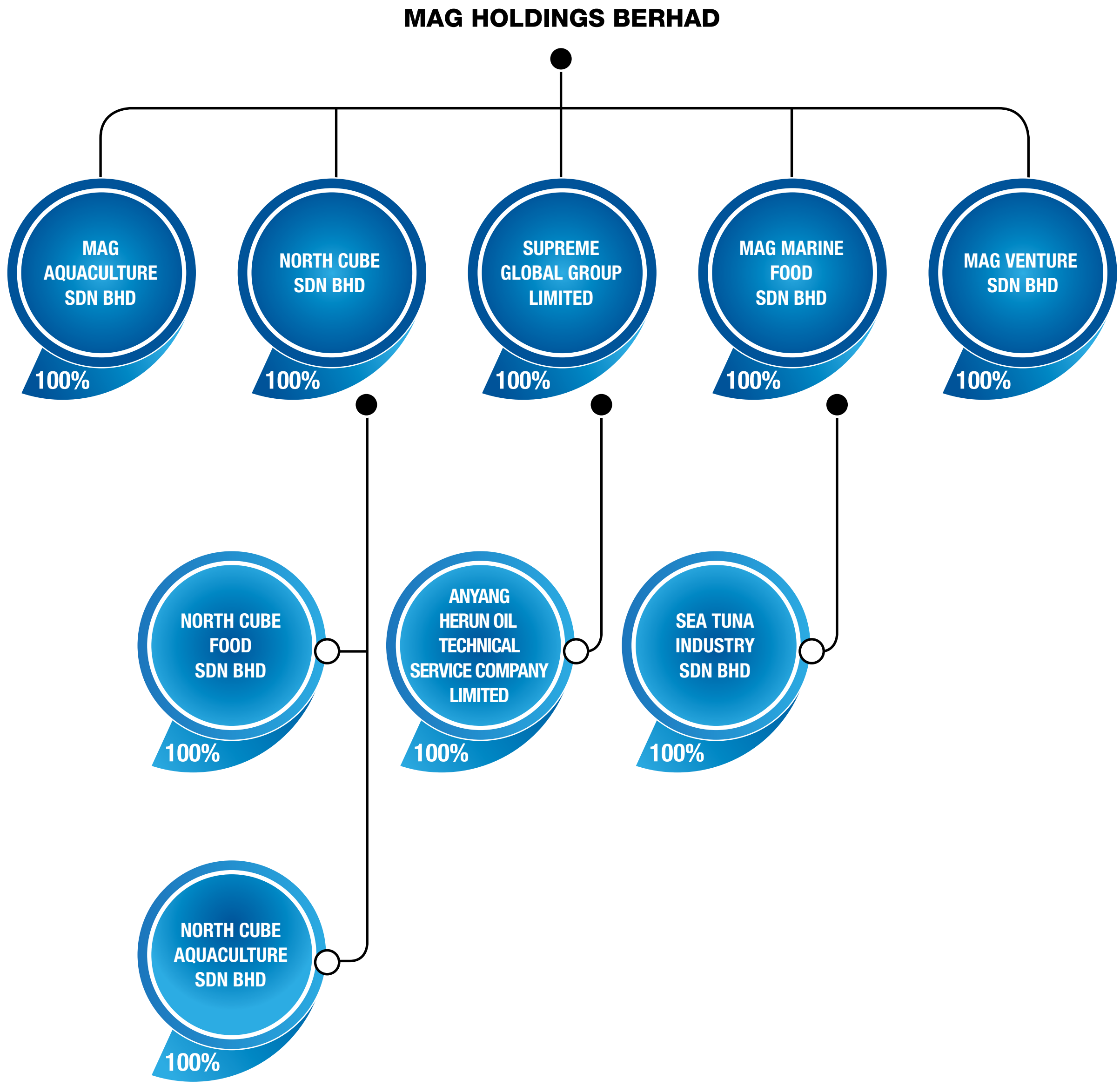
MBSB Bank Berhad

STOCK EXCHANGE

ACE Market of Bursa Malaysia Securities Berhad

Stock Name : MAG
Stock Code : 0095

CORPORATE STRUCTURE



PROFILE OF THE DIRECTORS AND KEY MANAGEMENT

Ng Min Lin

Executive Chairman

Nationality Malaysian **Age** 44 **Gender** Male

Mr. Ng Min Lin (Mr. Ng) was appointed as a Non-Independent Non-Executive Director of the Company on 28 January 2011 and was re-designated as an Executive Director on 1 April 2011.

On 24 April 2014, he was re-designated as a Non-Independent Non-Executive Director and on 6 September 2016, he was re-designated as the Senior Independent Director and appointed as Chairman of the Board of Directors. He relinquished his role as the Senior Independent Director on 28 December 2018.

On 31 December 2019, he was re-designated as the Executive Chairman of the Board. He is also the Chairman of the Long-Term Incentive Plan Committee.

Mr. Ng spent his early years as an audit associate with KPMG, Penang. Subsequently, he ventured into the corporate world when he became the Corporate Development Manager of a company that manufactures and franchises water vending machines. A year later, he was promoted to Group Finance Director when the company was listed on the PLUS Market (now known as ICAP Securities and Derivatives Exchange) in the United Kingdom.

As Mr. Ng looked for greener pastures, he established Esabee Biotika Sdn Bhd, a multi-level marketing company which specialises in microalgae. He was the Chief Executive Officer of the company until his resignation in mid-2011.

Mr. Ng had also invested into companies involved in sectors such as mining, agriculture and energy. His involvement in these sectors had gained him vast experience in the corporate world.

He is an alumnus of The University of New South Wales, Sydney, Australia, having graduated there in 2002 with a Bachelor of Commerce, majoring in Finance and Accounting.

Currently, Mr. Ng is also the Executive Chairman of XL Holdings Berhad.

Mr. Ng is the spouse of Ms. Wong Jo Ann, the Non-Independent Non-Executive Director of the Company.

Mr. Ng attended all 5 Board Meeting held during the financial year ended 30 June 2023.

Datuk Lim Si Cheng

Independent Non-Executive Director

Nationality Malaysian **Age** 73 **Gender** Male

Datuk Lim Si Cheng (Datuk Lim), appointed on 15 July 2021, is an Independent Non-Executive Director. He is the chairman of the Board's Remuneration Committee and a member of the Audit and Risk Management Committee, Nomination Committee and Long-Term Incentive Plan Committee.

Datuk Lim began his career as a journalist in 1968. He was the State Assemblyman of Bandar Segamat from 1982 to 1990 and Exco Member of Johor State Government from 1986 to 1990.

He served as the Political Secretary to the Minister of Transport of Malaysia from 1990 to 1995. He was elected as the Member of Parliament for Kulai, Johor for 3 consecutive terms from 1995 to 2008.

Datuk Lim was the Deputy Speaker of the House of Representative, Parliament Malaysia from 1999 to 2008. He was also a member of the Malaysian Pepper Board from 2008 to 2011.

He is very active in community works of various charitable organisations. Presently, he is a council member of University Tunku Abdul Rahman, trustee of Huaren Education Foundation, trustee of Chang Ming Thien Foundation and a committee member of Malaysia Mental Literacy Movement.

Currently, Datuk Lim is also a Board member of Koperasi Jayadiri Malaysia Berhad.

Datuk Lim attended all 5 Board Meetings held during the financial year ended 30 June 2023.

Profile of the Directors and Key Management (cont'd)

Collin Goonting a/l O.S. Goonting

Independent Non-Executive Director

Nationality Malaysian **Age** 76 **Gender** Male

Mr. Collin Goonting a/l O.S. Goonting (Mr. Goonting), appointed on 16 July 2020, is an Independent Non-Executive Director. He is the chairman of the Board's Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee.

Mr. Goonting was admitted to the Honourable Society of the Inner Temple as a barrister in 1972. He is an Advocate and Solicitor of the High Court of Malaya.

In addition to litigation, Mr. Goonting is also active in the corporate and financial sectors, internationally and in Malaysia, since 1972. He has acted as the lead counsel in many high-profile criminal and civil cases for more than 20 years.

In 1991, when Labuan was made an International Offshore Financial Centre by the Malaysian government, Mr. Goonting established a branch of his legal firm, Messrs. Collin Goonting & Co, in Labuan to serve international companies setting up offices there. His firm has acted for international offshore banks as well as other foreign companies in financial matters especially in the setting up of offshore companies and special purpose vehicles. He is also active in providing legal services to local offshore banks involving Islamic financial products as well as legal advice in English and international laws to multinational oil corporations involved in offshore drilling in Labuan.

In 2001, Mr. Goonting set up a legal firm in Jakarta and was appointed as the legal consultant to a company building geothermal power plants. In addition, his firm also advised on private equity funding, debt restructuring and recovery as well as liquidation to foreign banks and financial institutions in Indonesia. He still provides consulting advice to oil and gas companies in Indonesia.

Mr. Goonting presently does not hold directorship in other public companies or listed corporations.

Mr. Goonting attended 4 out of 5 Board Meetings held during the financial year ended 30 June 2023.

Yeoh Wooi Kia

Independent Non-Executive Director

Nationality Malaysian **Age** 46 **Gender** Male

Mr. Yeoh Wooi Kia (Mr. Yeoh), appointed on 1 June 2020, is an Independent Non-Executive Director. He is the chairman of the Board's Audit and Risk Management Committee, a member of the Nomination Committee, Remuneration Committee and Long-Term Incentive Plan Committee.

Mr. Yeoh started his career as an audit associate with KPMG Penang in 2001. Subsequently, he worked extensively in various capacities in the corporate world from 2004 to 2014, such as Accountant in Plexus Manufacturing Sdn Bhd and as Unit Manager in Hong Leong Assurance Bhd.

Mr. Yeoh is currently the Business Development Director of AYG Consulting which is engaged in the provision of marketing and general business advisory services, and corporate training solutions to clients from various industries including trading, direct-selling, e-commerce, food and beverages, entertainment and events management.

Mr. Yeoh graduated from University of Tasmania in 2000 with a Bachelor of Commerce (Accounting) and has been a member of the Malaysian Institute of Accountants since 2008.

Mr. Yeoh presently does not hold directorship in other public companies or listed corporations.

Mr. Yeoh attended all 5 Board Meetings held during the financial year ended 30 June 2023.

Melvin Lim Chun Woei

Non-Independent Non-Executive Director

Nationality Malaysian **Age** 31 **Gender** Male

Mr. Melvin Lim Chun Woei (Mr. Melvin Lim), appointed on 15 July 2021, is a Non-Independent Non-Executive Director.

Mr. Melvin Lim holds a degree in International Business from University of Leeds, United Kingdom.

Mr. Melvin Lim has vast experience in marketing and export, food manufacturing, aquaculture, agriculture and land and building development. He started his career in 2012 as Marketing Manager with Pegagau Food Products Sdn Bhd and Borneo Bina Jaya Sdn Bhd and progressed to the Marketing Director position. In 2018, he co-founded Borneo Bina Jaya Sdn Bhd which is involved in the business as land and building developer, property management and contractor business.

In 2022, Mr. Melvin Lim founded Synergy Travel Sdn Bhd which is involved in tour and travel businesses and in 2023 founded Hawan Maju Sdn Bhd for hot air ballon activities.

Mr. Melvin Lim presently does not hold directorship in other public companies or listed corporations.

Mr. Melvin Lim is the son of Mr. Lim Ah Cham, the Aquaculture Farming Advisor.

Mr. Melvin Lim attended all 5 Board Meetings held during the financial year ended 30 June 2023.

Profile of the Directors and Key Management (cont'd)

Wan Mohd Hazrie bin Wan Mokhtar

Independent Non-Executive Director

Nationality Malaysian **Age** 45 **Gender** Male

Mr. Wan Mohd Hazrie bin Wan Mokhtar (Mr. Wan), appointed on 14 February 2023, is a Independent Non-Executive Director.

Mr. Wan established and operated Xeron (M) Sdn Bhd in 2002 (Xeron) to supply mechanical & electrical instrumentation, providing mechanical maintenance to companies in the oil and gas industry and road, highway & building maintenance services to various local companies including commercial buildings, industrial, hospitality and in other various sectors.

In 2002 until 2007, Mr. Wan involved in supplying of mechanical and electrical instrumentation and mechanical maintenance to companies related to the oil & gas industry.

Mr. Wan has more than 20 years of extensive experience in highway development, property development, oil & gas industry, international commodity trade and has excellent organisational and management skills, inter-personal skills and public relations and active in pursuing new business opportunities & ventures.

Mr. Wan presently does not hold directorship in other public companies or listed corporations.

Mr. Wan attended all 2 Board Meetings held since his appointment as Director on 14 February 2023 until the end of financial year ended 30 June 2023.

Wong Jo Ann

Non-Independent Non-Executive Director

Nationality Malaysian **Age** 45 **Gender** Female

Ms. Wong Jo Ann (Ms. Wong), appointed on 31 May 2023, is a Non-Independent Non-Executive Director.

Ms. Wong is a professional auditor with previous experience at PWC, Kuala Lumpur, where she worked in the Consumer Industrial Products Group and was involved in auditing listed companies and their subsidiaries.

In addition to her work at PWC, Ms. Wong has also participated in auditing listed companies and small to medium-sized enterprises with a focus on manufacturing, services, and small and medium-sized businesses at Wong Liu & Partners in Butterworth.

Furthermore, Ms. Wong has worked as a tax associate at Wong Liu Tax (Butterworth) Sdn Bhd, where she handled individual and corporate tax matters.

Ms. Wong experience extends beyond auditing and taxation. She has also served as a Human Resources (HR) and Operations Manager at Esabee Biotika Sdn Bhd, where she was responsible for various HR functions, front office and back-end operations, as well as product management.

Ms. Wong is also a board member of XL Holdings Berhad.

Ms. Wong is the wife of Mr. Ng Min Lin, the Executive Chairman of the Company.

Ms. Wong was appointed on 31 May 2023, hence she did not attend any Board Meeting held during the financial year ended 30 June 2023.

Profile of the Directors and Key Management (cont'd)

Lim Hock Wah

Farm Manager

Nationality Malaysian **Age** 52 **Gender** Male

Mr. Lim Hock Wah (Mr. Lim), was appointed as the Farm Manager of MAG Aquaculture Sdn Bhd, a wholly owned subsidiary of the Company, on 1 December 2019. He is responsible for overseeing the overall operations of the Group's prawn aquaculture farming.

Mr. Lim has over 30 years of experience in the shrimp aquaculture industry. He joined Loongsyn Aquaculture Sdn Bhd in 1988 as a farm supervisor, spearheading the culture of tiger prawns after his secondary education. In 1993, he joined Dewasaga Sdn Bhd as the person-in-charge for tiger prawn farming. In 1997, he joined Unistate Seafood Sdn Bhd as a farm manager and was involved in the culture of tiger prawns and white vannamei shrimps. In 2003, he joined Shimmer Aquaculture Sdn Bhd as the farm manager overseeing its tiger prawn operations and in 2006, he joined Pelantar Cergas (M) Sdn Bhd (a subsidiary of Manjung Aquatic Sdn Bhd) to assume the post of farm manager.

In 2010, Mr. Lim joined Pegagau Aquaculture Sdn Bhd as the farm manager for Wakuba farm. Under his leadership, the Wakuba farm had adopted new methods in shrimp cultivation and ponds maintenance thereby shortening the cultivation period and improving the production yield of the prawn farm.

Mr. Lim presently does not hold directorship in other public companies or listed corporations.

Lim Ah Cham

Aquaculture Farming Advisor

Nationality Malaysian **Age** 76 **Gender** Male

Mr. Lim Ah Cham (Mr. Lim), was appointed as an advisor to the Group's prawn aquaculture farming on 1 December 2019 for a period of 5 years. He is the founder and a major shareholder of Pegagau Aquaculture Sdn Bhd (Pegagau).

Mr. Lim has vast experience in the prawn aquaculture farming having started the first shrimp farm in Kota Kinabalu in year 1997 on 50 acres of land with 18 ponds. 3 years later, in year 2000, he founded Pegagau and fully invested in black tiger prawn and white vannamei prawn cultivation.

Within 10 years, Pegagau became the biggest shrimp producer in Sabah with 3 shrimp farms in Semporna and Tawau. Mr. Lim also involved in food processing plant under Pegagau Food Products Sdn Bhd and hatchery centre under Pegagau Hatchery Sdn Bhd.

In Year 2011, Mr. Lim and his Umas-Umas Farm was selected by Fishery Malaysia as an anchor company under the Ministry of Agriculture's NKEA Project, with commitment to create RM280 million national income and 450 jobs for the locals.

Mr. Lim presently does not hold directorship in other public companies or listed corporations.

Mr. Lim is the father of Mr. Melvin Lim Chun Woei, the Non-Independent Non-Executive Director.

Wong Sui Khiu

Farm Manager

Nationality Malaysian **Age** 54 **Gender** Male

Mr. Wong Sui Khiu (Mr. Wong), was appointed as the Farm Manager of North Cube Sdn Bhd, a wholly owned subsidiary of the Company, in year 2019. He is responsible for overseeing the overall operations of the Group's prawn aquaculture farming.

Mr. Wong has more than 25 years of experience in the aquaculture prawn farming industry. He was joined Pegagau Group since year 1997 as one of the Technical team in Kingfisher Farm Kota Kinabalu. He was then promoted and transferred to Semporna Farm in year 2001 as Senior Technician, heading all the Technician in pond operations.

Under his leadership and experience, Umas-umas prawn farm consistently achieved brilliant and unbeatable production result to the Group.

Mr. Wong presently does not hold directorship in other public companies or listed corporations.

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1. **Family Relationships**

   Save for Mr. Ng Min Lin, Mr. Melvin Lim Chun Woei, Ms. Wong Jo Ann and Mr. Lim Ah Cham, none of the Directors or Key Management has any family relationship with any other Director and/or any major shareholder of the Company.

2. **Conflict of Interest**

   None of the Directors or Key Management has any personal interest or conflict of interest in any business arrangement involving the Group other than the related party transactions disclosed in Note 27 to the financial statements on page 125 of the Annual Report.

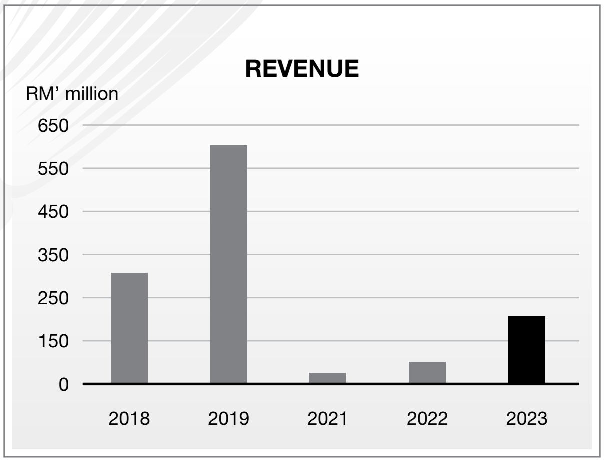
3. **Conviction of Offences**

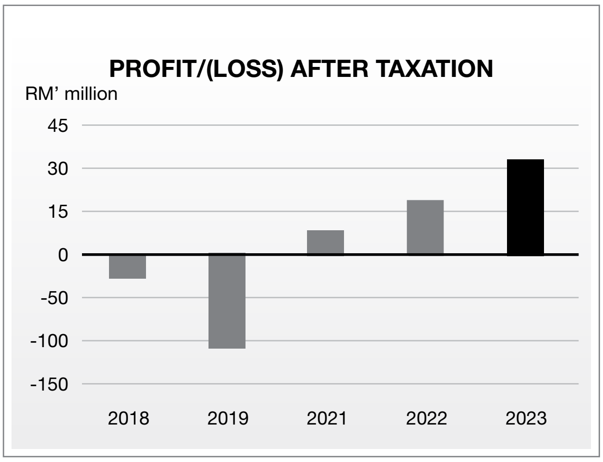
   None of the Directors or Key Management has been convicted of any offences within the past 5 years other than traffic offences, if any, or any public sanctions or penalties were imposed on them by any relevant regulatory bodies during the financial year ended 30 June 2023.

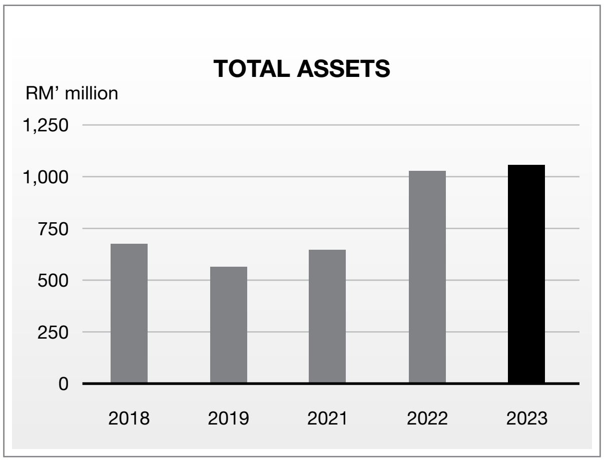
FIVE-YEAR FINANCIAL SUMMARY

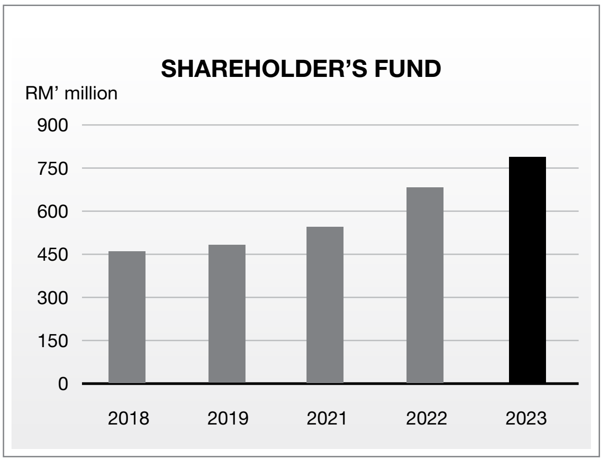
	Year				
	2023 12 months RM	2022 12 months RM	2021 18 months RM	2019 12 months RM	2018 12 months RM
Revenue	201,637	137,105	81,543	600,056	315,001
Profit/ (loss) after taxation	34,151	17,720	9,196	(108,255)	(25,537)
Earnings/(loss) per share (sen)	2.28	1.27	1.38	(27.28)	(7.38)*
Total assets	1,076,183	1,004,293	623,696	539,379	717,778
Total liabilities	307,001	296,556	85,075	59,444	224,028
Shareholder’s fund	767,532	706,075	536,953	478,246	452,690
Net assets per share	0.48	0.49	0.72	0.80	0.19

* the basic earning/(loss) per share was adjusted retrospectively for the consolidation of eight ordinary shares into one ordinary share on 8 August 2019.









CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors (the Board), I am pleased to present the annual report and the audited financial statements of MAG Holdings Berhad (MAG or the Company) and its group of companies (the Group) for the Financial Year Ended 30 June 2023 (FYE 2023).

DESCRIPTION OF OUR GROUP'S BUSINESS

The Group is currently an aquaculture-based food producer listed on the ACE Market of Bursa Malaysia Securities Berhad.

MAG, the acronym for "Malaysian Aquaculture Group", assumed its present name on 7 August 2020 to better reflect its present principal business in aquaculture.

MAG Group is a leading prawn aquaculture player in Malaysia with a strength of 373 cultivation ponds and a processing plant that is capable of processing the harvests from UMAS Farm, Wakuba Farm, Apas Parit Farm and Wakuba 2 Farm into finished products, serving the needs of international and regional consumers.

OPERATING LANDSCAPE

FYE 2023 represents the year in which we adapt to living alongside the Coronavirus disease (COVID-19) and the operating environment remains challenging due to Russia and Ukraine conflict rose to a boiling point in early 2022. It's spillover effects including volatile international environment, marked by a global energy crisis, heightened geopolitical tensions, slowing global growth, inflation, and higher interest rates has wide-ranging ramifications across economies and social systems and escalating the global recession risk. Malaysia also experiencing the rising prices of goods and services, particularly food and oil. In this inflationary environment, the cost of living would increase while purchasing power would decrease, leading to a decline in domestic consumption. Headline and core inflation are expected to moderate but remain elevated in 2023 amid lingering cost and demand pressures.

CORPORATE DEVELOPMENT

On 3 January 2023, the Group announced to undertake a private placement of up to or 10% of the total number of issued shares of MAG (excluding treasury shares). The company had issued 144,332,300 ordinary shares at issued price of RM0.175 per share for total cash proceeds of RM25.3 million. The private placement has completed on 16 February 2023. The proceeds from the private placement was mainly used for the expansion of Wakuba 2 Farm.

Pursuant to the Bonus Issue of Warrants C announced on 12 November 2021, during the financial year ended 30 June 2023 the company had conversion from Warrants C to 3,183,100 ordinary shares at issue price RM0.16 per share.

The Company had on 28 June 2023 entered into a term sheet with LIM Shrimp Organization Limited (LSOL) in respect of the Proposed Investment by the Company of 50% Equity in Lim Shrimp Aquapolis Pte. Ltd (LSA) and Joint Venture with PT Gerbang NTB Emas (PT GNE) for shrimp farming and processing in Sumbawa, Indonesia. The Company shall acquire 50% equity in the LSA vide a subscription of new ordinary shares at an agreed subscription price of SGD6,075,000.00 or approximately RM22 million.

LSA shall have entered into an investment and shareholders agreement with PT GNE on terms which are acceptable to the Company and whereby PT GNE shall have agreed to invest and subscribe for 20% equity in a company to be established as a foreign-owned company in Indonesia (PMA Company) and procure loan by NTB Bank to the PMA Company of an exclusive license with sole and exclusive rights to develop and operate a shrimp processing and cold storage plant on the island of Sumbawa, Indonesia with exclusivity of 3 + 1 years from the date of commercial operation.

The Proposed Investment forms part of the Group's long-term business strategy as the Group is currently involved in the aquaculture business.

Chairman's Statement and Management Discussion & Analysis (cont'd)

REVIEW OF FINANCIAL PERFORMANCE

Despite the challenging economic environment, the Group continued to be profitable for FYE 2023. The Group recorded a remarkable revenue of RM201.6 million compared with RM RM137.1 million for Financial Year Ended 30 Jun 2022 (FYE 2022). In tandem with the increase in revenue, the Group achieved profit before tax of RM45.3 million in FYE 2023 compared with RM25.3 million in FYE 2022.

The Group's overall positive performance for the FYE 2023 was largely supported by the growing demand for our aquaculture business and food processing business.

	FYE 30.6.2023 RM'000	FYE 30.6.2022 RM'000
Revenue	201,637	137,105
Cost of sales	(134,414)	(91,686)
Gross profit	67,223	45,419
Other income	19,928	8,288
Operating expenses	(18,626)	(16,755)
Finance cost	(13,709)	(9,194)
Unrealised loss on foreign exchange	(9,472)	(2,459)
Profit before taxation	45,344	25,299
Taxation	(11,193)	(7,579)
Profit after taxation	34,151	17,720

For FYE 2023:

(a) Other income for FYE 2023 RM19.9 million (FYE 2022: RM8.3 million) was due largely to the accretion of interest and interest income of RM7.9 million (FYE 2022: RM8.2 million) relating to the loan to HXOF fair value adjustment of RPS of RM4.2 million (FYE 2022: nil) and waiver of debt RM2.4 million (FYE 2022: nil).

(b) Higher finance cost was mainly due the interest expense of RM8.6 million (FYE 2022: RM4.5 million) on the bank borrowings. The interest expense incurred on Redeemable Preference Share for FYE 2023 is RM4.3 million (FYE 2022: RM4.2 million)

(c) The unrealized loss on foreign exchange was mainly due to the depreciated value of Chinese Yuan against the Hong Kong Dollar.

REVIEW OF FINANCIAL CONDITION

(1) Liquidity and Capital Resources

The Group has RM163.7 million cash and cash equivalents as at end of FYE 2023, an increase of RM1.6 million compared with the cash and cash equivalents position as at end of FYE 2022 of RM162.0 million. The increase is analysed as follows:

	FYE 30.6.2023 RM'000	FYE 30.6.2022 RM'000
Cash generated from /(used in):		
– Operating activities	15,265	30,508
– Investing activities	(30,958)	(99,489)
– Financing activities	20,482	72,133
Effect of forex changes	(3,159)	5,484
Net increase	1,630	8,636

(a) For FYE 2023, the cash outflow in investing activities was mainly used for purchase of property, plant and equipment RM36.2 million (FYE 2022: RM46.5 million). The high cash outflow in FYE 2022 was attributed to the cash used to acquired North Cube amounting to RM57.2 million.

(b) The cash inflow in financing activities, RM25.8 million was generated from the issuing of ordinary shares, including RM25.2 million from private placement and RM0.6 million from conversion of warrant C to ordinary shares

(c) For FYE 2022, the RM72.1 million generated from financing activities largely from the issuing of ordinary shares (including private placement) and RPS which are incidental to facilitate and fund the consideration for the acquisition of North Cube Group.

(2) Gearing

	30.6.2023	30.6.2022
Borrowings (interest-bearing) (RM'000)	110,870	114,460
RPS (RM'000)	72,061	74,325
Shareholders' equity (RM'000)	767,532	706,075
Gearing ratio (times)	0.24	0.27

Lower gearing in FYE 2023 mainly due to the lower bank borrowings and RPS and higher shareholders equity.

Chairman's Statement and Management Discussion & Analysis (cont'd)

(3) Number of shares in issue and net assets per share.

	30.6.2023	30.6.2022
Total net assets (RM'000)	769,182	707,737
Number of shares in issue	1,591,288,865	1,443,323,465
Net assets per share (RM)	0.48	0.49

The increase in the number of shares in issue was attributed to the private placement and conversion of warrant C to ordinary shares at a conversion price of RM0.16 per share.

REVIEW OF OPERATING ACTIVITIES

Despite the surge in energy prices and unstable raw material prices, fluctuating exchange rates and disruptions in the global supply chain, the prawn aquaculture and trading segment recorded a revenue of RM201.6 million (FYE 2022: RM137.1 million) and profit before tax of RM45.3 million (FYE 2022: RM25.3 million).

Our farms in Tawau Sabah, with a total of 373 cultivation ponds progressively increase the production output by utilizing more ponds in our existing landbank. With our own processing plant, we are able to process the harvest into finished products. This enable the Group to further enhance its competitive strengths and gain a larger market share of the aquaculture business.

Besides that, the Group has also undertaken cost control measures and yield improvements through better agronomic practices, innovative technology and operational efficiency.

ANTICIPATED OR KNOWN RISKS

Business Risk

The Group is subject to business risks inherent in its existing prawn aquaculture business. These include the threat of diseases which would affect yield, sea water pollution which can contaminate the water supply to the ponds, and changes in political, economic and regulatory conditions in Malaysia, all of which would affect the production and sales as well as the operating results and financial condition of the Group.

These risks are addressed as part of the Group's ordinary course of business through, amongst others, effective farm and water supply management system, the use of pathogen-free brood stocks, market research and feasibility studies, implementing effective cost-control policies as well as continuously reviewing the Group's operations and marketing strategies. Notwithstanding these risk-mitigating initiatives, no assurance can be given that any changes to these risk factors will not have a material adverse effect on the Group's business and earnings in the future.

Reliance on Key Personnel

The Group believes that its continued success will depend upon the abilities, skills, experience competencies and continued effort of its key management and technical personnel. As quality and committed employees are fundamental to customer satisfaction and ultimately the success of the Group.

Our continuing success depends on the retention and recruitment of skilled personnel, including technical, marketing and management personnel. However, there can be no assurance that we will be able to successfully retain and recruit the key personnel that we require for our operations. The Group continues to attract and retain the key management personnel who are essential in the support of the Group's operations by providing employee benefits and incentives to ensure a long term commitment of the key management personnel to the Group.

Apart from this, the Group actively grooms the younger members of its management team by providing the necessary guidance, experience and exposure. Employees' Share Option Scheme is part of our incentive policy, both for the Directors as well as for our employees. They are intended to attract and retain key talent of the Group.

Regulatory and Political Risk

Any developments in political, economic, regulatory and social conditions could materially affect the Group's financial and business prospects. Other political uncertainties that could unfavorably affect us include changes in political leadership, war, economic downturn, financial crisis and changes in interest rates. The directors keep abreast of the government policies, rules and regulations and will take necessary action to ensure compliance.

Foreign Currency Fluctuations

The Group is exposed to fluctuations in foreign exchange rates as most of the Group's revenue is denominated in US dollars which is in favour to the Group. However, the Group is having deposit in Chinese Yuan (CNY) that was impacted by the devaluation of CNY. The management is of the opinion that hedging is not necessary for our export's revenue, but will evaluate to hedge for the Group's position in CNY.

Chairman's Statement and Management Discussion & Analysis (cont'd)

BUSINESS OUTLOOK

Going into the financial year ended 30 June 2024, the Group will continue to focus on the aquaculture and food trading business as the main business driver.

The Group believes in the long-term sustainability of the food industry and will continue to strengthen the Group's position as a leading prawn aquaculture player in the industry and contribute to the growth of the aquaculture sector of Malaysia.

The Group anticipates that the business conditions will likely remain challenging. Especially the challenging external factors due to slow down in world economy, reduction in purchasing power due to high inflation, foreign exchange fluctuations, raw material price fluctuations, increase in the interest rate and transportation costs.

The Group is endeavoring to improve productivity and efficiency to enhance the profitability of the Group and expand our customer base by actively engaging in various marketing activities such as appointing new distributors.

Notwithstanding the above, the Group will continue to implement its business strategies and explore future business opportunity cautiously, as well as to closely monitor and continue to adapt to the challenging and uncertain economic environment. We stay optimistic that through the various initiatives, it will contribute positively to the Group's financial performance going forward.

DIVIDEND

As announced on 30 August 2023, the Board has proposed a single tier final dividend in respect of the financial year ended 30 June 2023 of 0.1 sen per ordinary share (FYE 2022: Nil). This dividend is subject to shareholders' approval at the forthcoming general meeting and has not been reflected in the current year financial statements. The dates of entitlement and payment will be determined later.

APPRECIATION

On behalf of the Board of the Company, I take this opportunity to express our greatest appreciation and gratitude to our shareholders for their trust and confidence in our Group. I also would like to thank our employees, business partners, financiers, customers, advisors, and government authorities and regulatory agencies for their invaluable support and advice throughout FYE 2023.

I would like to give a warm welcome to Ms. Wong Jo Ann who joined the Board as our Non-Independent Non-Executive Director and Mr. Wan Mohd Hazrie bin Wan Mokhtar as our Independent Non-Executive Director and last but not least, I wish to place on record my appreciation for the commitment, understanding and wise counsel which I have received from my fellow Directors to-date. We remain committed to create substantial value for our shareholders in the years to come and over the long term, and I look forward to report on our continued progress.

Thank you.

Ng Min Lin
Executive Chairman
30 October 2023

SUSTAINABILITY STATEMENT

OUR APPROACH

Sustainability has always been a pillar of the Group's culture as we strived to achieve financial sustainability. This sustainability statement for financial year ended 30 June 2023 represents the management and performance of the economic, environmental, and social (EES) matters of MAG Holdings Berhad (MAG).

This Statement is prepared in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities). The preparation of this Statement has also considered Bursa Securities' Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits.

GOVERNANCE STRUCTURE

The responsibility to promote sustainability in the Group lies with the Board of Directors (Board). This responsibility includes overseeing the following:

- Stakeholders' engagement
- Materiality assessment and identification of sustainability risks and opportunities
- Management of material sustainability risks and opportunities

In the longer term, the Group will consider the setting-up of a robust governance structure that will enable the Group to achieve its sustainability commitments of the responsibilities for sustainability into the day-to-day operations of the Group.

STAKEHOLDERS ENGAGEMENT

Stakeholder groups include employees, shareholders and investors, government and regulators, local communities contractors and suppliers who have significant influence and impact on MAG's business.

The Board continued to engage our stakeholders actively throughout the financial year as part of our sustainability assessment process. Engagement with stakeholders allows us to understand their concerns and expectations, gain more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below summarized the engagement approach towards our key stakeholder groups.

Key Stakeholders	Engagement approach
Customers	➢ Communication and customer feedback ➢ Customer site visits
Employees	➢ Trainings ➢ Performance review ➢ Departmental meetings ➢ Regular engagement with management
Contractors and Suppliers	➢ Communication and feedback ➢ Products sampling ➢ Technical and product briefings

Sustainability Statement (cont'd)

Key Stakeholders	Engagement approach
Shareholders and investors	➢ Corporate website ➢ Investor relations channel ➢ Announcements on Bursa Malaysia Berhad's website ➢ General meetings
Government & regulators	➢ Compliances to laws and regulations ➢ Compliances to standards and specifications ➢ Licenses and permits
Communities	➢ Community events & Social contribution ➢ Job opportunities

MATERIAL SUSTAINABILITY MATTERS

Economic

Our Group strives to maintain a sustainable business contributing to the economic development of Malaysia.

To enhance our revenue stream, the Group has diversified the principal activities of the Group to include aquaculture business. Currently our Group is a leading prawn aquaculture player in the industry with a combined strength of 373 cultivation ponds and a processing plant that is capable of processing the harvests from both North Cube Farm and Wakuba Farm into finished products.

As both farms are located in Tawau, Sabah, the venture into prawn aquaculture farming has enabled our Group creating job opportunities for the local community as well as contributing to the economic growth of the State of Sabah.

The Group supports the communities where we operate by working closely with local suppliers. We priorities the procurement of goods and services from local suppliers who meet our prescribed standards.

Our Group also help bringing in foreign receipts to the country as most of our products are for the export market.

Environment

The world is facing increasing challenges due to climate change and shortages in resources. As a responsible corporate citizen, the Group, while actively developing the business, is also committed to improving the environmental performance on all its business operations.

Environmental element is an important aspect in our prawn aquaculture farming and much consideration is being given to maintain and sustain the natural eco-system.

Generally, prawn aquaculture farming does not generate much environmental issues as there are no emissions of harmful noxious gases or the production of toxic fluids and discharges. Solid particles in the ponds entrained by the turbulence of moving water are removed naturally by sedimentation, a process which uses gravity to remove suspended solids from water.

We are committed to "green" practices and our operating practices on environmental management include:

(a) Preserving, conserving, minimising waste of resources and ensuring that the work environment is free from pollution hazards;

(b) Complying with relevant environment, health and safety laws and regulations in relation to discharges in the farming process;

(c) Periodic review of policies, objectives and targets of our environmental management program; and

(d) Communication with our employees, customers and suppliers to instill in them the environmental awareness culture and values of the Group.

Social

As part of our corporate values and social responsibility, the Group strives to improve the lives of all those it comes to contact with in the course of carrying out its businesses.

Safety and well-being of employees are important elements of the Group's business operations. We incorporate safe practices in all aspects of our business operations to ensure a safe and healthy environment for our employees. We emphasize on continuous compliance with standard operating procedures on occupational health and safety.

We focus on human capital development to nurture our employees to their full potential. All employees are given equal opportunity to rise up in their careers through hard work and dedication. We recognise employees' rights and value ethnicity and gender diversity.

The Group provides training programs on skill development and improvement for its employees so that they can perform their tasks efficiently as well as for their personal career development.

We also place great importance on hiring the right candidate for the right job. As part of our succession planning, we focus on attracting quality talents who best fit our job requirements and complement our work culture.

The Group strictly complies with relevant laws and regulations relating to employment, labour relations, employees' remuneration and welfare to protect the rights of employees.

OUR COMMITMENT

The Group strives to cultivate a caring, responsible and accountable organisation. We are committed to carrying out our business in a socially responsible and sustainable manner so as to enhance the quality of life of our community while the Group pursuing business sustainability to create values for our shareholders and various other stakeholders.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors (Board) presents this Statement to provide shareholders and investors with an overview of the corporate governance practices of the MAG Holdings Berhad (MAG or the Company) and together with its subsidiaries (the Group) for the Financial Year Ended 30 June 2023 (FYE 2023). This overview takes guidance from the corporate governance principles set out in the Malaysian Code on Corporate Governance (MCCG).

This Statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) (Bursa Securities) and is to be read in conjunction with the corporate governance report 2023 (CG Report) which is available on the Group's website at www.magholdings.com.my. The CG Report provides explanations on how the Group applied each Corporate Governance practice (Practice) set out in the Code in FYE 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) Board Responsibilities

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

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

Board Charter

The roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter also clearly sets all relevant governance matters and applicable limits of authority, including matters reserved for the Board and those which are expressly delegated to Board committees, the chairman of the Board, the Managing Director (MD)/Chief Executive Officer (CEO) or a nominated member of the Executive Management, subject always to the ultimate responsibility of the Directors under the Companies Act 2016. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. Further details of the Board Charter can be found on the Group's website at www.magholdings.com.my.

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

- Audit and Risk Management Committee (ARMC)
- Nomination Committee (NC)
- Remuneration Committee (RC)
- Long-Term Incentive Plan Committee

Presently the Board has seven (7) members, comprising the Executive Chairman, four (4) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. Mr. Ng Min Lin is the Executive Chairman of the Board. The MD/CEO position is vacant.

In the absence of a MD/CEO, the Executive Chairman takes on the responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group. The Board took note of Practice 1.3 which states the positions of Chairman and CEO are to be held by different individuals to ensure a balance of power and authority.

While the Group is searching for a suitable MD/CEO to fill the vacancy, the Board (save for the Executive Chairman) is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient checks and balances to ensure a balance of power and authority.

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

(a) Board Responsibilities (cont'd)

Code of Ethics and Conduct

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

- Conflict of interest
- Confidential information
- Insider information and securities trading
- Protection of assets
- Business records and control
- Compliance with laws
- Personal gifting and contributions
- Safety, health and environment

The Code of Ethics and Conduct governs the conduct of the Directors and all officers and employees of the Group and provides guidance on the communication process and the duty to report whenever there are breaches of the same. In connection thereto, each Director is to communicate any suspected violations of the Code of Ethics and Conduct to the chairman of the Audit and Risk Management Committee and all violations will be investigated by the Board or by persons designated by the Board, and appropriate action will be taken if deemed appropriate. The Code of Ethics and Conduct is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate. The Code of Ethics and Conduct is set out in the Board Guidelines and can be viewed on the Group's website at www.magholdings.com.my.

Whistleblowing Policy

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

Anti-Bribery and Corruption Policy

The Board ensures adequate policies and procedures on anti-bribery and corruption practices are in place to prevent any bribery or corruption practices within the Group. The policy on anti-bribery and corruption established by the Group is in line with the corporate liability provisions pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which takes effect from 1 June 2020. The Anti-Bribery and Corruption Policy can be viewed on the Group's website at www.magholdings.com.my.

Succession Planning

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of competency is in place in the key management team for a planned future change in key management and to mitigate risks that may cause the untimely departure of any key management member of the Group.

Corporate Governance Overview Statement (cont'd)

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

(a) Board Responsibilities (cont'd)

Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate the adoption of corporate governance best practices.

All members of the Board have full and unrestricted access to the Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators.

Directors' Meetings and Time Commitment

All the Directors are committed to discharge their roles and responsibilities effectively. The Board and Board committees meeting dates are pre-scheduled before the start of the financial year to enable all parties to plan their schedule ahead.

The Board had five meetings during the FYE 2023, and their meeting attendance are as follows:

Director	Meetings attended	% of attendance
Ng Min Lin	5/5	100%
Yeoh Wooi Kia	5/5	100%
Collin Goonting a/l O.S. Goonting	4/5	80%
Datuk Lim Si Cheng	5/5	100%
Wan Mohd Hazrie bin Wan Mokhtar (Appointed on 14 February 2023)	2/2	100%
Melvin Lim Chun Woei	5/5	100%
Wong Jo Ann (Appointed on 31 May 2023)	N/A	N/A

Directors' Training

The Board's Nomination Committee oversees the training needs of each Director and an annual assessment is carried out on the training needs. Directors' training is an ongoing process as the Board recognises that Directors should keep abreast with the current development of the industry as well as on the new or revised statutory and regulatory requirements to enable them to discharge their duties effectively.

All Directors appointed to the Board had attended the mandatory accreditation programme (MAP) accredited by Bursa Securities.

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

(a) Board Responsibilities (cont'd)

Directors' Training (cont'd)

During the financial year, all board members have participated in training courses except Mr. Collin Goonting a/l O.S Goonting due to his medical conditions. The briefings or seminars attended by the board members during the financial year under review are listed as below:

Director	Training courses, Briefings or Seminars	Date
Ng Min Lin	1. B&P Business Conference (Reimagineering Business), Plenary	26.08.2022 to 27.08.2022
	Session 1. The rise of China by Tan Sri One Tee Keat, Plenary Session	
	Session 2. Science & Technology in the New Era by Jasmine Ng, Plenary Session	
	Session 3. Industrial Innovation by David Ho, Plenary	
	Session 4, Economic & Business Outlook by Stephen Ng	
	2. Marketing Strategy, Segmentation, Targeting and Positioning (STP) Analysis by 10X	04.03.2023
	3. Tax Seminar on Budget 2023 by Grant Thornton	15.03.2023
	4. Business Value, Core Value vs Culture by Kevin Lau	18.03.2023
	5. 4Cs Framework by Wilson Ooi	06.05.2023
Datuk Lim Si Cheng	1. Sustainability Management & Reporting Program	09.08.2022
	2. Cybersecurity Approach & Rish Mitigation Program	10.10.2022
	3. Invitation to the Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	06.12.2022
Yeoh Wooi Kia	1. The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA)	01.08.2022
	2. Merger and Acquisition in Malaysia	09.03.2023
	3. IPO in Malaysia	14.03.2023
Melvin Lim Chun Woei	1. Perniagaan Pengendalian Pelancongan Dalam Negeri (Inbound)	25.09.2023
Wan Mohd Hazrie bin Wan Mokhtar (Appointed on 14 February 2023)	1. Mandatory Accreditation Program	04.04.2023 & 06.04.2023
Wong Jo Ann (Appointed on 31 May 2023)	1. Mandatory Accreditation Program	26.06.2023 & 27.06.2023

The Board also facilitates a familiarisation program for newly appointed Directors which include on-site visit to the Group's business operations and organises meetings with key management to understand the Group's affairs, operations and businesses.

Corporate Governance Overview Statement

(cont'd)

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

(b) Board Composition

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, diversity, mix of experience and expertise in areas relevant to the Group's business.

The present Board comprises of one Executive Chairman, four Independent Directors and two Non-Independent Non-Executive Director, collectively bring with them wide and varied technical, financial and corporate experience to enable the Board to lead and steer the Group effectively.

The majority of Independent Directors on the Board help to bring objective and independence judgements to facilitate a balanced leadership in the Group.

Nomination Committee

The NC of the Company comprises exclusively of non-executive Directors, all of whom are independent Directors.

The terms of reference of the NC which include, amongst others, the authority, duties, and selection and assessment of directors, can be viewed on the Group's website at www.magholdings. com.my.

The NC, in discharging its functions and responsibilities, carried out the following activities during the FYE 2023:

- Discussed, reviewed and recommended the re-election and re-appointment of Directors at the forthcoming annual general meeting;
- Assessed and confirmed the independence of Independent Directors in accordance with the criteria set by the Listing Requirements;
- Reviewed the structure, size, balance and composition of the Board having regard to the mix of skills, experience and expertise, diversity, gender and time commitment of each Board member to meet the needs of the Group;
- Reviewed the terms of office and performance of other Board committees;
- Reviewed and recommended the training needs of Directors; and
- Board evaluation as described below.

Board Evaluation

The Board undertakes a formal and objective annual evaluation to determine the effectiveness of the Board as a whole, its committees and contribution of each individual Director.

This evaluation is facilitated by the Company Secretary and conducted using the evaluation forms set out in Bursa Securities' Corporate Governance Guide covering the following aspects:

(a) Board and Board committees

- Board mix and composition
- Quality of information and decision making
- Boardroom activities
- Board's relationship with the management

(b) Directors

- Fit and proper
- Contribution and performance
- Caliber and personality

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

(b) Board Composition (cont'd)

Board Evaluation (cont'd)

As for the ARMC, the annual evaluation also covers the following aspects:

(a) The ARMC as a whole on:

- Quality and composition
- Skills and competencies
- Meeting administration and conduct

(b) Self and peer evaluation by the ARMC members

Based on the evaluation carried out in FYE 2023, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

In Board nomination and election process, the NC takes into consideration the following criteria in selection process:

- Skills, experience, expertise and personal traits of the candidate that will best complement the board effectiveness;
- The capability of the candidate to devote the necessary time to the role, his/her potential conflict of interest and ability to exercise independent judgment; and
- The existing composition of the Board, aimed at providing diversity to the Board

The use of external search organisations for the identification of potential director candidates may be considered if deemed necessary.

The Board currently has appointed one women director since the resignation of two female Directors in 2020. The Board understand and acknowledged the benefits of having a diverse board which includes gender diversity. The Board recognises that the evaluation of Board balance and diversity is long term process and it will take gender diversity into consideration.

The Board is committed to provide fair and equal opportunities and to nurture diversity in the Group. Appointment of Board and senior management are based on objective criteria and merit, regardless of age, gender, ethnicity, cultural background or other personal factors.

(c) Remuneration

The Board, through the RC, ensures the level and compensation of remuneration of Directors and senior management commensurate with the skills, experience and responsibilities and that it must be sufficient to attract and retain the right talent to drive the Company's objectives.

The RC is guided by the remuneration policies and procedures as well as the market norms and industry practices to recommend the remuneration of Directors and senior management for Board approval.

The Board ensures the remuneration for non-executive directors, including independent directors, does not conflict with their obligations to bring objectivity and independent judgment to the Board.

The terms of reference and policies and procedures are included in the Board Charter which is available on the Group's website at www.magholdings.com.my.

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

(c) Remuneration (cont'd)

The details of remuneration of Directors in respect of the Company and the Group for the FYE 2023 is set out below:

Company

Director	Directors' Fee RM'000	Salary RM'000	Bonus RM'000	Other Emolument RM'000	Meeting Allowance RM'000	Total RM'000
Executive:						
Ng Min Lin	–	–	–	–	–	–
Non-Executive:						
Collin Goonting a/l O.S. Goonting	42.00	–	–	–	3.40	45.40
Yeoh Wooi Kia	54.00	–	–	–	3.40	57.40
Datuk Lim Si Cheng	42.00	–	–	–	3.10	45.10
Wan Mohd Hazrie bin Wan Mokhtar#	15.75	–	–	–	1.00	16.75
Melvin Lim Chun Woei	42.00	–	–	–	2.20	44.20
Wong Jo Ann*	3.50	–	–	–	–	3.50
Total	199.25	–	–	–	13.10	212.35

Group

Director	Directors' Fee RM'000	Salary RM'000	Bonus RM'000	Other Emolument RM'000	Meeting Allowance RM'000	Total RM'000
Executive:						
Ng Min Lin	–	720.00	–	91.12	–	811.12
Non-Executive:						
Collin Goonting a/l O.S. Goonting	42.00	–	–	–	3.40	45.40
Yeoh Wooi Kia	54.00	–	–	–	3.40	57.40
Datuk Lim Si Cheng	42.00	–	–	–	3.10	45.10
Wan Mohd Hazrie bin Wan Mokhtar#	15.75	–	–	–	1.00	16.75
Melvin Lim Chun Woei	42.00	–	–	–	2.20	44.20
Wong Jo Ann*	3.50	–	–	–	–	3.50
Total	199.25	720.00	–	91.12	13.10	1,023.47

Other emolument comprises employer's contribution to EPF, Socso and Employment Insurance System (EIS).

Remark: -
Appointed on 14 February 2023.
* Appointed on 31 May 2023.

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

(c) Remuneration (cont'd)

The key management of the Company who served during the financial year is listed in the profile of key managements appearing on pages 4 to 11 of the Annual Report and their total remuneration fall within the following bands:-

Range of Remuneration (RM)	No. of Key Management
100,001 – 150,000	1
150,001 - 200,000	1
200,001 - 250,000	1
250,001 - 300,000	–
300,001 - 350,000	–
350,001 and above	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) Audit and Risk Management Committee

The ARMC comprises three members, all of whom are Independent Directors. The ARMC chairman is Mr. Yeoh Wooi Kia, who is a member of Malaysian Institute of Accountants.

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

(b) Risk Management and Internal Control Framework

The Board ensures the Group has effective governance, risk management and internal control framework and this is achieved via a risk management framework that adopts a structured and integrated approach in managing the key business risks of the Group.

The risk management framework, together with the system of internal control, is designed to ensure the Group's risks are within its risk appetite.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the ARMC with assistance from the internal auditors. The internal audit function is outsourced to an independent professional consulting firm to provide independence and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group.

The internal auditors report directly to ARMC. Internal audit reports are tabled to the ARMC for review and Executive Management is required to be present at ARMC meetings to respond and provide feedback on the audit findings and its recommendation. In addition, Executive Management is also required to present to the ARMC, status updates on significant matters and changes in key processes that could impact the Group's operations.

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

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

(a) Communication with Stakeholders

The Board is committed to ensuring continuous communication between the Group and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

The Board strives to ensure the communication is effective, transparent and timely and is available on an equal basis.

The release of announcements and information via Bursa Securities is handled by the Company Secretary within the prescribed requirements of Listing Requirements and is guided by the Group Corporate Disclosure Policy. The Group Corporate Disclosure Policy outlined the procedures and processes to be followed in ensuring compliance by all Directors, officers and employees of the Group.

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

Shareholders' queries or concerns relating to the Group may be conveyed to our Executive Chairman or the senior management team. Their contact details can be found on our website at www.magholdings.com.my.

Mr. Collin Goonting a/l O.S. Goonting, our Independent Non-Executive Director, is designated by the Board to be the contact person for a consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Executive Chairman or senior management team.

(b) Conduct of General Meetings

The Board recognises that general meetings, particularly the annual general meetings, are important platforms for the Directors and senior management to engage shareholders to facilitate a greater understanding of the Group's business, governance and financial performance.

The Company strives to ensure all the Directors attend all the Company's general meetings and encourages shareholders to attend and exercise their ownership rights to ask questions, to express views and to vote at the general meetings. Members of the Board as well as Auditors of the Company are present in the AGM to answer and provide explanations on queries raised during the meetings.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved.

In line with the best practice of Corporate Governance, notices for annual general meetings will be given to shareholders at least 28 days prior to the meeting. Shareholders were notified of their rights to demand poll voting. As mandated by Bursa Securities, voting at the General Meetings of the Company is by way of poll voting.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board on 30 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

BOARD RESPONSIBILITY

The Board of Directors (Board) acknowledges that risk management and internal control are integral to corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness.

The Board recognises that the Group's risk management framework and internal control system are designed to manage the Group's risks within its acceptable risk appetite, rather than to eliminate the risk of failure to achieve the Group's business and corporate objectives. As risks are inherent in all business activities, the said framework and system provide reasonable, rather than absolute assurance against the risks of material misstatement of financial information or against financial losses and fraud or breaches of laws or regulations.

The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit and Risk Management Committee (ARMC).

RISK MANAGEMENT

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

The ARMC reviews the adequacy and effectiveness of the risk management process and the management has been entrusted to identify and assess risks as well as to ensure that the risk management processes are adequate and effective. All policies and procedures formulated to identify, assess, measure, manage and monitor various risk components are reviewed periodically.

Additionally, the ARMC reviews and assesses the adequacy of risk management policies and ensures that the infrastructure, resources and systems are in place for implementing the risk management processes.

The risk management processes involve the key management staff in each functional or operating unit of the Group. The risks identified remain the foundation in developing a risk profile and the action plans to assist key management to manage and respond to these risks.

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

INTERNAL CONTROL SYSTEM

The Board acknowledges the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal control. The internal audit function has been outsourced to an independent professional service provider to assist the ARMC in discharging their responsibilities and duties.

The outsourced Internal Auditor is led by a management team, who are registered with professional bodies. In addition, the entire outsourced internal audit team is re-affirmed to be totally independent and the internal auditors report directly to the ARMC.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL CONTROL SYSTEM (cont'd)

The internal audit of the Group was carried out in accordance with a risk-based audit plan approved by ARMC. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control. The Internal Auditors present their Internal Audit Reports, which include their findings and recommendations for improvements, to the ARMC for its review and deliberation. The ARMC also appraised the adequacy of the comments, actions and measures to be taken by the Executive Management in resolving the audit issues reported and recommended for further improvement.

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

(a) A management organisational structure with clearly defined lines of responsibilities, authority and accountability;

(b) Approval and authority limits are imposed on key senior management in respect of daily operations and major non-operating transactions;

(c) The Board and ARMC meet quarterly to discuss financial performances, business operations, strategies and corporate updates;

(d) Management accounts and reports are prepared monthly for monitoring of actual performances;

(e) Corporate and regulatory matters are controlled centrally at Group level;

(f) The ARMC is comprised entirely of Independent Directors with full and unrestricted access to both internal and external auditors; and

(g) The quarterly financial results and yearly audited financial statements are reviewed by the ARMC prior to the approval by the Board.

ASSURANCE

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

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

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

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

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's ACE Market Listing requirements, the external auditor has reviewed this statement on Risk Management & Internal Control. The review was performed in accordance with the Audit and Assurance Practice Guides (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report of the Group for the FYE 2023, issued by the Malaysian Institute of Accountants. AAPG3 does not require the External Auditor to consider whether the Statement of Risk Management and Internal Control covers all risks and controls or to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is neither prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 30 October 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (ARMC) was established to act as a committee of the Board of Directors (Board) with the primary objective of assisting the Board in fulfilling its fiduciary duties in relation to:

- Assessing the processes in relation to the risk and control environment;
- Overseeing financial reporting and internal controls;
- Evaluating the internal and external audit processes; and
- Reviews conflict of interest situations and related party transactions.

The ARMC was also empowered by the Board to directly oversee the Group's risk management framework and policies and its implementation.

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

COMPOSITION AND MEETINGS

The members of the ARMC during the Financial Year Ended 30 June 2023 (FYE 2023) and as at the date of this Report together with their attendance record at meetings held during FYE 2023 are as follows:

Director	Designation	Meetings attended
Yeoh Wooi Kia (Chairman)	Independent Non-Executive Director	5/5
Collin Goonting a/l O.S. Goonting (Member)	Independent Non-Executive Director	4/5
Datuk Lim Si Cheng	Independent Non-Executive Director	5/5

Whilst the ARMC's terms of reference require the ARMC to meet at least four times in a financial year, it met five times during FYE 2023. The Company Secretary who is also the Secretary to the ARMC was in attendance for all the meetings. Executive Management and other officers, if necessary, were invited to the meetings to deliberate on matters within their purview. Internal and external auditors were present at certain ARMC meetings to brief the ARMC on their respective findings and any other pertinent issues.

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

SUMMARY OF ACTIVITIES OF ARMC

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

(a) Financial Reporting

- Reviewed the unaudited quarterly financial results including the announcements and before recommending to the Board for approval and release the results to Bursa Malaysia Securities Berhad; and
- Reviewed the Draft Audited Financial Statement of the Group and the company for the Financial Year Ended 30 June 2023 (FYE 2023) and recommended the same for the Board's approval.

(b) External Audit

- Reviewed and approved the external auditors' audit plan for FYE 2023;
- Reviewed and analysed the proposed audit fees for approval of the Board;
- Reviewed the nature, scope and appropriateness of the level of non-audit fees in respect of non-audit services rendered by the external auditors to ensure that their independence is not impaired;

SUMMARY OF ACTIVITIES OF ARMC (cont'd)

(b) External Audit (cont'd)

- Reviewed and discussed with the external auditors of their audit findings inclusive of changes in or implementation of major accounting policies, significant matters arising from the audit, significant judgments made by the Executive Management, significant and unusual events or transactions, compliance with accounting standards and other legal and regulatory requirements and how all these matters are dealt with in the audit report, and reported the same to the Board;
- Deliberated on significant matters raised by the external auditors including financial reporting issues, significant judgments made by the Executive Management, significant and unusual events or transactions and management reports and updates on actions recommended by the external auditors for improvement;
- Evaluated the performance, suitability and independence of the external auditors and recommended them to the Board for re-appointment; and
- Met with the external auditors without the presence of executive Board members and Management. The ARMC was briefed by the external auditors on issues that the external auditors deemed appropriate and obliged to bring to the attention of ARMC.

(c) Internal Audit

- Reviewed and approved the internal audit plan and the internal auditors' scope of work;
- Reviewed and discussed with the internal auditor, the audit reports and assessed the findings, recommendations and management response;
- Conducted private sessions with the Internal Auditor without the presence of other directors and key management of the Group to enable the Internal Auditor to raise any other issues noted during the conduct of internal audit activities;
- Reviewed the adequacy and effectiveness of corrective actions taken by the Executive Management on all significant matters raised by the internal auditors: and
- Assessed the competency and adequacy of resources of internal audit team.

(d) Related Party Transactions

The ARMC reviewed on a quarterly basis the significant related party transactions (including recurrent related party transactions of a revenue or trade nature) to ensure that the said transactions are carried out at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and on terms not more favorable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

(e) Annual Report

- Reviewed and issued this ARMC Report for inclusion in the Annual Report 2023; and
- Reviewed the Statement on Risk Management and Internal Control and recommended the same for the Board's approval for inclusion in the Annual Report.

Audit and Risk Management Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF ARMC (cont'd)

(f) Risk Management

- Reviewed the adequacy and effectiveness of the risk management process in identifying and assessing risks;
- Reviewed and assessed the adequacy of the risk management policies and ensured that the necessary infrastructure, resources and systems are in place for implementing the risk management process;
- Reviewed and discussed with the internal auditor, the risk management reports and assessed the findings, recommendations and management response; and
- In FYE 2023, the internal auditor assessed the change in MAG's risk profile and the review undertaken involves the following function/ operating units:
    - Risk Owner 1: Operation (Farm)
    - Risk Owner 2: Operation (Processing Factory)
    - Risk Owner 3: Finance
    - Risk Owner 4: Procurement
    - Risk Owner 5: Human Resource
    - Risk Owner 6: Sales

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional consulting firm to assist the ARMC in discharging their responsibilities and duties. The role of the internal audit function is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance to the ARMC that such systems continue to operate satisfactory and effectively in the Group. The Internal Auditor has carried out the internal audit activities based on the approved annual internal audit plan and is guided by the International Professional Practices Framework (IPPF) for internal auditing issued by The Institute of Internal Auditors.

The internal auditors present their audit reports which include their findings and recommendations for improvements to the ARMC for its review and deliberation. The internal auditors also carried out follow-up reviews to monitor the status of implementing the recommendations proposed by them and agreed by the management.

The ARMC appraised the adequacy of the comments, actions and measures to be taken by the management in resolving the audit issues reported and recommended for further improvement.

Summary of the work of the internal audit function

During the FYE 2023, the internal audit carried out review on the adequacy and effectiveness of the system of internal control on the Group's prawn aquaculture operations, in the following areas:

(a) Fries Management and Harvesting (MAG Aquaculture Sdn Bhd)
(b) Sales to Receivables (MAG Aquaculture Sdn Bhd)

The ARMC discussed with the Internal Auditor for its findings and, where necessary, sought Management's clarification on the relevant matters. The ARMC took note of the findings raised by the Internal Auditor and their corresponding remedial action plans as agreed by Management, which shall be monitored for implementation and progress in the following internal audit cycles.

The cost incurred for the internal audit function in respect of FYE 2023 was RM 18,000 (2022: RM18,000).

STATEMENT OF DIRECTORS' RESPONSIBILITY

PURSUANT TO RULE 15.26 (A) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Board of Directors (Board) of the Company is required by the Companies Act 2016 (Act) to prepare financial statements for each financial year which have been prepared in accordance with the applicable approved accounting standards so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

The Board is satisfied that in preparing the financial statements for the financial year ended 30 June 2023, the Group and the Company have adopted and applied appropriate accounting policies consistently, supported by reasonable and prudent judgments and estimates and that the financial statements have been prepared on a going concern basis.

The Board has the responsibility for ensuring that the Company keeps accounting records that disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Act. The Board also has the responsibility for taking such steps that are reasonably expected of them to safeguard the assets of the Group and the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Directors' Responsibility is made in accordance with a resolution of the Board dated 30 October 2023.

ADDITIONAL DISCLOSURE REQUIREMENTS
PURSUANT TO APPENDIX 9C OF THE ACE MARKET LISTING REQUIREMENTS

1.0 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

(a) Proceeds from issuance of Redeemable Convertible Notes (RCN) of up to RM120 million.

The status of drawdown and utilisation as at 30 June 2023 are as follows:

Purpose	Proposed Utilisation RM'000	Drawdown RM'000	Utilisation RM'000	Estimated timeframe*
Financing the acquisition of Wakuba prawn farming	101,000	79,609	78,901	within 3 years
Working capital for the prawn farm	9,000	8,421	8,421	within 6 months
Estimated expenses in relation to the issuance of RCN:				
- Setting up costs	1,600	1,600	1,600	within 1 month
- Implementation costs	8,400	8,370	8,370	within 3 years
	120,000	98,000	97,292	

* The estimated timeframe for the utilisation is from the date of issue of the respective sub-tranches of the RCN.

(b) Proceeds raised from private placement

Purpose	Proposed Utilisation RM'000	Utilisation RM'000	Remaining Balance RM'000	Intended timeframe*
Expansion of the Wakuba Farm	20,875	20,875	–	Within 12 months
Working Capital	3,000	3,000	–	Within 6 months
Estimated expenses relating to the Proposed Private Placement	200	200	–	Within 1 months
	24,075	24,075	–	

2.0 MATERIAL CONTRACTS

There were no material contracts, including contracts relating to loans, of the Company and its subsidiaries involving the interests of Directors or major shareholders, either still subsisting at the end of the Financial Year Ended 30 June 2023 (FYE 2023) or, if not then subsisting, entered into since the end of the previous financial year.

3.0 AUDIT AND NON-AUDIT FEES

The amounts of audit and non-audit fees paid and payable by the Company and the Group to the external auditors of the Company, Messrs Moore Stephens Associates PLT, for the FYE 2023, are as follows:

	Company RM	Group RM
Audit fee	155,000	308,000
Non-audit fees:		
- Review of Risk Management and Internal Control statement	10,000	10,000
- IT General Control (ITGC)	10,000	10,000
Total	**175,000**	**328,000**

Financial Statements

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The details and principal activities of its subsidiaries are set out in Note 12 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	34,151	1,744
Attributable to:		
Owners of the Company	34,163	1,744
Non-controlling interest	(12)	-
	34,151	1,744

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.

DIVIDENDS

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

The Directors proposed a final single tier dividend of 0.1 sen per ordinary share for the financial year ended 30 June 2023 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

ISSUANCE OF SHARES OR DEBENTURES

During the financial year, the Company has increased its issued and paid-up capital from RM508,386,356 to RM534,225,805 by way of the following for working capital purposes:

(a) issuance of 120,001,300 new ordinary shares on 9 February 2023 at RM0.175 per share totalling RM21,000,228 pursuant to a private placement;

(b) issuance of 24,331,000 new ordinary shares on 15 February 2023 at RM0.175 per share totalling RM4,257,925 pursuant to a private placement;

ISSUANCE OF SHARES OR DEBENTURES (cont'd)

(c) exercise of 3,183,100 Warrants C at RM0.16 per Warrant totalling RM509,296; and

(d) warrant conversion monies amounted to RM72,000 (450,000 Warrants C at an exercise price of RM0.16 per Warrant) of which cash was received towards the financial year end for conversion of Warrants C and allotment of ordinary shares were completed subsequent to financial year end.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year other than the issuance of Warrants B and Warrants C as disclosed below.

Warrants B

The salient terms of the Warrants B are disclosed in Note 19(b) to the financial statements.

There were no Warrants B exercised during the financial year. As at 30 June 2023, the total number of Warrants B that remain unexercised amounted to 333,387,142 units. The remaining unexercised Warrants B have lapsed upon the Maturity Date on 1 September 2023.

Warrants C

The salient terms of the Warrants C are disclosed in Note 19(b) to the financial statements.

During the financial year, 3,183,100 units of Warrants C at an exercise price of RM0.16 per Warrant were exercised amounted to RM509,296 and warrant conversion monies amounted to RM72,000 (450,000 Warrants C at an exercise price of RM0.16 per Warrant) of which cash was received towards the financial year end for conversion of Warrants C and allotment of ordinary shares were completed subsequent to financial year end. As at 30 June 2023, the total number of Warrants C that remain unexercised amounted to 348,446,975 units.

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are:

Ng Min Lin*
Yeoh Wooi Kia*
Collin Goonting a/l O.S. Goonting
Datuk Lim Si Cheng
Melvin Lim Chun Woei
Wan Mohd Hazrie bin Wan Mokhtar (Appointed on 14 February 2023)
Wong Jo Ann (Appointed on 31 May 2023)

* *These Directors are also Directors of subsidiaries included in the financial statements of the Group for the financial year.*

Other Directors of subsidiaries *included in the financial statements of the Group since the beginning of the financial year* to the date of this report are as follows:

Dato' Gooi Kok Song
李晓丁 (Lee XiaoDing)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, the interest of Directors in office at the end of financial year in the shares and warrants of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			
	As at 1.7.2022 Unit	**Bought Unit**	**Sold Unit**	**As at 30.6.2023 Unit**
Shares in the Company				
Direct interest				
Ng Min Lin	425,001,797	1,218,300	-	426,220,097
Melvin Lim Chun Woei	48,250,652	-	-	48,250,652
Datuk Lim Si Cheng	80,000	-	-	80,000
Indirect interest				
Wong Jo Ann*	425,001,797	1,218,300	-	426,220,097

	Number of Warrants B			
	As at 1.7.2022 Unit	**Bonus issue Unit**	**Disposed Unit**	**As at 30.6.2023 Unit**
Warrants B in the Company				
Direct interest				
Ng Min Lin	17,175,224	-	-	17,175,224

	Number of Warrants C			
	As at 1.7.2022 Unit	**Bonus issue Unit**	**Disposed Unit**	**As at 30.6.2023 Unit**
Warrants C in the Company				
Direct interest				
Ng Min Lin	84,320,948	-	-	84,320,948
Melvin Lim Chun Woei	11,262,663	-	5,500,000	5,762,663
Datuk Lim Si Cheng	20,000	-	-	20,000
Indirect interest				
Wong Jo Ann*	84,320,948	-	-	84,320,948

* *Indirect interest via spouse's shareholding*

Other than the above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries are disclosed in Note 7(b) to the financial statements.

DIRECTORS' REMUNERATION AND BENEFITS (cont'd)

Since the end of the previous financial year no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in Note 7(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those disclosed in Note 27 to the financial statements.

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

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

(b) At the date of this report, the Directors are not aware of any circumstances:

   (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;

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

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

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

(c) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (cont'd)

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the abilities of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) 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 the operations of the Group and of the Company for the financial year in which this report is made.

(e) The fees paid to or receivable by the auditors of the Company and its subsidiaries as remuneration for their audit services are as set out in Note 7 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Directors, officers or auditors of the Group and of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

Details of subsequent events after the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 October 2023.

NG MIN LIN | YEOH WOOI KIA

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 56 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 27 October 2023.

NG MIN LIN

YEOH WOOI KIA

STATUTORY DECLARATION

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

I, NG MIN LIN, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 56 to 143 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur
in the Federal Territory
on 27 October 2023

NG MIN LIN

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAG HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MAG Holdings Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of 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 56 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the 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 IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of the 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 this matter.

Recoverability of trade receivables

As at 30 June 2023, as shown in Note 17 to the financial statements, the Group's net trade receivables amounted to RM108.2 million which represented approximately 10% of the Group's total assets.

The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on specific known factors or circumstances on customers' ability to pay and/or by reference to past default experiences. The Group assessed at each of the reporting date whether there is any objective evidence that trade receivables are impaired based on the validity of contractual terms, past historical payment trends and expectation of repayment.

Independent Auditors' Report (cont'd)

Key Audit Matters (cont'd)

Recoverability of trade receivables (cont'd)

Our Audit Performed and Responses Thereon

We have reviewed management's assessment of recoverability of major customers and obtained a listing of long outstanding and past due trade receivables and identified any debtors with financial difficulty through discussion with management regarding status of the collectability of major customers.

We have reviewed the past due aging analysis of trade receivables and tested the reliability thereof and assessed the recoverability of overdue trade receivables primary through examination of receipts subsequent to financial year end.

We have also performed procedures for major customers in order to obtain further understanding on the customers' business credentials, credit terms and their repayment patterns of which management's assessment is based upon for determination of impairment, if any.

Valuation of biological assets

As at 30 June 2023, the Group has recorded a fair value of biological assets amounted to RM9.2 million as disclosed in Note 14 to the financial statements. Biological assets comprise of live prawns held for harvesting. MFRS 141 *Agriculture* requires biological assets to be measured at fair value less costs to sell. The biological assets are fair valued by independent professional valuer engaged by the Group using industry/market accepted valuation methodology and approaches. As the measurement of fair values involves judgement on the assumptions and estimates used, we have considered this to be a key audit matter.

Our Audit Performed and Responses Thereon

We have obtained the valuation of biological assets prepared by independent professional valuer engaged by the Group. We have assessed the key assumptions contained within the fair value calculation including market prices of prawns and survival rate. We have discussed the assumptions with the management and the valuer, and independently assessed the historical data. We also assessed the appropriateness of the range used to test the sensitivity analysis performed by management as disclosed in Note 14 to the financial statements.

We have considered the independence, competence and objectivity of the independent professional valuer engaged by the Group.

We have also reviewed the adequacy of the related disclosures in the financial statements.

Recoverability of loan to a former subsidiary – Henan Xinghe Oil and Fat Company Limited ("HXOF")

As at 30 June 2023, as disclosed in Note 13 to the financial statements, the Group recorded a loan to a former subsidiary, HXOF, amounted to RM267.7 million, representing approximately 25% of the Group's total assets.

Key Audit Matters (cont'd)

Recoverability of loan to a former subsidiary – Henan Xinghe Oil and Fat Company Limited ("HXOF") (cont'd)

Due to the level of judgement involved in the recoverability of the loan as well as the significance of such balance to the Group's financial position, this is considered to be a key audit matter.

Our Audit Performed and Responses Thereon

We have performed the recoverability review by assessing the ability of HXOF to repay the loan. In addition, we have reviewed the repayment terms of the loan agreements and checked the payment of loan interests by HXOF is made in accordance with the loan agreement to the bank statement.

Impairment review of goodwill on consolidation

The goodwill arising from the acquisition of subsidiaries amounted to RM87.8 million as disclosed in Note 11 to the financial statements represented approximately 8% of the Group's total assets as at 30 June 2023. The Group is required to perform an annual impairment test or more frequently when indication of impairment exists on goodwill. The management assessed the recoverable amounts of the goodwill by determining the respective cash generating unit ("CGUs") based on fair value less cost of disposal ("FVLCOD") method using future discounted cash flows.

Due to the significance of the amount and subjectivity involved in the annual impairment test, we consider this impairment test to be an area of audit focus. Specifically, we focused on evaluation of the assumptions used by management to estimate the recoverable amounts of the CGUs which was based on the FVLCOD method.

Our Audit Performed and Responses Thereon

In relation to the evaluation of management's basis and assumptions used in the FVLCOD method, we have assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Director and compared the key assumptions used in the preparation of FVLCOD calculations including projected revenue, gross margin, survival rates, number of harvest cycle and discount rates against our knowledge of the subsidiaries' historical performance, business and cost management strategies based on facts and circumstances currently available.

We have tested mathematical accuracy of the discounted cash flows projections calculations.

We have performed sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amounts.

Key Audit Matters (cont'd)

Impairment review of non-financial assets (other than goodwill)

As at 30 June 2023, as disclosed in Notes 10 and 11 to the financial statements, the net carrying amounts of the Group's property, plant and equipment ("PPE") and intangible assets pertaining to technological know-how amounted to RM309.4 million and RM56.9 million respectively.

Certain farming ponds of the Group were affected by disease and the lower survival rates achieved had negatively impacted total harvested prawns during the financial year which gave rise to indications of impairment on the carrying amounts of the Group's PPE of RM257.2 million, work-in-progress ("WIP") of RM19.4 million and technology know-how pertaining to prawn aquaculture segment of RM36.9 million. Accordingly, the Group estimated the recoverable amounts of these assets based on value-in-use ("VIU") method using discounted cash flows projections derived from the most recent financial projections approved by the Director covering a five (5) years period.

The Group has identified three (3) CGUs in respect of the prawn aquaculture business for impairment assessment purposes:

1. *CGU 1 derived from Umas farm*

   As disclosed in Notes 10(d) and 11(b) to the financial statements, the subsidiary, North Cube Sdn. Bhd. ("NCSB") operates Umas farm which encountered challenges during the financial year stemming from disease detected in certain farming ponds resulting in a decline in the overall prawn harvest and corresponding financial performance. As at 30 June 2023, CGU 1 consists of the carrying amounts of Umas farm's PPE, WIP and technology know-how pertaining to prawn aquaculture segment amounted to RM110.6 million, RM0.3 million and RM36.9 million respectively.

2. *CGU 2 derived from Wakuba 2 farm*

   As disclosed in Note 10(d) to the financial statements, the subsidiary, NCSB also operates the Wakuba 2 farm which was partially constructed during the financial year whereby 34 farming ponds are currently in operation out of the total planned capacity of 99 farming ponds. As at 30 June 2023, CGU 2 consists of the carrying amount of Wakuba 2 farm's PPE and WIP amounted to RM8.2 million and RM12.6 million respectively. There is indication of impairment in the development of the partially constructed Wakuba 2 farm mainly attributed to the challenging conditions at the nearby Wakuba 1 farm which has experienced low survival rates that impacted its overall prawn harvest during the financial year.

3. *CGU 3 derived from Wakuba 1 farm*

   As disclosed in Note 10(d) of the financial statements, the subsidiary, MAG Aquaculture Sdn. Bhd. ("MASB"), is responsible for the operation of the Wakuba 1 farm. During the financial year, the farm faced challenges due to lower survival rates of the prawns resulting in a reduced overall prawn harvest and these circumstances gave rise to indication of impairment. As at 30 June 2023, CGU 3 consist of Wakuba 1 farm's PPE amounted to RM138.4 million and WIP amounted to RM6.5 million.

Key Audit Matters (cont'd)

Impairment review of non-financial assets (other than goodwill) (cont'd)

The Group has identified three (3) CGUs in respect of the prawn aquaculture business for impairment assessment purposes (cont'd):

The management determined the recoverable amounts of CGU 1, CGU 2 and CGU 3 by using the VIU method based on future discounted cash flows derived from the sales of farming prawns. Based on the impairment assessment, the recoverable amounts of CGU 1,CGU 2 and CGU 3 were estimated to be higher than the carrying amounts of the respective CGU assets, and accordingly no impairment loss was recognised in the financial year ended 30 June 2023.

We have identified the impairment review of the abovementioned non-financial assets (other than goodwill) as a key audit matter as to determine the recoverable amounts of these assets are highly judgmental and significant estimates to be made on the inputs to valuation working and estimating the underlying assumptions to be applied in the future discounted cash flows in arriving at the recoverable amounts. The key inputs include judgement factors to the comparable market value such as nature, location or condition of the specific assets and the assigned values are sensitive to the assumptions that are made regarding the projected revenue, gross margin, survival rates, number of harvest cycle, discount rates and the economic lives of the respective farms.

Our Audit Performed and Responses Thereon

In relation to the evaluation of management's basis and assumptions used in the VIU, we have assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Director and compared the key assumptions used in the preparation of VIU calculations including projected revenue, gross margin, survival rates, number of harvest cycle, discount rates and the economic lives of the respective farms against our knowledge of the farms' historical performance, business and cost management strategies based on facts and circumstances currently available.

We have tested mathematical accuracy of the discounted cash flows projections calculations.

We have performed sensitivity analysis around key inputs that are expected to be most sensitive to the recoverable amounts.

Independent Auditors' Report
(cont'd)

Impairment review of investment in subsidiaries

As at 30 June 2023, as disclosed in Note 12 to the financial statements, the carrying amount of the Company's investment in subsidiaries amounted to RM526.0 million which represented approximately 90% of the Company's total assets. The Company assesses whether there is any indication of impairment in investment in subsidiaries and when there are indicators of impairment, the Company estimates the recoverable amounts to compare against their respective carrying amounts. The recoverable amounts of investment in subsidiaries were determined based on FVLCOD method using discounted cash flows projections derived from the most recent financial projections approved by the Director covering a five (5) years period.

Our Audit Performed and Responses Thereon

We have checked that the future discounted cash flows used to determine the recoverable amount of the investment in subsidiaries had been appropriately adjusted for cash flows of the respective subsidiary.

We have tested mathematical accuracy of the discounted cash flows projections calculations.

We have performed a sensitivity analysis by changing certain key assumptions used in the future discounted cash flows and assessed the impact on the recoverable amount of the investment in subsidiaries.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report 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 Annual Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, 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 the 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 also responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(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 of 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.

Independent Auditors' Report

(cont'd)

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

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

(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 and 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 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 and 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 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, related safeguards.

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 of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

Other Matter

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

MOORE STEPHENS ASSOCIATES PLT	STEPHEN WAN YENG LEONG
201304000972 (LLP0000963-LCA)	02963/07/2025 J
Chartered Accountants (AF002096)	Chartered Accountant

Petaling Jaya, Selangor
Date: 30 October 2023

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	4	201,637	137,105	3,965	-
Cost of sales	5	(134,414)	(91,686)	-	-
Gross profit		67,223	45,419	3,965	-
Other income		19,928	8,288	4,233	11
Administrative expenses		(28,098)	(19,214)	(2,135)	(2,082)
Profit/(Loss) from operations	7	59,053	34,493	6,063	(2,071)
Finance costs	6	(13,709)	(9,194)	(4,319)	(4,208)
Profit/(Loss) before tax		45,344	25,299	1,744	(6,279)
Tax expense	8	(11,193)	(7,579)	-	-
Profit/(Loss) for the financial year		34,151	17,720	1,744	(6,279)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		1,454	17,731	-	-
Total comprehensive income for the financial year		35,605	35,451	1,744	(6,279)
Profit/(Loss) attributable to:-					
Owners of the Company		34,163	17,726	1,744	(6,279)
Non-controlling interest		(12)	(6)	-	-
		34,151	17,720	1,744	(6,279)
Total comprehensive income attributable to:-					
Owners of the Company		35,617	35,457	1,744	(6,279)
Non-controlling interest		(12)	(6)	-	-
		35,605	35,451	1,744	(6,279)
Profit per ordinary share attributable to Owners of the Company					
Basic (sen):	9	2.28	1.27		
Diluted (sen):	9	2.21	1.23		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	309,372	277,167	-	-
Intangible assets	11	144,742	146,323	-	-
Investments in subsidiaries	12	-	-	526,018	476,018
Loan to a former subsidiary	13	267,718	270,461	-	-
		721,832	693,951	526,018	476,018
Current assets					
Biological assets	14	9,215	14,100	-	-
Inventories	15	6,494	5,051	-	-
Short term investment	16	51,360	50,800	-	-
Trade and other receivables	17	121,823	76,712	58,250	83,111
Tax recoverable		449	333	-	-
Fixed deposit with licensed bank	18	1,342	1,308	-	-
Cash and bank balances	18	163,668	162,038	670	30
		354,351	310,342	58,920	83,141
TOTAL ASSETS		1,076,183	1,004,293	584,938	559,159
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	534,226	508,386	534,226	508,386
Redeemable convertible notes ("RCN") - equity component	20	-	-	-	-
Reserves	21	233,306	197,689	(29,360)	(31,104)
Total equity attributable to Owners of the Company		767,532	706,075	504,866	477,282
Non-controlling interest	12(b)	1,650	1,662	-	-
TOTAL EQUITY		769,182	707,737	504,866	477,282

Statements of Financial Position
(cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	22	40,523	29,899	-	-
Borrowings - secured	23	88,107	94,653	-	-
Lease liabilities	24	8,300	2,139	-	-
Redeemable preference shares ("RPS")	26	72,061	37,736	72,061	37,736
		208,991	164,427	72,061	37,736
Current liabilities					
Trade and other payables	25	74,712	75,142	8,011	7,552
Borrowings - secured	23	22,763	19,807	-	-
Lease liabilities	24	535	591	-	-
RCN - liability component	20	-	-	-	-
Redeemable preference shares ("RPS")	26	-	36,589	-	36,589
		98,010	132,129	8,011	44,141
TOTAL LIABILITIES		307,001	296,556	80,072	81,877
TOTAL EQUITY AND LIABILITIES		1,076,183	1,004,293	584,938	559,159

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Share capital RM'000	Exchange translation reserve RM'000	Distributable retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		<-------Attributable to the Owners of the Company------->					
		<-----Non-Distributable----->					
Group							
At 1 July 2022		508,386	44,694	152,995	706,075	1,662	707,737
Profit for the financial year		-	-	34,163	34,163	(12)	34,151
Foreign currency translations, representing total other comprehensive income		-	1,454	-	1,454	-	1,454
Total comprehensive income		-	1,454	34,163	35,617	(12)	35,605
Transactions with Owners of the Company:							
Issuance of ordinary shares:	19						
- Private placement		25,258	-	-	25,258	-	25,258
- Exercise of warrants		582	-	-	582	-	582
Total transactions with Owners of the Company		25,840	-	-	25,840	-	25,840
At 30 June 2023		534,226	46,148	187,158	767,532	1,650	769,182

Consolidated Statements of Changes in Equity
(cont'd)

	Note	Share capital RM'000	RCN - equity component RM'000 (Note 20)	Exchange translation reserve RM'000	Distributable retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		<----Attributable to the Owners of the Company				---->		
		<----Non-Distributable		---->				
Group (cont'd)								
At 1 July 2021		374,361	360	26,963	135,269	536,953	1,668	538,621
Profit for the financial year		-	-	-	17,726	17,726	(6)	17,720
Foreign currency translations, representing total other comprehensive		-	-	17,731	-	17,731	-	17,731
Total comprehensive income		-	-	17,731	17,726	35,457	(6)	35,451
Transactions with Owners of the Company:								
Issuance of RCN	20	-	795	-	-	795	-	795
Conversion of RCN	19,20	12,000	(1,155)	-	-	10,845	-	10,845
Issuance of ordinary shares	19	64,597	-	-	-	64,597	-	64,597
RCN issuance expenses	19	(1,072)	-	-	-	(1,072)	-	(1,072)
Issuance of shares arising from the acquisition of subsidiary	12(a),19	58,500	-	-	-	58,500	-	58,500
Total transactions with Owners of the Company		134,025	(360)	-	-	133,665	-	133,665
At 30 June 2022		508,386	-	44,694	152,995	706,075	1,662	707,737

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

Company	Note	<---Non-Distributable-----> Share capital RM'000	RCN - equity component RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2022		508,386	-	(31,104)	477,282
Profit for the financial year, representing total comprehensive income for the financial year		-	-	1,744	1,744
Transactions with Owners of the Company:					
Issuance of ordinary shares:	19				
- Private placement		25,258	-	-	25,258
- Exercise of warrants		582	-	-	582
Total transactions with Owners of the Company		25,840	-	-	25,840
At 30 June 2023		534,226	-	(29,360)	504,866
At 1 July 2021		374,361	360	(24,825)	349,896
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(6,279)	(6,279)
Transactions with Owners of the Company:					
Issuance of shares arising from the acquisition of subsidiary	12(a),19	58,500	-	-	58,500
Private placement	19	64,597	-	-	64,597
Issuance of RCN	20	-	795	-	795
Conversion of RCN	19,20	12,000	(1,155)	-	10,845
RCN issuance expenses	19	(1,072)	-	-	(1,072)
Total transactions with Owners of the Company		134,025	(360)	-	133,665
At 30 June 2022		508,386	-	(31,104)	477,282

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash Flows from Operating Activities					
Profit/(Loss) before tax:		45,344	25,299	1,744	(6,279)
Adjustments for:-					
Amortisation of intangible assets	11	1,581	1,581	-	-
Accretion of interest on loan to a former subsidiary	13	(2,588)	(2,566)	-	-
Depreciation of property, plant and equipment	10	10,228	9,179	-	-
Reversal of impairment loss on trade receivables	17	(251)	-	-	-
Finance costs	6	13,709	9,194	4,319	4,208
Dividend income	4	-	-	(3,965)	-
Fair value adjustment on biological assets	14	(1,153)	(6,003)	-	-
Interest income		(5,280)	(5,590)	-	-
Unrealised loss on foreign exchange		9,472	2,459	-	93
Loss on disposal of property, plant and eqiupment		52	-	-	-
Waiver of debt		(2,430)	-	-	-
Write off of inventories	15	-	28	-	-
Write off of property, plant and equipment	10	219	-	-	-
Gain on remeasurement of RPS	26	(4,183)	-	(4,183)	-
Operating profit/(loss) before working capital changes		64,720	33,581	(2,085)	(1,978)
Changes in working capital:					
Biological assets		6,038	7,684	-	-
Inventories		(1,442)	1,003	-	-
Receivables		(46,711)	(32,931)	(322)	263
Payables		2,326	26,940	(1,940)	(759)
Cash generated from/(used in) operations		24,931	36,277	(4,347)	(2,474)
Interest paid		(8,981)	(4,568)	-	-
Tax refund		-	10	-	10
Tax paid		(685)	(1,211)	-	-
Net cash from/(used in) operating activities		15,265	30,508	(4,347)	(2,464)

Statements of Cash Flows
(cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
(cont'd)					
Cash Flows from Investing Activities					
Interest received		5,280	5,590	-	-
Investment in subsidiaries	12(a)	-	-	-	(60,000)
Net cash outflow from acquisition of subsidiary	12(a)	-	(57,238)	-	-
Purchase of property, plant and equipment	10(a)	(36,234)	(46,533)	-	-
Proceeds from disposal of property, plant and equipment		30	-	-	-
Advances to subsidiaries		-	-	(20,853)	-
Placement of pledged fixed deposit	18	(34)	(1,308)	-	-
Net cash used in investing activities		(30,958)	(99,489)	(20,853)	(60,000)
Cash Flows from Financing Activities					
Advances from subsidiaries		-	-	-	(11,377)
Repayment to a Director	(ii)	(131)	-	-	-
Repayment to related companies	(ii)	(1,044)	(2,535)	-	-
Proceeds from issuance of ordinary shares	19	25,840	64,597	25,840	64,597
Proceeds from issuance of RCN	19,20	-	10,000	-	10,000
RCN issuance expenses	19	-	(1,072)	-	(1,072)
Repayment of lease liabilities	(ii)(iii)	(593)	(378)	-	-
(Repayment)/drawdown of borrowings, net	(ii)	(3,590)	1,521	-	-
Net cash from financing activities		20,482	72,133	25,840	62,148
Net increase/(decrease) in cash and cash equivalents		4,789	3,152	640	(316)
Effect of exchange rate changes on cash and cash equivalents		(3,159)	5,484	-	-
Cash and cash equivalents at beginning of financial year		162,038	153,402	30	346
Cash and cash equivalents at end of financial year	(i)	163,668	162,038	670	30

Statements of Cash Flows
(cont'd)

Note:

(i) Cash and cash equivalents comprise of the following:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash and bank balances (Note 18)	163,668	162,038	670	30
Fixed deposit with licensed bank (Note 18)	1,342	1,308	-	-
	165,010	163,346	670	30
Less: pledged fixed deposit with licensed bank (Note 18)	(1,342)	(1,308)	-	-
	163,668	162,038	670	30

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Amounts owing to related companies RM'000	Amounts owing to Directors RM'000	Lease liabilities RM'000	Borrowings RM'000
Group				
2023				
At beginning of the financial year	2,804	8,851	2,730	114,460
Waiver of debt	-	(2,430)	-	-
Additions [Note 10(a)]	-	-	6,500	-
Drawdown	-	-	-	12,527
Interest expense	-	-	371	8,609
Repayment	(1,044)	(131)	(964)	(24,726)
Net changes in financing cash flows	(1,044)	(131)	(593)	(3,590)
Non-cash changes				
Interest payable	-	212	198	-
At end of the financial year	1,760	6,502	8,835	110,870

Note:

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities: (cont'd)

Group (cont'd)	**Amounts owing to related companies RM'000**	**Amounts owing to Directors RM'000**	**Lease liabilities RM'000**	**Borrowings RM'000**
2022				
At beginning of the financial year	-	2,288	519	53,066
Acquisition of subsidiary [Note 12(a)]	5,339	6,113	215	59,761
Novation of debt	-	(100)	-	-
Additions [Note 10(a)]	-	-	2,374	-
Drawdown	-	-	-	20,725
Interest expense	-	-	91	4,365
Repayment	(2,535)	-	(469)	(23,569)
Net changes in financing cash flows	(2,535)	-	(378)	1,521
Non-cash changes				
Interest payable	-	418	-	112
Foreign exchange difference	-	132	-	-
At end of the financial year	2,804	8,851	2,730	114,460

(iii) Cash outflow for lease as a lessee is as follows:

	Group RM'000
2023	
Included in net cash from/(used in) operating activities:	
Interest paid in relation to lease liabilities	(371)
Included in net cash from financing activities:	
Payment for the principal portion of lease liabilities	(593)
Total cash outflow for lease	(964)
2022	
Included in net cash from/(used in) operating activities:	
Interest paid in relation to lease liabilities	(91)
Included in net cash from financing activities:	
Payment for the principal portion of lease liabilities	(378)
Total cash outflow for lease	(469)

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2023

1. CORPORATE INFORMATION

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

The registered office of the Company is located at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur.

The principal place of business of the Group is located at B-3-12, Gateway Corporate Suites, Gateway Kiaramas No.1, Jalan Desa Kiara, Mont Kiara, 50480 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are set out in Note 12. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 27 October 2023.

The names of the Company's subsidiaries and an associate in Chinese text in the financial statements have been translated into English solely for the convenience of the users of the financial statements. The translation is unofficial as there is no legal and official English translation for the Chinese text.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 – 2020	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company: -

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 7 and MFRS 107	Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability

Effective date to be announced

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

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial years. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

2. BASIS OF PREPARATION (cont'd)

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured with the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Significant accounting estimates and judgements

The significant accounting policies in Note 3 are essential to understand the Group's results of operations, financial positions, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Management exercise their judgement in the process of applying the Group's accounting policies.

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

The key assumptions concerning the future and other key sources of estimation or 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 set out below.

(i) Impairment of property, plant and equipment

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

(ii) Biological assets

In measuring the fair value of biological assets, estimates are required which included the market price and survival rate. Market price is derived from observable market prices through historical and most recent market transaction price and survival rate is estimated through historical data. Changes to any of these assumptions would affect the fair value of the biological assets.

The market price is based on most relevant pricing information available for the period in which the prawns are expected to be mature (ready for harvesting), any change in market price assumptions will have impact on fair value estimates.

For prawns not ready for harvest, a deduction is made to cover estimated residual costs to grow the prawns to harvestable weight.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(ii) Biological assets (cont'd)

Estimated harvest volume is based on estimated weight of prawns at the reporting date and estimated survival rates. Actual harvest volume may differ from the estimated volume due to changes in biological calculations or due to special events, such as mass mortality.

The key assumptions used in the valuation methods are disclosed in Note 14.

(iii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated, survival rates, number of harvest cycle and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(iv) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For loan to a former subsidiary, the Group applies the approach permitted by MFRS 9, which requires the Group to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(v) Impairment of investment in subsidiaries

The Company assesses the impairment of its investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of investment in subsidiaries were determined based on discounted cash flows taking into account tax cash flows of subsidiaries which are available for distribution as dividends. Management has considered key internal and external information pertaining to the subsidiaries' prawn aquaculture businesses to derive at the discounted cash flows.

(vi) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be between 2 and 67 years.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) 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.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to Owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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

Non-controlling Interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to Owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the non-controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Owners of the Company.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as recognised gains, but only to the extent that there is no evidence of impairment.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM at end of reporting period.

Foreign currency translations and balances

Transactions in foreign currencies are converted into the functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the year in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

Foreign operations

Financial statements of foreign operations are translated at exchange rates at the end of each reporting period with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

(c) Revenue and other income recognition

Revenue from contract with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, that is when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and other income recognition (cont'd)

Revenue from contract with customers (cont'd)

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue and other income can be measured reliably. Revenue and other income are measured at fair value of consideration received or receivable.

<u>Sale of goods</u>

Revenue from sale of goods is recognised upon delivery of goods where control of the goods has been passed to the customers, or performance of services, net of discounts.

<u>Dividend income</u>

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

Other income

Other income earned by the Group is recognised on the following basis:

<u>Interest income</u>

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

Notes to the Financial Statements
(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(e) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(f) Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary on distributions to the Company, and real property gains taxes payable on disposal of properties, if any.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Income taxes (cont'd)

Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the year unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on the announcement of tax rates and applicable tax laws which have the substantive effect of actual enactment by the end of each reporting period.

Withholding taxes

Withholding taxes, which are payable by subsidiaries incorporated in People's Republic of China ("PRC") on distribution of earnings to the immediate holding company incorporated or domiciled outside PRC, are deducted from the dividend paid and payable to the foreign holding company and are included as part of current tax liabilities in the statements of financial position. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of each reporting period.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(g) Leases

As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use assets pertaining to the long-term leasehold lands, lease of motor vehicles and premises are presented as part of the property, plant and equipment in the statements of financial position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment.

If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change their assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(h) Earnings per share

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

Diluted earnings per ordinary share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares, which comprise redeemable convertible notes and free warrants granted to shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Long-term leasehold land	Over remaining leasehold period of 56 and 67 years
Buildings	5%
Ponds and farm improvements	2.5%
Plant and machinery	10% to 50%
Factory and farm equipment	5% to 20%
Motor vehicles	10% to 20%
Office equipment	10% to 20%
Renovation	10%
Lease of premises	Over lease term between 2 and 6 years
Leased machinery	Over lease term of 6 years

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) **Property, plant and equipment** (cont'd)

(iii) Depreciation (cont'd)

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(j) **Capital work-in-progress**

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the year of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(k) **Intangible assets**

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets at the date of acquisition.

Goodwill is allocated to cash-generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent years.

Technology know-how

Technology know-how which was acquired by the Group arising from the acquisition of North Cube Sdn Bhd and its subsidiaries are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of the technology know-how is approximately 38 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Intangible assets (cont'd)

Amortisation (cont'd)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(l) Biological assets

Biological assets comprise live prawns that are measured at fair value less cost to sell.

The cost of biological assets capitalised includes cost of fry, feeds and farm consumable. The remaining costs such as pond maintenance, labour costs and utilities are recognised to the statement of profit or loss as incurred.

The fair value of live prawns is determined using market price derived from observable market prices through historical and most recent market transaction price and unobservable estimated survival rates which are estimated through historical data. For live prawns not ready for harvest, a deduction is made to cover estimated residual costs to grow the live prawns to its optimal harvest weight.

Costs to sell include the incremental selling costs exclude finance costs and income taxes.

Changes in fair value of biological assets are recognised in the statement of profit or loss.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost method and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition, are accounted for as follows:

- cost of raw materials, packaging materials, prawn feed, consumables and diesel comprise cost of purchase and are stated on a weighted average cost or standard cost basis (which approximates average actual cost).
- cost of finished goods includes raw materials, labour and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks, cash on hand and fixed deposit with licensed bank that are readily convertible to known amount of cash and as such, is subject to an insignificant risk of change in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and fixed deposits pledged with licensed banks, if any.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(o) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Company or its subsidiaries becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 3(p)(i)] where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment [see Note 3(p)(i)].

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Fair value through other comprehensive income ("FVOCI")

(i) Debt instrument

FVOCI category comprises debt instrument where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt instruments, and its contractual terms give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt instrument is not designated as fair value through profit or loss ("FVTPL").

Interest income calculated using effective interest method, foreign exchange gains and losses and impairment loss are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective rate to the gross amount except for credit impaired financial assets (see Note 3(p)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity instrument

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under *MFRS 132 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or FVOCI are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(o) **Financial instruments** (cont'd)

(ii) **Financial instrument categories and subsequent measurement** (cont'd)

Financial assets (cont'd)

Fair value through profit or loss ("FVTPL") (cont'd)

Financial assets that are equity instruments comprise mainly of investments in equity securities. Subsequent to initial recognition, all equity investments are measured at fair value. Changes in the FVTPL equity investments are recognised in profit and loss.

All financial assets, except for those measured at FVTPL and FVOCI, are subject to impairment assessment [Note 3(p)(i)].

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial liabilities

Other financial liabilities not categorised at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

(iii) **Offsetting of financial instruments**

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

(iv) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial instruments (cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(p) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Group are measured on either of the following bases:

(i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

<u>Simplified approach - trade receivables</u>

The Group applies the simplified approach to provide ECL for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the 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 reporting date, including time value of money where applicable.

Notes to the Financial Statements
(cont'd)

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(p) **Impairment** (cont'd)

(i) **Financial assets** (cont'd)

General approach - other financial instruments and financial guarantees contracts

The Group applies the general approach to provide for ECL on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The Group considers an event of default for internal credit risk management purposes when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets (cont'd)

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (for example the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (*other than inventories and biological assets*) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus of the assets to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flow that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value-in-use and its fair value less cost to sell. 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 assessment of time value of money and the risks specific to the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exist. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for assets in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

An impairment loss recognised for goodwill is not reversed.

(q) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

<u>Ordinary shares</u>

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

(r) Compound financial instruments

Compound financial instruments issued by the Company comprise Redeemable Convertible Notes ("RCN") that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable are allocated to the liability and equity components in proportion to the allocated proceeds.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

(s) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Provisions (cont'd)

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of comprehensive income net of any reimbursement.

(t) Redeemable preference shares

Preference shares, which are non-convertible and mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are taken to the statements of comprehensive income as interest expense.

(u) Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:

   (i) the combined reported profit of all operating segments that did not report a loss;
   (ii) the combined reported loss of all operating segments that reported a loss; and
   (iii) its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the controls of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(w) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognised transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised at point in time:				
Sales of farming prawns	36,883	45,449	-	-
Trading of prawns	164,754	91,656	-	-
Dividend income	-	-	3,965	-
	201,637	137,105	3,965	-

4. REVENUE (cont'd)

Sales of farming and trading of prawns

The Group is engaged in the business of prawn aquaculture and trading of prawns. The Group entered into contract with customers upon acceptance of purchase orders from customers.

Performance Obligation ("PO")

PO is satisfied upon the delivery of goods to customers and acknowledged by customers. The credit term granted to customers is generally 90 days. No allocation of transaction price required to PO as each contract consists of one PO only and transaction price is determined based on mutually agreed price of the goods. The distinct PO of delivery service is not material to be considered separately.

Timing of recognition

Revenue is recognised at the point in time when the Group had satisfied PO, that is the delivery of goods to customers. At the end of the financial year, there are no unsatisfied PO, that is unperformed services and therefore no cut-off issue on the recognition of revenue.

5. COST OF SALES

	Group	
	2023	**2022**
	RM'000	**RM'000**
Sales of farming prawns	38,862	33,677
Trading of prawns	95,552	58,009
	134,414	91,686

6. FINANCE COSTS

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- lease liabilities	569	91	-	-
- borrowings	8,609	4,477	-	-
- RPS	4,319	4,208	4,319	4,208
- amount due to Director	212	418	-	-
	13,709	9,194	4,319	4,208

7. PROFIT/(LOSS) FROM OPERATIONS

Other than those disclosed elsewhere in the financial statements, profit/(loss) from operations are arrived at after charging/(crediting):

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:-					
- Statutory audit:					
- Current year		308	257	155	130
- Underprovision in prior year		51	-	61	-
- Non-statutory audit					
- Current year		20	16	20	16
Amortisation of intangible assets	11	1,581	1,581	-	-
Accretion of interest on loan to a former subsidiary	13	(2,588)	(2,566)	-	-
Depreciation of property, plant and equipment	10	10,228	9,179	-	-
Directors' and key management's remuneration	(b)	1,026	1,013	212	203
Employee benefits expenses	(a)	6,110	5,447	-	-
Gain on remeasurement of RPS	26	(4,183)	-	(4,183)	-
Fair value adjustment on biological assets	14	(1,153)	(6,003)	-	-
Interest income		(5,280)	(5,590)	-	-
Dividend income	4	-	-	3,965	-
Realised (gain)/loss on foreign exchange		(123)	(81)		11
Unrealised loss on foreign exchange		9,472	2,459	-	93
Loss on disposal of property, plant and eqiupment		52	-	-	-
Waiver of debt		(2,430)	-	-	-
Reversal of impairment loss on trade receivables	17	(251)	-	-	-
Write off of property, plant and equipment	10	219	-	-	-
Write off of inventories	15	-	28	-	-

(a) Employee benefits expenses:

	Group	
	2023	2022
	RM'000	RM'000
Wages, salaries and bonuses	4,902	4,243
Contribution to defined contribution plans	167	153
Other benefits	1,041	1,051
	6,110	5,447

7. PROFIT/(LOSS) FROM OPERATIONS (cont'd)

(b) Directors' and key management's remuneration:

	Fees RM'000	Salaries RM'000	Attendance allowances RM'000	Defined contribution plan RM'000	Other benefits RM'000	Total RM'000
Group						
2023						
Executive Director	-	720	-	91	3	814
Non-Executive Directors	199	-	13	-	-	212
Total	199	720	13	91	3	1,026
2022						
Executive Directors	-	690	-	87	33	810
Non-Executive Directors	185	-	18	-	-	203
Total	185	690	18	87	33	1,013

Notes to the Financial Statements
(cont'd)

7. PROFIT/(LOSS) FROM OPERATIONS (cont'd)

(b) Directors' and key management's remuneration: (cont'd)

	Fees RM'000	Attendance allowance RM'000	Total RM'000
Company			
2023			
Non-executive Directors	199	13	212
2022			
Non-executive Directors	185	18	203

8. TAX EXPENSE

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Income tax:				
Malaysia income tax				
- Current year	524	194	-	-
- Under/(over)provision in prior year/period	45	(61)	-	-
	569	133	-	-
Deferred tax (Note 22):				
Relating to origination of temporary differences	10,554	7,133	-	-
Realisation of deferred tax	(705)	(705)	-	-
Underprovision in prior year/period	775	1,018	-	-
	10,624	7,446	-	-
Tax expense for the financial year	11,193	7,579	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdiction in which the Group operates are based on the rates prevailing in the respective jurisdiction concerned.

8. TAX EXPENSE (cont'd)

The tax reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expense are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) before tax	45,344	25,299	1,744	(6,279)
Tax at the Malaysian statutory income tax rate of 24%	10,900	6,100	400	(1,500)
Effect of tax rates in foreign jurisdictions	(226)	(78)	-	-
Non-deductible expenses	2,409	2,524	1,516	1,500
Non-taxable income	(2,005)	(1,219)	(1,916)	-
Realisation of deferred tax	(705)	(705)	-	-
Under/(over)provision of income tax in prior year/period	45	(61)	-	-
Underprovision of deferred tax in prior year/period	775	1,018	-	-
Tax expense for the financial year	11,193	7,579	-	-

The above reconciliation is prepared by aggregating separate reconciliation for each tax jurisdiction.

The Group has an estimated unabsorbed capital allowances amounted to approximately RM48.4 million (2022: RM80.4 million) available for set-off against future taxable profits. The comparative figures have been restated to reflect the actual capital allowances carried forward. Such restatement is only applicable to certain subsidiaries of the Group.

9. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the earnings for the financial year attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

9. EARNINGS PER ORDINARY SHARE (cont'd)

(a) Basic (cont'd)

	Group 2023	Group 2022
Profit for the year attributable to Owners of the Company (RM'000)	34,163	17,726
Number of ordinary shares in issue at beginning of the year ('000)	1,443,323	751,775
Effect of weighted average number of ordinary shares issued during the financial year ('000)	55,451	641,535
Weighted average number of ordinary shares in issued at end of the financial year ('000)	1,498,774	1,393,310
Basic earnings per share (sen)	2.28	1.27

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group 2023	Group 2022
Profit after tax attributable to Owners of the Company (RM'000)	34,163	17,726
Weighted average number of ordinary shares for basic earnings per share ('000)	1,498,774	1,393,310
Effect of dilution from:		
- Exercise of Warrant B ('000)	*	*
- Exercise Warrant C ('000)	47,765	46,364
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,546,539	1,439,674
Diluted earnings per share (sen)	2.21	1.23

* *Exercise of Warrant B has no dilutive effect as the average market price of the ordinary share was lower than the exercise price of Warrant B.*

10. PROPERTY, PLANT AND EQUIPMENT

	Long-term leasehold land RM'000	Buildings RM'000	Ponds and farm improvements RM'000	Plant and machinery RM'000	Office equipment RM'000	Lease of premises RM'000	Motor vehicles RM'000	Work-in progress RM'000	Factory and farm equipment RM'000	Renovation RM'000	Total RM'000
Group											
2023											
Cost											
At beginning of the financial year	23,554	9,971	231,879	17,438	204	1,744	1,852	13,625	1,332	58	301,657
Additions	-	-	14,107	701	15	6,500	97	19,075	2,239	-	42,734
Disposal	-	-	-	(120)	-	-	-	-	-	-	(120)
Expiry of leases	-	-	-	-	-	(67)	-	-	-	-	(67)
Written off	-	-	-	(253)	(34)	-	(34)	-	-	-	(321)
Reclassification	-	-	13,265	-	-	-	-	(13,265)	-	-	-
At end of the financial year	23,554	9,971	259,251	17,766	185	8,177	1,915	19,435	3,571	58	343,883
Accumulated Depreciation											
At beginning of the financial year	1,811	1,472	13,197	7,108	69	388	265	-	162	18	24,490
Charge for the financial year	1,146	499	5,553	2,046	26	442	282	-	228	6	10,228
Disposal	-	-	-	(38)	-	-	-	-	-	-	(38)
Expiry of leases	-	-	-	-	-	(67)	-	-	-	-	(67)
Written off	-	-	-	(65)	(28)	-	(9)	-	-	-	(102)
At end of the financial year	2,957	1,971	18,750	9,051	67	763	538	-	390	24	34,511
Net Carrying Amount											
At end of the financial year	20,597	8,000	240,501	8,715	118	7,414	1,377	19,435	3,181	34	309,372

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Long-term leasehold land RM'000	Buildings RM'000	Ponds and farm improvements RM'000	Plant and machinery RM'000	Office equipment RM'000	Lease of premises RM'000	Motor vehicles RM'000	Work-in progress RM'000	Factory and farm equipment RM'000	Renovation RM'000	Total RM'000
Group (cont'd)											
2022											
Cost											
At beginning of the financial year	12,988	2,598	78,345	5,034	72	290	775	31,123	-	-	131,225
Additions	-	-	28,492	689	28	1,224	1,029	16,425	1,020	-	48,907
Acquisition of subsidiary [Note 12(a)]	10,566	7,373	82,519	11,715	104	230	48	8,600	312	58	121,525
Reclassification	-	-	42,523	-	-	-	-	(42,523)	-	-	-
At end of the financial year	23,554	9,971	231,879	17,438	204	1,744	1,852	13,625	1,332	58	301,657
Accumulated Depreciation											
At beginning of the financial year	298	206	4,964	795	19	109	85	-	-	-	6,476
Acquisition of subsidiary [Note 12(a)]	367	768	3,219	4,354	24	16	16	-	59	12	8,835
Charge for the financial year	1,146	498	5,014	1,959	26	263	164	-	103	6	9,179
At end of the financial year	1,811	1,472	13,197	7,108	69	388	265	-	162	18	24,490
Net Carrying Amount											
At end of the financial year	21,743	8,499	218,682	10,330	135	1,356	1,587	13,625	1,170	40	277,167

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM42,734,000 (2022: RM48,907,000), which are satisfied by the following:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Financed through lease arrangements	6,500	2,374
Cash payments	36,234	46,533
	42,734	48,907

(b) Assets pledged as security

The Group's leasehold land with cost and net carrying amount of RM23.554 million and RM20.597 million (2022: RM23.554 million and RM21.743 million) respectively has been pledged as security for the term financing-i and cash line-i facilities granted to subsidiaries as disclosed in Note 23.

10. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

(c) Right-of-use of assets

Included in the property, plant and equipment are the right-of-use of assets recognised by the Group as follows:

	Long-term leasehold land RM'000	Motor vehicles RM'000	Lease of premises RM'000	Plant and Machinery RM'000	Total RM'000
2023					
Group					
Cost					
At beginning of the financial year	23,554	1,727	1,744	490	27,515
Additions	-	-	6,500	-	6,500
Expiry of leases	-	-	(67)	-	(67)
At end of the financial year	23,554	1,727	8,177	490	33,948
Accumulated Depreciation					
At beginning of the financial year	1,811	229	388	41	2,469
Charge for the financial year	1,146	266	442	82	1,936
Expiry of leases	-	-	(67)	-	(67)
At end of the financial year	2,957	495	763	123	4,338
Net Carrying Amount					
At end of the financial year	20,597	1,232	7,414	367	29,610

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) Right-of-use of assets (cont'd)

Included in the property, plant and equipment are the right-of-use of assets recognised by the Group as follows: (cont'd)

	Long-term leasehold land RM'000	Motor vehicles RM'000	Lease of premises RM'000	Plant and Machinery RM'000	Total RM'000
2022					
Group (cont'd)					
Cost					
At beginning of the financial year	12,988	702	290	-	13,980
Acquisition of subsidiary [Note 12(a)]	10,566	-	230	-	10,796
Additions	-	1,025 *	1,224	490	2,739
At end of the financial year	23,554	1,727	1,744	490	27,515
Accumulated Depreciation					
At beginning of the financial year	298	74	109	-	481
Acquisition of subsidiary [Note 12(a)]	367	-	16	-	383
Charge for the financial year	1,146	155	263	41	1,605
At end of the financial year	1,811	229	388	41	2,469
Net Carrying Amount					
At end of the financial year	21,743	1,498	1,356	449	25,046

* *Under hire purchase arrangement*

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) Right-of-use of assets (cont'd)

The expenses charged to profit or loss during the financial year are as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Depreciation of right-of-use assets	1,936	1,605
Interest expenses of lease liabilities	569	91
	2,505	1,696

(d) Impairment review

The Group carried out a review on the carrying amounts of property, plant and equipment ("PPE") at each reporting date to assess whether there is any indication of impairment. When an indication exists, the Group makes an estimate of the asset's recoverable amount. The recoverable amount of the PPE was derived based on value-in-use ("VIU") method using discounted cash flows projection derived from the most recent financial projections approved by the Director covering a five (5) years period plus the projection for the remaining useful life of the farms' forecasted operational results.

North Cube Sdn. Bhd. ("NCSB")

NCSB operates Umas farm which encountered challenges during the financial year stemming from disease detected in certain farming ponds resulting in a decline in the overall prawn harvest and corresponding financial performance which gave rise to indication of impairment on the CGU assets of NCSB. NCSB also operates Wakuba 2 farm which was partially constructed during the financial year whereby 34 farming ponds are currently in operation out of the total capacity of 99 farming ponds. There is indication of impairment in the development of the partially constructed Wakuba 2 farm mainly attributed to the challenging conditions at the nearby Wakuba 1 farm which has experienced low survival rates that impacted its overall prawn harvest during the financial year.

Accordingly, the Group has performed the impairment assessment to estimate the recoverable amount of NCSB's prawn aquaculture segment which comprised of the following cash generating units ("CGUs"):

CGU 1 - Umas farm

- PPE amounted to RM110.6 million;
- Work-in-progress ("WIP") amounted to RM0.3 million; and
- Intangible asset pertaining to technology know-how for prawn aquaculture amounted to RM36.9 million.

CGU 2 - Wakuba 2 farm

- PPE amounted to RM8.2 million; and
- WIP amounted to RM12.6 million.

The key assumptions used in the VIU calculations of two (2) CGUs of NCSB prawn aquaculture segment are disclosed in Note 11(a) and a pre-tax discount rate of 8.5% (2022: 8.2%) was applied to the calculations in determining the recoverable amounts of the CGUs.

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(d) Impairment review (cont'd)

MAG Aquaculture Sdn. Bhd. ("MASB")

MASB operates Wakuba 1 farm which faced challenges due to lower survival rates of the prawns resulting in a reduced overall prawn harvest during the financial year and these circumstances gave rise to indication of impairment on the CGU assets of MASB.

Accordingly, the Group has performed the impairment assessment to estimate the recoverable amount of MASB's prawn aquaculture segment which comprised of the following CGU:

CGU 3 - Wakuba 1 farm

- PPE amounted to RM138.4 million; and
- WIP amounted to RM6.5 million.

The key assumptions used in the VIU calculations of CGU 3 of MASB prawn aquaculture segment is disclosed in Note 11(a) and a pre-tax discount rate of 8.3% (2022: 8.2%) was applied to the calculations in determining the recoverable amount of the CGU.

Based on the impairment assessment performed on CGU1, CGU 2 and CGU 3, the recoverable amounts of the CGUs were estimated to be higher than their respective CGU assets, and accordingly no impairment loss was recognised in the financial year ended 30 June 2023.

11. INTANGIBLE ASSETS

	Goodwill on consolidation RM'000	Technology know-how RM'000	Total RM'000
Group			
Cost			
2023			
At beginning/end of the financial year	87,839	60,065	147,904
Accumulated Amortisation			
At beginning of the financial year	-	1,581	1,581
Amortisation for the year	-	1,581	1,581
At end of the financial year	-	3,162	3,162
Net Carrying Amount			
At end of the financial year	87,839	56,903	144,742

11. INTANGIBLE ASSETS (cont'd)

	Goodwill on consolidation RM'000	Technology know-how RM'000	Total RM'000
Group (cont'd)			
Cost			
2022			
At beginning of the financial year	1,388	-	1,388
Acquisition of subsidiary [Note 12(a)]	86,451	60,065	146,516
At end of the financial year	87,839	60,065	147,904
Accumulated Amortisation			
At beginning of the financial year	-	-	-
Amortisation for the year	-	1,581	1,581
At end of the financial year	-	1,581	1,581
Net Carrying Amount			
At end of the financial year	87,839	58,484	146,323

(a) Goodwill on consolidation

In prior year, the addition of goodwill of RM86.5 million arose upon acquisition of North Cube Sdn Bhd ("NCSB") and its subsidiaries that principally involved in the prawn aquaculture, food processing, manufacturing and export of prawn businesses.

The effect of the above acquisition of NCSB which qualified as business combination is disclosed as below:

	2022 RM'000
Fair value of identifiable net assets acquired [Note 12(a)]	104,565
Goodwill arising from business combination	
Fair value of consideration transferred	191,016
Less: fair value of identifiable net assets acquired	(104,565)
Goodwill	86,451

Impairment testing for CGU containing goodwill

Goodwill has been allocated to the Group's CGU identified according to subsidiaries as follow:

	Group	
	2023 RM'000	2022 RM'000
MAG Aquaculture Sdn Bhd ("MASB")	1,388	1,388
North Cube Sdn Bhd ("NCSB")	86,451	86,451
	87,839	87,839

11. INTANGIBLE ASSETS (cont'd)

(a) Goodwill on consolidation (cont'd)

Impairment testing for CGU containing goodwill (cont'd)

For the purpose of impairment testing, goodwill is allocated to the Group's CGU which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Management has assessed the recoverable amount of goodwill based on fair value less cost of disposal ("FVLCOD") method using cash flows projection derived from the most recent financial projections approved by the Director covering a five (5) years period plus the projection for the remaining useful life of the farms' forecasted operational results.

The key assumptions used in the determination of recoverable amounts are as follows:

NCSB

(i) Prawn aquaculture segment

Umas farm ("CGU 1")

Revenue growth

The revenue is projected based on the key assumptions below:

(a) No growth rate on market price of prawn;
(b) Expected annual total harvest weight determined by the assumed survival rate ranging from 75% to 79% (2022: 70% to 75%);
(c) Expected harvest cycle which ranges from 1.5 to 2.0 (2022: 2.0) times per year; and
(d) No growth rate on the projected cash flows beyond the 5th year to the end of the remaining useful life of farm.

Wakuba 2 farm ("CGU 2")

Revenue growth

The revenue is projected based on the key assumptions below:

(a) No growth rate on market price of prawn;
(b) Expected annual total harvest weight determined by the assumed survival rate ranging from 55% to 65% (2022: Nil);
(c) Expected harvest cycle which ranges from 1.5 to 2.0 (2022: Nil) times per year; and
(d) No growth rate on the projected cash flows beyond the 5th year to the end of the remaining useful life of farm.

(ii) Trading segment

Revenue growth

(a) Estimated annual market price growth of 2.80% (2022: 3.00%) based on estimated annual inflation rate;
(b) Budgeted gross margin of 42% (2022: 42%); and
(c) No growth rate to derive at terminal value.

(iii) Discount rate

A post-tax discount rate of 7.8% (2022: 7.5%) was applied to the calculations in determining the recoverable amount of the goodwill on consolidation together with the net assets of NCSB.

11. INTANGIBLE ASSETS (cont'd)

(a) Goodwill on consolidation (cont'd)

The key assumptions used in the determination of recoverable amounts are as follows: (cont'd)

MASB

(i) Prawn aquaculture segment

Wakuba 1 farm ("CGU 3")

Revenue growth

The revenue is projected based on the key assumptions below:

(a) No growth rate on market price of prawn;
(b) Expected annual total harvest weight determined by the assumed survival rate ranging from 55% to 65% (2022: 70% to 75%);
(c) Expected harvest cycle of 2.0 (2022: 1.4 to 1.5) times per year; and
(d) No growth rate on the projected cash flows beyond the 5th year to the end of the remaining useful life of farm.

(ii) Trading segment

Revenue growth

(a) Estimated annual market price growth of 2.80% (2022: 3.00%) based on estimated annual inflation rate;
(b) Budgeted gross margin of 34% (2022: 30%); and
(c) No growth rate to derive at terminal value.

(iii) Discount rate

A post-tax discount rate of 7.7% (2022: 7.5%) was applied to the calculations in determining the recoverable amount of the goodwill on consolidation together with the net assets of MASB.

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing recoverable amounts have been considered in determining the recoverable amounts of the cash-generating unit. Based on the sensitivity analysis performed, management concluded that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the CGUs to be materially below their carrying amounts.

(b) Technology know-how

Relates to technology know-how for the prawn aquaculture, food processing and manufacturing businesses of NCSB and its subsidiaries, which were arising from the farming techniques, processing and manufacturing processes. Technology know-how and the experience in these industries were acquired by the Group through acquisition of NCSB and its subsidiaries in prior year as disclosed in Note 12(a).

The amortisation of the technology know-how of the Group amounted to RM1,580,647 (2022: RM1,580,647) is included in "administrative expenses" in the statements of comprehensive income of the Group and the amortisation rate used was based on the estimated useful lives of NCSB's ponds of 38 years.

11. INTANGIBLE ASSETS (cont'd)

(b) Technology know-how (cont'd)

Impairment testing for technology know-how

For the purpose of impairment testing, technology know-how is allocated to the Group's CGU which represents the lowest level within the Group at which the technology know-how is monitored for internal management purposes.

NCSB's Umas farm encountered challenges during the financial year stemming from disease detected in certain farming ponds resulting in a decline in the overall prawn harvest and corresponding financial performance which gave rise to indication of impairment on NCSB's prawn aquaculture segment that consist of CGU 1 and CGU 2 as disclosed in Note 10(d). NCSB's technological know-how pertaining to prawn aquaculture amounted to RM36.9 million as at 30 June 2023 is a component within CGU 1.

Accordingly, the Group has performed impairment assessment to estimate the recoverable amount on the CGUs of NCSB's prawn aquaculture segment based on VIU method. The key assumptions used in the VIU calculations of NCSB's prawn aquaculture segment is disclosed in Note 11(a) and a pre-tax discount rate of 8.5% (2022: 8.2%) was applied to the calculations in determining the recoverable amount of the CGU.

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	**2022**
	RM'000	**RM'000**
Unquoted equity shares, at cost		
At beginning of the financial year	416,116	225,100
Addition	50,000	191,016
At end of the financial year	466,116	416,116
Non-cumulative convertible redeemable preference shares*		
At beginning/end of the financial year	59,902	59,902
	526,018	476,018

* *The shares in Supreme Global Group Limited, were subscribed by the Company in prior years for settlement of RM59.9 million owing to the Company.*

12. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:

	Country of Incorporation	Principal Activities	Effective Equity Interest 2023 %	Effective Equity Interest 2022 %
Subsidiaries of the Company				
MAG Marine Food Sdn. Bhd. ("MAG MF")	Malaysia	Investment holding	100	100
Supreme Global Group Limited ("SGGL") *#	Hong Kong Special Administrative Region ("HKSAR") of PRC	Investment holding	100	100
MAG Aquaculture Sdn. Bhd. ("MAG Aqua")	Malaysia	Prawn aquaculture	100	100
North Cube Sdn. Bhd. ("NCSB")	Malaysia	Prawn aquaculture	100	100
Subsidiary of SGGL				
Anyang Herun Oil Technical Service Company Limited [安阳市合润油脂技术服务有限公司] ("AHOT") * #	PRC	Investment holding	100	100
Subsidiary of MAG MF				
Sea Tuna Industry Sdn. Bhd. ("STI") ^	Malaysia	Dormant	52	52
Subsidiaries of NCSB				
North Cube Food Sdn. Bhd. ("NCFSB")	Malaysia	Food processing, manufacturing and export of prawns	100	100
North Cube Aquaculture Sdn. Bhd. ("NCASB")	Malaysia	Dormant	100	100

* *Not audited by Moore Stephens Associates PLT.*

\# *The financial statements are reviewed for consolidation purposes by Moore Stephens Associates PLT in accordance with MFRS and IFRS.*

^ *Currently undergoing liquidation exercise and the financial statements are prepared on break-up basis.*

12. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiary

2022

In prior year, the Company acquired 100% equity interest in NCSB and its subsidiaries, via cash consideration of RM60,000,000, issuance of 300,000,000 new ordinary shares of the Company at RM0.195 each amounting to RM58,500,000 (Note 19) and issuance of 400,000,000 RPS (Note 26) for total purchase consideration of RM191.016 million.

The acquisition was completed on 15 July 2021 and for accounting purposes, the cut-off was taken on 30 June 2021.

	30.6.2021 RM'000
Property, plant and equipment	112,690
Intangible assets	60,065
Trade and other receivables	16,429
Biological assets	9,063
Inventories	4,880
Cash and bank balances	2,762
Amount due to Director	(6,113)
Borrowings	(59,761)
Lease liabilities	(215)
Deferred tax liabilities	(21,184)
Trade and other payables	(13,306)
Tax payables	(745)
Net identifiable assets	104,565
Net cash flow arising from acquisition of subsidiary	
Consideration settled in cash	60,000
Less: Cash and cash equivalents of the subsidiary acquired	(2,762)
Net cash outflow from acquisition of subsidiary	57,238
Goodwill arising on acquisition	
	RM
Fair value of net identifiable assets	104,565
Less: Cost of business combination	(191,016)
Goodwill on consolidation [Note 11(a)]	86,451

(b) Non-controlling interest ("NCI") in subsidiary

(i) The subsidiary of the Group that has NCI is as follow:

	2023	**2022**
STI		
NCI percentage of ownership interest and voting interest	48.00%	48.00%
Carrying amount of NCI (RM'000)	1,650	1,662
Loss allocated to NCI (RM'000)	(12)	(6)

12. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Non-controlling interest in subsidiary (cont'd)

(ii) The summarised financial information before intra-group elimination of the subsidiary that has NCI as at the end of each reporting period is as follows:-

	2023 RM'000	2022 RM'000
STI		
Assets and liabilities		
Non-current assets	-	11
Current assets	3,441	3,456
Current liabilities	(4)	(4)
Net assets	3,437	3,463
Results		
Loss for the financial year	(26)	(12)
Cash flows		
Cash flows used in operating activities	(15)	(15)
Cash flows from investing activities	2	7
Net change in cash and cash equivalents	(13)	(8)

(iii) The reconciliations of net assets of STI to the carrying amounts of the Group's NCI are as follows: -

	2023 RM'000	2022 RM'000
STI		
Assets and liabilities		
Net assets	3,437	3,463
NCI's percentage of ownership interest and voting rights	48.00%	48.00%
Share of net assets by NCI	1,650	1,662

(c) Impairment assessment

As at 30 June 2023, the Company carried out a review of the recoverable amount of its investment in subsidiaries having net assets which are lower than the cost of investment. The recoverable amounts of investment in subsidiaries were derived based on fair value less costs of disposal method which were determined based on future discounted cash flows taking into account tax cash flows of subsidiaries which are available for distribution of dividends.

The key assumptions used for impairment testing of the Company's investment in NCSB are disclosed in Note 11(a).

13. LOAN TO A FORMER SUBSIDIARY

This loan was granted to Henan Xinghe Oil and Fat Company Limited ("HXOF") on 1 October 2019 when it was still a subsidiary of the Group and is unsecured and collectible in five years on 30 September 2024. This loan was interest-free for the period from 1 October 2019 to 31 March 2020 and bears interest at 1.75% per annum with effect from 1 April 2020. The interest is receivable annually in arrears. This deferred receivable is measured at amortised cost at imputed interest rate of 2.75% per annum.

	Group	
	2023	**2022**
	RM'000	**RM'000**
Opening balance for the financial year	270,461	258,343
Add: Accretion of interest	2,588	2,566
Interest income	5,244	5,583
Foreign exchange difference	(5,331)	9,552
Less: Repayment	(5,244)	(5,583)
Closing balance for the financial year	267,718	270,461

The movements in loan balance during the financial year are as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Non-current		
- Receivable later than 1 year but not later than 5 years	275,625	266,073
Add: Foreign exchange adjustment	(5,331)	9,552
Less: Future accretion of interest	(2,576)	(5,164)
	267,718	270,461

14. BIOLOGICAL ASSETS

	Group	
	2023	**2022**
	RM'000	**RM'000**
At fair value:		
Live prawns	9,215	14,100

Movement of the live prawns at fair value can be analysed as follows:

	2023	**2022**
	RM'000	**RM'000**
At beginning of the financial year	14,100	6,718
Acquisition of subsidiary [Note 12(a)]	-	9,063
Additions	21,710	17,575
Changes in fair value	1,153	6,003
Sale of biological assets	(27,748)	(25,259)
At end of the financial year	9,215	14,100

14. BIOLOGICAL ASSETS (cont'd)

Additions of biological assets include cost of fry, feeds and farm consumables. The remaining costs such as pond maintenance, labour costs and utilities are recognised to the statement of profit or loss as incurred.

As at 30 June 2023, the Group held 138 (2022: 155) active ponds with an estimated harvestable produce of 609,802 kgs (2022: 804,198 kgs) of live prawns. The Group is exposed to risks arising from fluctuations in the price and survival rate affecting production volume of live prawns.

In measuring the fair value of biological assets (live prawns), the management has relied upon independent valuer's estimates and judgements to the selling price and estimated survival rates. No deductions are made for sales expenses/costs to sell, as these are not observable on the market, where such expenses are also deemed immaterial.

The fair values of the biological assets are categorised at Level 3 of the fair value hierarchy and were estimated using observable and unobservable inputs for the assets. There was no transfer between hierarchy during the financial year ended 30 June 2023. The following table shows the quantitative information used in the determination of fair values within Level 3:

Key inputs used	**Significant observable and unobservable inputs**	**Inter-relationship between key inputs and fair value**
Selling price	The historical and most recent market transaction price	The higher the market transaction price or market prices, the higher the fair value of the biological assets.
Survival rates	Historical survival rates according to sizes of live prawns	The higher the survival rates, the higher the fair value of the biological assets.

Sensitivity analysis

The sensitivity analysis below indicates the approximate change in the Group's fair value of live prawns that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumptions and other variables remained constant.

	Group 2023	Group 2022
	Increase/(Decrease) in Fair value of biological assets RM'000	Increase/(Decrease) in Fair value of biological assets RM'000
5% increase in selling price	537	182
5% decrease in selling price	(672)	(359)
1% increase in survival rate	183	67
1% decrease in survival rate	(139)	(84)

15. INVENTORIES

	Group 2023 RM'000	Group 2022 RM'000
At cost		
Prawn feeds	1,928	2,308
Consumables	170	103
Diesel	38	124
Finished goods	3,309	1,793
Packaging material	628	723
Goods in transit	421	-
	6,494	5,051

The Group recognised inventories as cost of sales amounted to approximately RM126.29 million (2022: RM81.96 million).

The Group has written off inventories of approximately RM Nil (2022: RM28,000) which was recognised in cost of sales.

Goods in transit during the financial year consist of purchases of prawn feeds and consumables that are yet to be received as at reporting date.

16. SHORT TERM INVESTMENT

The investment in unquoted shares represents 19.86% (2022: 19.86%) equity interest in HXOF which is carried at fair value through profit or loss.

	Group 2023 RM'000	Group 2022 RM'000
Short term investment, at fair value through profit or loss		
At beginning of the financial year	50,800	50,800
Foreign exchange difference	560	-
At end of the financial year	51,360	50,800

In prior financial period, the major shareholder of HXOF has indicated his intention to acquire the remaining 19.86% equity interest in HXOF owned by the Group for a total consideration of CNY 80 million. The indicative offer price of CNY 80 million by the major shareholder of HXOF is valid for three (3) years until 2024 and the Company is currently in the midst of negotiation on the intended acquisition by the major shareholder of HXOF.

17. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Trade receivables	(a)				
Third parties		108,336	65,886	-	-
Director's related companies		-	622	-	-
		108,336	66,508	-	-
Accumulated impairment loss					
At beginning of the financial year		(415)	(415)	-	-
Reversal		251	-	-	-
At end of the financial year		(164)	(415)	-	-
Trade receivables, net		108,172	66,093	-	-
Other receivables					
Amounts owing by third parties		2,214	2,324	-	-
Amount owing by a former subsidiary	(b)	2,286	2,104	-	-
Amount owing by shareholder of a subsidiary	(c)	1,728	1,728	-	-
Amounts owing by subsidiaries	(b)	-	-	57,174	82,356
Deposits	(d)	5,850	5,810	1,076	49
		12,078	11,966	58,250	82,405
Accumulated impairment loss					
At beginning/end of the financial year		(2,180)	(2,180)	-	-
Other receivables, net		9,898	9,786	58,250	82,405
Prepayments	(e)	3,753	833	-	706
		121,823	76,712	58,250	83,111

(a) Trade receivables are non-interest bearing and the normal trade credit term granted by the Group is 90 days (2022: 90 days).

(b) This amount is non-trade in nature, unsecured, interest-free advance which is collectible on demand.

(c) This amount is non-trade in nature, unsecured, interest-free and will be set off against capital to be returned to shareholders upon completion of the liquidation exercise of a subsidiary, as shown in Note 12.

17. TRADE AND OTHER RECEIVABLES (cont'd)

(d) Included in the deposits of the Group are RM4.04 million (2022: RM4.04 million) which represent deposits pledged to licensed banks for banking facilities granted to the Group. Also included in deposits of the Group and the Company is an amount of RM1.05 million (2022: RM Nil) being deposits paid to an external party for the Group's proposed investment arrangement as disclosed in Note 34(ii).

(e) Included in the prepayments of the Group and of the Company are amounts of RM Nil (2022: RM0.71 million) being remaining unamortised transaction costs in relation to unsubscribed Redeemable Convertible Notes ("RCN") as disclosed in Notes 19 and 20. Also included in prepayments of the Group is an amount of RM3.73 million (2022: RM Nil) being prepayment made to contractor for farm upgrading purposes.

18. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash and bank balances	(a)	163,668	162,038	670	30
Fixed deposit with licensed bank	(b)	1,342	1,308	-	-
Cash and cash equivalents		165,010	163,346	670	30

(a) Included in cash and bank balances of the Group are bank balances amounted to RM162.1 million (2022: RM160.1 million) placed with financial institutions located in the People's Republic of China ("PRC").

(b) The fixed deposit placed with licensed bank has effective interest rates ranging from 2.00% to 3.00% per annum (2022: 1.75% to 2.00%) and had maturity period of 1 month (2022: 1 month).

This fixed deposit with licensed bank is pledged as security for banking facility granted to the subsidiary as disclosed in Note 23.

Notes to the Financial Statements
(cont'd)

19. SHARE CAPITAL

		Group and Company			
		Number of shares		Amount	
		2023	2022	2023	2022
	Note	Units'000	Units'000	RM'000	RM'000
Ordinary Shares Issued and fully paid:					
At beginning of the financial year		1,443,323	751,775	508,386	374,361
Issuance of ordinary shares pursuant to:					
- private placement		144,332	331,548	25,258	64,597
- conversion of RCN	20	-	60,000	-	12,000
- acquisition of subsidiary	12(a)	-	300,000	-	58,500
RCN issuance expenses		-	-	-	(1,072)
Proceeds from exercise of warrant		3,183	-	510	-
		1,590,838	1,443,323	534,154	508,386
Warrants conversion monies	(b)	450	-	72	-
At end of the financial year		1,591,288	1,443,323	534,226	508,386

(a) Issuance of Ordinary Shares

2023

During the financial year, the Company has increased its issued and paid-up capital from RM508,386,356 to RM534,225,805 by way of the following for working capital purposes:

(i) issuance of 120,001,300 new ordinary shares on 9 February 2023 at RM0.175 per share totalling RM21,000,228 pursuant to a private placement.

(ii) issuance of 24,331,000 new ordinary shares on 15 February 2023 at RM0.175 per share totalling RM4,257,925 pursuant to a private placement;

(iii) exercise of 3,183,100 Warrants C at an exercise price of RM0.16 per Warrant totalling RM509,296; and

(iv) warrant conversion monies amounted to RM72,000 (450,000 Warrants C at an exercise price of RM0.16 per Warrant) of which cash was received towards the financial year end for conversion of Warrants C and allotment of ordinary shares were completed subsequent to financial year end.

19. SHARE CAPITAL (cont'd)

(a) Issuance of Ordinary Shares (cont'd)

2022

In prior year, the Company's issued ordinary share capital was increased from RM374,361,795 to RM508,386,356 by way of the following:

(i) private placement exercise of 331,548,600 new ordinary shares (250,000,000 placement shares @ RM0.20 per share and 81,548,600 placement shares @ RM0.179 per share) amounted to RM64,597,199 for the purpose of raising fund for cash consideration of acquisition of subsidiary;

(ii) issuance of 300,000,000 new ordinary shares at an issue price of RM0.195 amounted to RM58,500,000 as part of purchase consideration of acquisition of subsidiary; and

(iii) issuance of 60,000,000 new ordinary shares at conversion price of RM0.20 per share pursuant to conversion of RM12 million RCN, net off with issuance costs of RM1,072,638.

(b) Warrants

Warrants B

On 2 September 2020, the Company issued 333,387,142 free warrants ("Warrant B") on the basis of one (1) Warrant B for every two (2) ordinary shares. Each Warrant B entitles the holder of the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.23 per Warrant B.

The salient features of the Warrants B are as follows:

(i) The issue date of the Warrants B is 2 September 2020 and the expiry date is 1 September 2023. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(ii) Each Warrant B entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.23 per Warrant B;

(iii) The Warrants B may be exercisable at any time within three (3) years commencing from and including the date of issuance of Warrant B and ending 5pm on the expiry date. The expiry date is a day falling immediately before the 3rd anniversary of the date of issuance of the Warrant B and if such date is not a market day, then on the preceding market day;

(iv) The exercise price and the number of Warrants B is subject to adjustments in the event of alteration to the share capital of the Company in accordance with the provisions of Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company; and

(v) All new ordinary shares to be issued pursuant to the exercise of the Warrants B will rank pari passu in all respects with the then ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares concerned.

During the financial year, no exercise of Warrants B has taken place. The remaining unexercised number of Warrants B are 333,387,142 units. The remaining unexercised Warrants B have lapsed upon the Maturity Date on 1 September 2023.

19. SHARE CAPITAL (cont'd)

(b) Warrants (cont'd)

Warrants C

On 16 November 2021, the Company issued 352,080,075 free warrants ("Warrant C") on the basis of one (1) Warrant C for every four (4) ordinary shares. Each Warrant C entitles the holder the right to subscribe for one (1) ordinary share in the Company at an exercise price of RM0.16 per Warrant C.

The salient features of the Warrants C are as follows:

(i) The issue date of the Warrants C is 30 September 2021 and the expiry date is 1 September 2024. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(ii) Each Warrant C entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.16 per Warrant C;

(iii) The Warrants C may be exercisable at any time within three (3) years commencing from and including the date of issuance of Warrant C and ending 5pm on the expiry date. The expiry date is a day falling immediately before the 3rd anniversary of the date of issuance of the Warrant C and if such date is not a market day, then on the preceding market day;

(iv) The exercise price and the number of Warrants C is subject to adjustments in the event of alteration to the share capital of the Company in accordance with the provisions of Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company; and

(v) All new ordinary shares to be issued pursuant to the exercise of the Warrants C will rank pari passu in all respects with the then ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares concerned.

During the financial year, 3,183,100 units of Warrants C at an exercise price of RM0.16 per Warrant were exercised amounted to RM509,296 and warrant conversion monies amounted to RM72,000 (450,000 Warrants C at an exercise price of RM0.16 per Warrant) of which cash was received towards the financial year end for conversion of Warrants C and allotment of ordinary shares were completed subsequent to financial year end.

As at 30 June 2023, the total number of Warrants C that remain unexercised amounted to 348,446,975 units.

20. REDEEMABLE CONVERTIBLE NOTES ("RCN")

	Group and Company 2022 RM'000
Equity	
At beginning of the financial year	360
Issuance of RCN	795
Conversion to share capital (Note 19)	(1,155)
At end of the financial year	-
Current Liabilities	
At beginning of the financial year	1,640
Issuance of RCN	9,205
Conversion to share capital (Note 19)	(10,845)
At end of the financial year	-

On 17 July 2019, the shareholders of the Company at the Extraordinary General Meeting approved the issuance of RCN with an aggregate principal amount of up to RM120 million under a RCN programme convertible into a maximum of 600 million ordinary shares of Minimum Conversion Price at RM0.20 each in the Company. The RCN has a tenure of 3 years from the Closing Date ("Maturity Date").

The initial fair value of the liability portion of the RCN was determined using a market interest rate for an equivalent 3 years BBB rated bond (8%) at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the RCN. The remainder of the proceeds are allocated to the conversion option and recognised in statement of changes in equity, net of income tax, and not subsequently remeasured.

The proceeds from the issuance are to be utilised for financing of acquisition of prawn farm and related facilities, repayment of bank borrowings, working capital and expenses in relation to the issuance.

The salient features of the RCN are as follows:

(i) The RCN bear interest from the respective dates on which they are issued and registered at the rate of 1.0% per annum, payable semi-annually in arrears on 30 June and 31 December in each year with the last semi-annual payment of interest being made on the Maturity Date;

(ii) The price at which each Conversion Share shall be issued upon conversion of the RCN be:

- In respect of Tranche 1 Notes, 80% of the average closing price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the forty-five (45) business days immediately preceding the relevant conversion date on which shares were traded on the ACE Market of Bursa Securities; and

- In respect of Tranche 2 Notes, 80% of the average closing price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the forty-five (45) business days immediately preceding the relevant conversion date on which shares were traded on the ACE Market of Bursa Securities.

Provided always that the conversion price for each Share shall not less than the Minimum Conversion Price of RM0.20.

Notes to the Financial Statements
(cont'd)

20. REDEEMABLE CONVERTIBLE NOTES ("RCN") (cont'd)

The salient features of the RCN are as follows: (cont'd)

(iii) The RCN are convertible at the option of the RCN holders into ordinary shares of the Company, subject to the terms of the Redemption Option at any time after the issue date of the RCN and up to the day falling seven (7) days prior to the Maturity Date;

(iv) If the conversion price is less than or equal to 65% of the average of the daily traded volume weighted average price per share for the forty-five (45) consecutive business days prior to the relevant closing date in respect of each first sub-tranche of the respective tranches of the RCN, the Company may redeem the RCN presented for conversion in cash at an amount calculated in accordance with a fixed formula; and

(v) Any RCN not converted at maturity date may be redeemed by the Company at 100% of their principal amount on the Maturity Date.

As at 30 June 2023, the Company has remaining unissued RCN with an aggregate principal amount of up to RM Nil (2022: RM22 million) which are convertible into Nil (2022: 110 million) ordinary shares of the Company based on the minimum conversion price of RM0.20 each and the remaining unissued RCN has lapsed upon the Maturity Date on 23 August 2022.

21. RESERVES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable reserve:					
Exchange translation reserve	(a)	46,148	44,694	-	-
Distributable reserve:					
Retained earnings/ (Accumulated losses)		187,158	152,995	(29,360)	(31,104)
		233,306	197,689	(29,360)	(31,104)

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

22. DEFERRED TAX LIABILITIES

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	29,899	1,269
Acquisition of subsidiary [Note 12(a)]	-	21,184
Recognised in profit or loss (Note 8)	10,624	7,446
At end of the financial year	40,523	29,899
Representing:		
Deferred tax assets	(11,911)	(20,968)
Deferred tax liabilities	52,434	50,867
	40,523	29,899

The components of estimated deferred tax (assets)/liabilities prior to offsetting are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Deferred tax assets:		
Unabsorbed capital allowances	(11,626)	(20,237)
Difference between the net carrying amount of right-of-use assets and lease liabilities	(102)	-
Other deductible temporary differences	(183)	(731)
	(11,911)	(20,968)
Deferred tax liabilities:		
Difference between the carrying amount of property, plant and equipment and its tax base	34,147	32,121
Fair value adjustment in respect of acquisition of subsidiary	17,975	18,680
Other taxable temporary differences	312	66
	52,434	50,867

Deferred tax assets and liabilities are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Notes to the Financial Statements (cont'd)

23. BORROWINGS - SECURED

	Note	Group 2023 RM'000	Group 2022 RM'000
Non-current			
Term financing-i	(a)	88,107	94,653
Current			
Trade working capital financing-i		12,167	8,423
Term financing-i	(a)	9,596	10,378
Cash Line-i		1,000	1,006
		22,763	19,807
		110,870	114,460

Maturity profile of borrowings:

	Group 2023 RM'000	Group 2022 RM'000
On demand or within 1 year	22,763	19,807
More than 1 year and less than 5 years	44,567	44,793
More than 5 years	43,540	49,860
	110,870	114,460

The effective interest rates per annum at the reporting date for the bank borrowings are as follows:

	Group 2023 %	Group 2022 %
Term financing-i	3.82% - 6.75%	3.82% - 5.75%
Trade working capital financing-i	3.40% - 6.25%	3.60% - 5.50%
Cash Line-i	6.70% - 7.60%	6.65% - 6.70%

(a) Term financing-i

	Group 2023 RM'000	Group 2022 RM'000
Repayable within one year (current)	9,596	10,378
Repayable between one and two years	10,220	10,307
Repayable between two and five years	34,411	34,486
Repayable more than five years	43,476	49,860
Repayable after one year (non-current)	88,107	94,653
	97,703	105,031

23. BORROWINGS – SECURED (cont'd)

Term financing-i, Trade working capital financing-i and Cash line-i are secured by the following:

(i) First party legal charge on the leasehold lands of the Group as disclosed in Note 10(b);

(ii) Debenture over fixed and floating charge on the assets, both present and future;

(iii) Corporate guarantee by the Company;

(iv) Personal guarantee by Director of the Company;

(v) Corporate guarantee by subsidiary of Company;

(vi) Deposits [Note 17(d)];

(vii) Fixed deposit with licensed bank (Note 18); and

(viii) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan ("SJPP") with guarantee limit of 80% from the Term financing-i limit of RM0.5 million.

24. LEASE LIABILITIES

	Group	
	2023	**2022**
	RM'000	**RM'000**
Minimum lease payments:		
Within 1 year	877	721
More than 1 year and less than 5 years	9,061	2,023
More than 5 years	81	371
	10,019	3,115
Less: Future finance charges	(1,184)	(385)
Present value of lease payables	8,835	2,730
Present value of lease payables:		
Within 1 year (current)	535	591
More than 1 year and less than 5 years	8,219	1,777
More than 5 years	81	362
More than 1 year (non-current)	8,300	2,139
	8,835	2,730

The lease liabilities have effective interest rates ranging from 3.99% to 10.92% (2022: 3.99% to 10.92%) per annum during the financial year.

Notes to the Financial Statements
(cont'd)

25. TRADE AND OTHER PAYABLES

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Trade payables					
Amount owing to related company	(a)	-	622	-	-
Third parties	(a)	58,416	46,104	-	-
		58,416	46,726	-	-
Other payables					
Amount owing to a former subsidiary	(b)	-	-	2,733	2,733
Amounts owing to subsidiaries	(b)	-	-	2,249	2,249
Amounts owing to related companies	(b)	1,760	2,804	-	-
Amounts owing to Directors	(c)	6,502	8,851	-	-
Third parties		2,671	13,333	29	82
Accruals	(d)	5,363	3,427	3,000	2,488
Prepayment		-	1	-	-
		16,296	28,416	8,011	7,552
		74,712	75,142	8,011	7,552

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2022: 30 days).

(b) Amounts owing to a former subsidiary, subsidiaries and related companies represent advances and payments made on behalf for the Group and the Company which are unsecured, interest-free and are repayable on demand.

(c) Amounts owing to Directors

	Group	
	2023	2022
	RM'000	RM'000
Current		
Future minimum payment	6,502	9,063
Less: Unamortised interest	-	(212)
Present value of minimum payment	6,502	8,851

Included in amounts owing to Directors of the Group is an amount of RM6.48 million (2022: RM6.40 million), which is payable at year 3 commencing from year 2020 and the payment arrangement had expired during the financial year. The deferred payable is measured at amortised cost at imputed interest rate of 6.75% (2022: 6.75%) per annum.

(d) Included in accruals of the Group and of the Company is an amount of RM2.8 million (2022: RM2.4 million) being 3% RPS interest payable as disclosed in Note 26.

26. REDEEMABLE PREFERENCE SHARES ("RPS")

	Group and Company	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	74,325	-
Addition [Note 12(a)]	-	72,517
Remeasurement	(4,183)	-
Accretion of interest	4,319	4,208
RPS interest payable	(2,400)	(2,400)
At end of the financial year	72,061	74,325
Represented by:		
Non-current	72,061	37,736
Current	-	36,589
	72,061	74,325

The issuance of 400,000,000 RPS at an issue price of RM0.20 per RPS (nominal value of RM80,000,000) was issued as part of the purchase consideration for the acquisition of NCSB in prior year as disclosed in Note 12(a).

The fair value of the RPS was calculated on the assumption that the profit guarantee can be met during the guarantee period and was remeasured during the financial year due to changes in the expected full redemption in financial year ended ("FYE") 2027 (2022: expected redemption of RM40 million in FYE 2023 and remaining RM40 million expected redemption in FYE 2024), the interest rate remain as 3.0% per annum.

The redemption amount and dividend cash flows are discounted based on cost of borrowing of 6%.

The salient features of the RPS are as follows:

Issue price	RM0.20 per RPS
Size	400,000,000 RPS
Tenure	5 years commencing from and inclusive of the date of issue of the RPS
Maturity date	The day immediately preceding the 5th anniversary from the date of issue of the RPS. If such a day fall on a non-market day, then the maturity date will be the preceding market day
Voting rights	Restricted to any resolution on winding-up and/or any resolution directly affecting the rights of the RPS holders
Notices	The RPS holders shall be entitled to receive notices of general meetings, reports and audited accounts of the Company and other information which may be reasonably sought
Dividend	3.0% per annum on the Issue Price of RPS, payable semi-annually, subject to the provisions of the Act
Form and denomination	The RPS are to be issued in registered form and constituted by the Constitution of the Company

26. REDEEMABLE PREFERENCE SHARES ("RPS") (cont'd)

The salient features of the RPS are as follows (cont'd):

Conversion right	The RPS are not convertible into new Company Shares
Ranking of the RPS	The RPS shall, upon allotment and issuance, rank equally without any preference or priority among themselves and in priority to the Company's shares, but shall rank behind all secured and unsecured obligations of the Company. In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption): I. the RPS shall confer on the RPS holders the right to receive in priority to the holders of all other class of securities in the share capital of the Company, cash repayment in full of the amount (and the amount of any coupon that has fallen due and remaining in arrears) of up to 100% of the Issue Price of the RPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company; II. the RPS shall not confer on the RPS holders thereof the right to participate in the distribution of surplus assets or profits; and III. in the event that the Company has sufficient assets to permit payment of the full issue price to the RPS holders, the assets of the Company shall be distributed proportionally to the RPS holders in proportion to the amount that each RPS holder would otherwise be entitled to receive.
Redemption	The RPS is redeemable at the Issue Price of the RPS at any time after the Guarantee Period and the auditors of NCSB having issued a certificate confirming the actual profit after tax ("PAT") of NCSB for the Guarantee Period, and during the tenure of the RPS, at the option of the Company, subject to not less than 7 business days' notice in writing being given prior to the Redemption In the event of any Shortfall, the amount of the Shortfall shall be set-off against the redemption of the equivalent value of RPS Any RPS not redeemed by the Company or surrendered by the RPS holders at the Maturity Date shall be redeemed by the Company at the Issue Price of the RPS
Redemption price	The redemption price is at the Issue Price of the RPS together with arrears of dividend payments (if any) up to the date of redemption
Transferability	Non-transferable
Listing	The RPS will not be listed on any stock exchange

27. RELATED PARTY DISCLOSURES

(a) Identity of related parties and transactions

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its subsidiaries, shareholder of a subsidiary, Directors, former subsidiary (i.e. HXOF) and key management personnel. The related party balances are disclosed in Notes 13, 17 and 25.

The related party transactions of the Group and of the Company are shown below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions with subsidiaries:				
Advances to/(from)	-	-	26,265	(11,377)
Repayment from	-	-	(5,412)	-
Dividend income	-	-	(3,965)	-
Transactions with former subsidiaries:				
Interest income	(5,244)	(5,583)	-	-
Accretion of interest	(2,588)	(2,566)	-	-
Repayment from	5,244	5,583	-	97
Transactions with related companies				
Repayment to	(1,134)	(2,535)	-	-
Advance from	90	-	-	-
Transactions with Directors:				
Novation of debt	-	(100)	-	-
Interest expense	212	418	-	-
Acquisition of subsidiary	-	(191,016)	-	(191,016)
Advance from	30	-	-	-
Repayment to	(161)	-	-	-

(b) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any Directors of the Group and of the Company.

The detailed information on Directors' and other key management personnel's remuneration is disclosed in Note 7(b).

28. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following three (3) operating segments:

(i) Prawn aquaculture;

(ii) Trading of prawns; and

(iii) Others made up of investment holding and dormant companies.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

(a) Reporting format

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker ("CODM"). Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

(b) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(c) Major customers

The Group has 2 customers (2022: 1 customer) which contributed 83% (2022: 92%) of the Group's revenue during the financial year.

(d) Geographical information

No other segmental information such as geographical segment is presented as the Group's main principal business are conducted within Malaysia.

28. OPERATING SEGMENTS (cont'd)

Information regarding the Group's total reportable segments are presented below:

	Prawn Aquaculture RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Group RM'000
2023					
Revenue					
Sales to external customers	65,954	164,754	-	(29,071)	201,637
Segment profit before tax	(1,979)	69,202	(20,699)	(1,180)	45,344
Included in the measure of segment profit are:					
Cost of sales	(67,933)	(95,552)	-	29,071	(134,414)
Interest income	-	-	5,280	-	5,280
Accretion of interest on loan to a former subsidiary	-	-	2,588	-	2,588
Interest expenses	(13,709)	-	-	-	(13,709)
Depreciation of property, plant and equipment	(10,228)	-	-	-	(10,228)
Amortisation of intangible assets	(1,581)	-	-	-	(1,581)
Fair value adjustment on biological assets	1,153	-	-	-	1,153
Segment assets	420,400	-	1,206,470	(550,687)	1,076,183

28. OPERATING SEGMENTS (cont'd)

Information regarding the Group's total reportable segments are presented below: (cont'd)

	Prawn Aquaculture RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Group RM'000
2022					
Revenue					
Sales to external customers	53,973	91,656	-	(8,524)	137,105
Segment profit before tax	(11,031)	33,647	4,844	(2,161)	25,299
Included in the measure of segment profit are:					
Cost of sales	(42,407)	(58,009)	-	8,730	(91,686)
Interest income	-	-	5,590	-	5,590
Accretion of interest on loan to a former subsidiary	-	-	2,566	-	2,566
Interest expenses	(9,194)	-	-	-	(9,194)
Depreciation of property, plant and equipment	(9,179)	-	-	-	(9,179)
Amortisation of intangible assets	(1,581)	-	-	-	(1,581)
Fair value adjustment on biological assets	6,003	-	-	-	6,003
Segment assets	345,890	-	977,385	(318,982)	1,004,293

28. OPERATING SEGMENTS (cont'd)

Reconciliations of Group's reportable segment profit or loss and assets are presented as below:

	Group 2023 RM'000	2022 RM'000
Segment profit	46,524	27,460
Inter-segment	(1,180)	(2,161)
Profit before tax	45,344	25,299
Segment assets	1,626,870	1,323,275
Inter-segment assets	(550,687)	(318,982)
Total assets	1,076,183	1,004,293

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised costs respectively.

Financial Risk Management Objectives and Policies

The Group's and the Company's risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including credit risk, interest risk, foreign currency risk, liquidity risk and aquaculture risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer, amount due from a former subsidiary and loan to a former subsidiary. The Company's exposure risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior year.

<u>Trade receivables</u>

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating.

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Trade receivables (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

At each reporting date, the Group assesses whether any of the receivables are credit impaired.

There are no significant changes as compared to previous year.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk arising from the amount owing by 2 customers (2022: 1 customer) constituting 98% (2022: 92%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 90 days after the lapsed of credit term granted, which are deemed to have higher credit risk, are monitored individually.

The Group assesses impairment of trade receivables on individual basis due to the number of debtors are minimal and can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provide information about the exposure to credit risk and ECL for trade receivables as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Group	
	2023	**2022**
	RM'000	**RM'000**
Not past due	85,961	37,773
Past due but not impaired:		
More than 30 days	9,578	16,291
More than 60 days	4,692	7,692
Less than 90 days	4,890	-
	19,160	23,983
Credit impaired:		
Individually assessed	3,215	4,752
Trade receivables, gross	108,336	66,508
Less: Expected credit losses	(164)	(415)
Trade receivables, net	108,172	66,093

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group who have no recent history of default.

Receivables that are past due but not impaired

The Group has not provided allowance for expected losses on these trade debtors as there have been no significant changes in their credit qualities and the amounts are still considered recoverable. These trade debtors relate mostly to customers with slower repayment patterns, for whom there is no history of default and outstanding balances usually settled 90 days after the lapse of credit term granted. The Group does not hold any collateral or other credit enhancement over these balances.

Credit impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties, have defaulted on payments 90 days after the lapse of credit terms granted and were partially settled subsequent to reporting date. These receivables are not secured by any collateral or credit enhancements.

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables, amount owing by a shareholder of a subsidiary and deposits

Expected credit losses of other receivables are determined individually after considering the financial strength of the other receivables. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

For other receivables and deposits, any balances which are past due more than 365 days are considered as credit impaired. The allowance for expected credit losses has been disclosed in Note 17.

The amount owing by shareholder of a subsidiary, which is past due more than 365 days was not impaired as this amount will be set off against capital to be returned to shareholders upon completion of the liquidation exercise of a subsidiary.

Financial guarantee

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantee to bank in respect of banking facility granted to a subsidiary. The Company monitors on an ongoing basis the result of the subsidiary and repayment made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM48.6 million (2022: RM50.9 million) representing the outstanding banking facility of the subsidiary as at the end of the reporting period. The financial guarantee is provided as credit enhancement to the subsidiary's banking facility.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the financial institutions in full; or
- The subsidiary is continuously loss making and is having a deficit in shareholders' fund.

The financial guarantee is subject to the impairment requirements under MFRS 9. There was no indication that the subsidiary which was granted with the banking facility would default on repayment. The Company assessed that the subsidiary's banking facility is secured by assets and hence, does not expect significant credit loss arising from the financial guarantee granted.

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Amounts owing by former subsidiary, subsidiaries and related companies

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured loans and advances to former subsidiary, subsidiaries and related companies. The Company monitors the abilities of the former subsidiary, subsidiaries and related companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any credit enhancements.

Recognition and measurement of impairment loss

Intercompany loans between entities within the Group are collectible on demand. For loans that are collectible on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. Generally, the Group and the Company consider loans and advances to former subsidiary, subsidiaries and related companies have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the former subsidiary's, subsidiaries' and related companies' financial positions deteriorate significantly.

As the Group and the Company are able to determine the timing of payments of the former subsidiary's, subsidiaries and related companies' loans and advances when they are payable, the Group and the Company the former subsidiary's, subsidiaries and related companies' loans and advances to be credit impaired when the former subsidiary, subsidiaries and related companies are unlikely to repay their loan or advances to the Group and the Company in full given insufficient highly liquid resources when the loans and advances are demanded. The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

At the reporting date, there was no indication of impairment loss in respect of amounts owing by former subsidiary, subsidiaries and related companies.

Loan to a former subsidiary

This loan is unsecured and will only be repayable on 30 September 2024. There is a letter of undertaking from two (2) shareholders, Henan Agri-Industrial Investment Co. Ltd. (河南省农投产业投资有限公司), a wholly-owned subsidiary of Henan Finance Bureau (河南省财政厅) and Huang YunLin (黄运林) whom is the representative of the local government authority in PRC to ensure the settlement of the loan upon maturity. Premised on this, the Group considers the loan to a former subsidiary has low credit risk. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statements of financial position. There was no indication of impairment loss in respect of the loan to a former subsidiary as it is serving the interests without default.

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its floating rate instruments at the reporting date and the year, in which they reprice or mature, whichever is earlier.

Exposure in interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2023	2022
	RM'000	RM'000
Floating rate instruments		
Borrowings	110,870	114,460

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period with all other variables held constant:

	Group	
	Increase/(Decrease) in	
	Profit net of tax/equity	Profit net of tax/equity
	2023	2022
	RM'000	RM'000
Effect on profit after tax/equity		
Increase of 100 basis points (2022: 100 basis points)	(843)	(870)
Decrease of 100 basis points (2022: 100 basis points)	843	870

(c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has not entered into forward foreign exchange contracts during the current financial year.

The Group is exposed to currency translation risk arising from the inter-company transactions in PRC subsidiaries denominated in Chinese Yuan ("CNY") and Hong Kong subsidiary denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD") for trade receivables. This inter-company transaction is not hedged as the currency position in CNY and HKD are considered to be long-term in nature.

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Foreign Currency Risk (cont'd)

Foreign exchange exposures in transactional currency other than functional currency of the Group is kept to an acceptable level.

Exposure foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk, based on carrying amounts as at end of the reporting period was:

	Group 2023 RM'000	Group 2022 RM'000
Denominated in USD		
- Trade receivables	1,870	4,985
Denominated in CNY		
- Other receivables	145,296	148,104
	147,166	153,089

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity analysis of the Group's profit after tax to reasonably possible changes in HKD and USD exchange rate against the functional currencies of the other Group entities, with all other variables being constant.

		Group (Decrease)/Increase in Profit net of tax 2023 RM'000	Group (Decrease)/Increase in Profit net of tax 2022 RM'000
HKD/CNY	- strengthened 3% (2022: 3%)	(3,640)	(3,710)
	- weakened 3% (2022: 3%)	3,640	3,710
USD/RM	- strengthened 3% (2022: 3%)	(43)	(114)
	- weakened 3% (2022: 3%)	43	114

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

29. FINANCIAL INSTRUMENTS (cont'd)

(d) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amount RM'000	<---------- Contractual Cash Flows ---------- On Demand/ within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000 >
2023					
Group					
Financial liabilities:					
Trade and other payables	74,712	74,712	-	-	74,712
Borrowings	110,870	26,897	55,635	46,948	129,480
Lease liabilities	8,835	877	9,061	81	10,019
RPS	72,061	-	92,000	-	92,000
	266,478	102,486	156,696	47,029	306,211
Company					
Financial liabilities:					
Other payables	8,011	8,011	-	-	8,011
Financial guarantee*	-	48,576	-	-	48,576
	8,011	56,587	-	-	56,587

29. FINANCIAL INSTRUMENTS (cont'd)

(d) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

		<------ Contractual Cash Flows			------>
	Carrying amount RM'000	**On Demand/ within 1 year RM'000**	**1 to 5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
2022					
Group (cont'd)					
Financial liabilities:					
Trade and other payables	75,142	75,354	-	-	75,354
Borrowings	114,460	24,525	61,283	55,717	141,525
Lease liabilities	2,730	721	2,023	371	3,115
RPS	74,325	41,200	40,000	-	81,200
	266,657	141,800	103,306	56,088	301,194
Company (cont'd)					
Financial liabilities:					
Other payables	7,552	7,552	-	-	7,552
Financial guarantee*	-	50,918	-	-	50,918
	7,552	58,470	-	-	58,470

* *The liquidity risk exposure is included for illustration purposes only as the related financial guarantee have not crystalised.*

29. FINANCIAL INSTRUMENTS (cont'd)

(e) Financial Risk Management Strategies Related to Aquaculture Activity

The Group is exposed to financial risk in respect to aquacultural activity. The aquaculture activity of the Group consists of the management of biological assets to produce marketable output. The primary financial risk associated with this activity occurs due to the length of time between expanding cash on the purchase or cultivation and maintenance of biological assets and on harvesting and ultimately receiving cash from the sale of the marketable output. The Group plans for cash flow requirements for such activities and manages its debt and equity portfolio actively.

30. FAIR VALUE INFORMATION

Assets carried at fair value

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2023			
Group			
Assets			
Short term investment	51,360	51,360	51,360
Biological assets	9,215	9,215	9,215
2022			
Group			
Assets			
Short term investment	50,800	50,800	50,800
Biological assets	14,100	14,100	14,100

Level 3:

The fair value of biological asset is determined based on valuation by an independent registered valuer, which was based on significant observable and unobservable inputs.

The fair value of short term investment was determined based on the indicative offer price from the major shareholder of HXOF as disclosed in Note 16.

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial positions are disclosed in Notes 14 and 16.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amount of long-term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amounts of short term receivables and payables, cash and cash equivalents approximate their fair values due to the relatively short term nature of these financial instruments and the insignificant impact of discounting.

31. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group and the Company is to ensure that entities of the Group and of the Company would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios.

The Group and the Company manage their capital structures and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structures, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2023 and 30 June 2022.

The Group and the Company monitor capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt include borrowings and lease liabilities, less cash and cash equivalents whist total equity is equity attributable to Owners of the Company.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Borrowings (Note 23)	110,870	114,460	-	-
Lease liabilities (Note 24)	8,835	2,730	-	-
Total liabilities	119,705	117,190	-	-
Cash and cash equivalents (Note 18)	(165,010)	(163,346)	(670)	(30)
Net cash	(45,305)	(46,156)	(670)	(30)
Total equity attributable to Owners of the Company	767,532	706,075	504,866	477,282
Debts-to-equity ratio	n.m	n.m	n.m	n.m

n.m Not meaningful

Under the terms of a borrowing facility, a subsidiary is required to comply with the following financial covenant:

(i) The total equity shall be maintained at a positive level throughout the tenure of the facility.

The Group has complied with externally imposed capital requirement as mentioned above. As at 30 June 2023, the total equity of MASB (subsidiary that is subject to the loan covenant) was RM77.28 million (2022: RM19.55 million).

32. CAPITAL COMMITMENTS

The Group has the following commitments:

		Group	
	Note	2023 RM'000	2022 RM'000
Authorised and contracted for:			
Ponds and farm improvements		131,054	13,265
Less: Payments made		(3,726)	(12,470)
		127,328	795
Proposed investments	34(ii)	20,885	-
Less: Payments made	17(d)	(1,047)	-
		19,838	-
		147,166	795

33. MATERIAL LITIGATION

(i) *High Court of Kuala Lumpur Case No. WA-22NCC-437-09/2020. Ng Min Lin ("1st Plaintiff") and North Cube Sdn Bhd ("NCSB or 2nd Plaintiff") v Reymee Bin Mohamed Hussein ("Reymee or 1st Defendant") and Wondeux (M) Sdn Bhd ("WMSB or 2nd Defendant")*

1st Plaintiff and NCSB are claiming for compensation amounting to RM2,000,000 arising from the alleged breaches by Reymee and WMSB of the terms of the Funding Agreement dated 8 January 2019 entered into between NCSB and WMSB ("Funding Agreement"). 1st Plaintiff and NCSB further seek a series of declarations, inter alia that the Funding Agreement has lapsed, and that Reymee is not the Chief Corporate Officer of NCSB.

The trial came up on 23 August 2021 to 27 August 2021, 4 to 8 April 2022, 12 to 14 April 2022 and 5 to 9 September 2022 before the Judge. The decision of this matter has been delivered on 5 January 2023 and has been consolidated with WA-22NCC-43-01/2021 under Note 33(ii).

(ii) *High Court of Kuala Lumpur Case No. WA-22NCC-43-01/2021. Reymee Bin Mohamed Hussein ("Reymee or 1st Plaintiff") v Ng Min Lin ("1st Defendant") and North Cube Sdn Bhd ("NCSB or 2nd Defendant")*

Reymee is seeking for declarations that the validity period of the Funding Agreement was mutually extended, and there was an oral collateral contract between Reymee and 1st Defendant and NCSB that 3% of the NCSB's shares have been assigned to Reymee. Reymee is further seeking a declaration that he is the Chief Corporate Officer of NCSB and 1st Defendant and NCSB are jointly and severally liable to him for the sum of RM2,700,000, being the value of 3% of NCSB's shares.

The matter has undergone a joint trial on 23 August 2021 to 27 August 2021, 4 to 8 April 2022, 12 to 14 April 2022 and 5 to 9 September 2022 before the Judge.

On 5 January 2023, the learned High court Judge delivered a joint Judgement for both cases listed under Note 33(i) & Note 33(ii). The Court dismissed Reymee's claim in case No WA-22NCC-43-01/2021 with costs of RM75,000 to be paid by Reymee and Wondeux. By virtue of dismissal, it was no longer necessary for the Court to deal with Case No. WA-22NCC-437-09/2020 [Note 33(i)], and therefore, this case was also dismissed with costs of RM15,000.

Notes to the Financial Statements (cont'd)

33. MATERIAL LITIGATION (cont'd)

(ii) *High Court of Kuala Lumpur Case No. WA-22NCC-43-01/2021. Reymee Bin Mohamed Hussein ("Reymee or 1st Plaintiff") v Ng Min Lin ("1st Defendant") and North Cube Sdn Bhd ("NCSB or 2nd Defendant")* (cont'd)

Reymee filed an appeal against the dismissal of Suit 43 via Putrajaya Court of Appeal Civil Appeal No: W-02(NCC)(W)-183-02/2023. The Appeal is currently fixed for hearing/decision on 17 January 2024.

(iii) *High Court of Kuala Lumpur Case No. WA-22IP-38-07/2020. Ng Min Lin ("1st Plaintiff") and North Cube Sdn Bhd ("NCSB or 2nd Plaintiff") v Steven Mak ("Steven or 1st Defendant") and Wondeux (M) Sdn Bhd ("WMSB or 2nd Defendant")*

1st Plaintiff and NCSB are claiming for compensation amounting to RM2,000,000 arising from the alleged breaches by Steven and WMSB of the terms of the Funding Agreement. 1st Plaintiff and NCSB further seek a series of declarations, inter alia that the Funding Agreement has lapsed, that Steven is not the Chief Marketing Officer of NCSB, and further that Steven does not own the copyrights and trademarks of NCSB.

The matter has been consolidated with WA-22IP-43-08/2020 under Note 33(iv).

(iv) *High Court of Kuala Lumpur Case No. WA-22IP-43-08/2020. Steven Mak ("Steven or 1st Plaintiff") v Ng Min Lin ("1st Defendant") and North Cube Sdn Bhd ("NCSB or 2nd Defendant")*

Steven is seeking for declarations that the validity period of the Funding Agreement was mutually extended, and that Steven is owed the sum of RM405,900 (payment order) being works done for NCSB. Steven is further seeking a declaration that he is the Chief Marketing Officer or an employee of NCSB, and that Steven owns the copyrights and trademarks of "North Cube", and is further claiming damages of RM5,000,000 from 1st Defendant and NCSB for breach of his intellectual property's trademarks and copyrights. In addition, Steven is also seeking an injunction to prohibit NCSB from using his copyright and trademarks, a mandatory injunction for NCSB to produce NCSB's book of accounts. 1st Defendant and NCSB's interlocutory application for interrogatories against Steven was allowed on 9 February 2021. Steven has responded to the interrogatories.

The matter has been consolidated with WA-22IP-38-07/2020 under Note 33(iii) and both matters are currently fixed for full trial on 5, 6, 10, 11, 12 and 13 June 2024 before YA Puan Adlin Binti Abdul Majid. 1st Defendant and NCSB have obtained a Security for Costs of RM40,000 against Steven Mak pending the disposal of both matters.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Private placement exercise

(a) issuance of 120,001,300 new ordinary shares on 9 February 2023 at RM0.175 per share totalling RM21,000,228; and

(b) issuance of 24,331,000 new ordinary shares on 15 February 2023 at RM0.175 per share totalling RM4,257,925.

(ii) Proposed investment

On 26 June 2023, the Company entered into a term sheet with Lim Shrimp Organisation Limited ("LSOL"), in respect of the proposed investment by the Company of 50% equity in Lim Shrimp Aquapolis Pte. Ltd and joint venture with PT Gerbang NTB Emas for shrimp farming and processing in Sumbawa, Indonesia. As at 30 June 2023, the value of the proposed investment is at SGD6,075,000 or approximately RM20,885,000.

35. SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

(i) Dividend

On 30 August 2023, the Directors of the Company proposed a final single tier dividend of 0.1 sen per ordinary share for the financial year ended 30 June 2023 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

(ii) Exercise of Warrants C

Subsequent to the financial year end, a total of 8,079,000 units of Warrants C at an exercise price of RM0.16 were exercised amounted to RM1,292,640. As at reporting date, the total numbers of Warrants C that remain unexercised amounted to 340,367,975 units.

(iii) Proposed investment

On 2 October 2023, pursuant to the term sheet dated 26 June 2023, the Directors of the Company have announced that the Company and LSOL (collectively referred as "the Parties") have mutually agreed to extend the subscription and shareholders agreement for another three (3) months, i.e. 26 December 2023 as the Parties need more time for feasibility study and due diligence exercises, as well as administrative processes involving the Provincial Government of the Province of West Nusa Tenggara.

(iv) Investment in subsidiary

On 15 August 2023, the Company incorporated a wholly-owned subsidiary, named MAG Adventure Sdn. Bhd., with 1 ordinary share at RM1.

36. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with current financial year presentation.

	Group	
	As previously reported RM'000	As reclassified RM'000
Statement of comprehensive income		
Other income	8,572	8,288
Administrative expenses	(19,498)	(19,214)
Cash Flows from Operating Activities		
Adjustment for:-		
Fair value adjustment on biological assets	2,383	(6,003)
Changes in working capital:		
Biological assets	(702)	7,684

LIST OF PROPERTIES
AS AT 30 JUNE 2023

Address	Description/ existing use	Tenure	Land Area	Age of buildings	Net Book Value RM'000	Date of Acquisition
Wakuba Farm CL105466466 Kampung Wakuba Daerah Tawau, Sabah	An aquaculture farm with 102 shrimp ponds, buildings, structures, and plant and machinery	99-year leasehold interest (expiring on 31 December 2088).	97.90 hectares	9 - 21 years	138,366	12.12.2019
Umas Farm CL105571971 Kampung Umas-umas Daerah Tawau, Sabah	An aquaculture farm with 151 shrimp ponds, buildings, structures, and plant and machinery	99-year leasehold interest (expiring on 31 December 2078).	120.52 hectares	16 Years	118,453	03.05.2019

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023

Number of Issued Shares	:	1,599,367,865 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share held

DISTRIBUTION OF SHAREHOLDERS

Size of shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	558	10.82	22,296	0.00*
100 - 1,000	511	9.91	226,202	0.01
1,001 - 10,000	1,551	30.07	8,190,153	0.51
10,001 - 100,000	1,933	37.48	71,351,618	4.46
100,001 - 79,968,392	604	11.71	1,311,980,396	82.03
79,968,393 and above (**)	1	0.02	207,597,200	12.98
TOTAL	**5,158**	**100.00**	**1,599,367,865**	**100.00**

Notes:
* *The percentage of shares is negligible.*
** *Less than 5% of issued shares*
*** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS
(Based on the Registrar of Directors' Shareholdings)

Name of Directors	Nationality	Direct Interest Number of Shares	Direct Interest %	Indirect Interest Number of Shares	Indirect Interest %
1. Ng Min Lin	Malaysia	426,220,097	26.65	–	–
2. Yeoh Wooi Kia	Malaysia	–	–	–	–
3. Collin Goonting a/l O.S. Goonting	Malaysia	–	–	–	–
4. Datuk Lim Si Cheng	Malaysia	80,000	0.01	–	–
5. Wan Mohd Hazrie bin Wan Mokhtar	Malaysia	–	–	–	–
6. Melvin Lim Chun Woei	Malaysia	48,250,652	3.02	–	–
7. Wong Jo Ann	Malaysia	–	–	–	–

SUBSTANTIAL SHAREHOLDERS
(Based on the Registrar of Substantial Shareholders)

Name of Substantial Shareholders	Nationality	Direct Interest Number of Shares	Direct Interest %	Indirect Interest Number of Shares	Indirect Interest %
1. Ng Min Lin	Malaysia	426,220,097	26.65	–	–

Analysis of Shareholdings

(cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

(Based on the Record of Depositors)
(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Holders	Number of Shares	%
1.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Min Lin*	207,597,200	12.98
2.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Min Lin*	75,230,000	4.70
3.	Hsu, Ching-fu	71,238,600	4.45
4.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pembangunan Sumber Manusia Berhad*	70,000,000	4.38
5.	M & A Nominee (Tempatan) Sdn. Bhd. *Pledged Securities Account Majestic Salute Sdn. Bhd. for Megan Mezanin Sdn. Bhd. (M&A)*	56,101,700	3.51
6.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account - AmBank (M) Berhad for Ng Min Lin (Smart)*	50,000,000	3.13
7.	Pelican Prospect Sdn. Bhd.	31,980,981	2.00
8.	Melvin Lim Chun Woei	31,378,152	1.96
9.	Apex Arena Sdn. Bhd.	30,616,000	1.91
10.	Ajiya Berhad	30,000,000	1.88
11.	HLB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Agrobulk Holdings Sdn. Bhd.*	28,572,000	1.79
12.	Tang & Co Sdn. Bhd.	28,572,000	1.79
13.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Chieng Sim (E-BBB)*	25,000,000	1.56
14.	Ng Min Lin	24,128,148	1.51
15.	HSBC Nominees (Asing) Sdn. Bhd. *Societe Generale Paris*	24,000,000	1.50
16.	M & A Nominee (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Min Lin (M&A)*	23,980,200	1.50
17.	Maybank Nominees (Asing) Sdn. Bhd. *Chang Mei Jung*	22,963,900	1.44
18.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Rakuten Trade Sdn. Bhd. for Soo San Hem*	22,269,000	1.39
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Rakuten Trade Sdn. Bhd. for Lee Seng Teck*	22,000,000	1.38
20.	Lee Choon Hooi	20,000,000	1.25
21.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ting Seafood And Machinery Sdn. Bhd.*	19,645,300	1.23
22.	Cartaban Nominees (Tempatan) Sdn. Bhd. *Exempt An for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)*	17,142,900	1.07
23.	Maybank Nominees (Tempatan) Sdn. Bhd. *Melvin Lim Chun Woei*	16,872,500	1.05
24.	Tee Sook Sing	15,731,000	0.98
25.	Phillip Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Megan Mezanin Sdn. Bhd.*	15,453,113	0.97
26.	Lagenda Perdana Sdn. Bhd.	15,000,000	0.94
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Min Lin (MY3571)	13,950,000	0.87
28.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Pelican Prospect Sdn. Bhd.*	13,647,200	0.85
29.	Ting Seafood and Machinery Sdn. Bhd.	13,532,594	0.85
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Min Lin*	12,514,000	0.78

ANALYSIS OF WARRANTS C HOLDINGS
AS AT 29 SEPTEMBER 2023

Number of outstanding Warrants C	:	340,367,975 Warrants C
Exercise Price	:	RM0.16
Exercise Period	:	10 November 2021 to 08 November 2024
Exercise Rights	:	No voting rights
Voting Rights	:	Each Warrants C entitles the holder during the Exercise Period to subscribe for one (1) new ordinary share in the Company at the Exercise Price

DISTRIBUTION OF WARRANTS C HOLDERS

Size of Warrants C holders	Number of Warrants C Holders	%	Number of Warrants C	%
1 - 99	1,213	26.36	40,404	0.01
100 - 1,000	877	19.06	429,977	0.13
1,001 - 10,000	1,519	33.01	5,832,237	1.71
10,001 - 100,000	705	15.32	26,594,333	7.81
100,001 - 17,018,397*	286	6.21	240,938,987	70.79
17,018,398 and above**	2	0.04	66,532,037	19.55
TOTAL	**4,602**	**100.00**	**340,367,975**	**100.00**

Notes:
* *Less than 5% of issued holdings*
** *5% and above of issued holdings*

DIRECTORS' WARRANTS C HOLDINGS
(Based on the Registrar of Directors' Warrant C Holdings)

		Direct Interest		Indirect Interest	
Name of Directors	Nationality	Number of Warrants C	%	Number of Warrants C	%
1. Ng Min Lin	Malaysia	84,320,948	24.77	–	–
2. Yeoh Wooi Kia	Malaysia	–	–	–	–
3. Collin Goonting a/l O.S. Goonting	Malaysia	–	–	–	–
4. Datuk Lim Si Cheng	Malaysia	20,000	0.01	–	–
5. Wan Mohd Hazrie bin Wan Mokhtar	Malaysia	–	–	–	–
6. Melvin Lim Chun Woei	Malaysia	4,718,163	1.39	–	–
7. Wong Jo Ann	Malaysia	–	–	–	–

Analysis of Warrants C Holdings

(cont'd)

THIRTY (30) LARGEST WARRANTS C HOLDERS

(Based on the Record of Depositors)
(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Warrants C Holders	Number of Warrants C	%
1.	Ng Min Lin	36,532,037	10.73
2.	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account - AmBank (M) Berhad for Ng Min Lin (Smart)*	30,000,000	8.81
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Aik Yong*	8,802,000	2.59
4.	Pelican Prospect Sdn. Bhd.	7,470,000	2.19
5.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Chieng Sim (E-BBB)*	6,250,000	1.84
6.	M & A Nominee (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Min Lin (M&A)*	6,109,850	1.80
7.	Chua Tiong Chun	5,538,000	1.63
8.	Siow Sun Woon	5,145,000	1.51
9.	Kingsley Lim Fung Wang	5,000,000	1.47
10.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Teh Kok Tack (E-TJJ)*	5,000,000	1.47
11.	Ang Yee Hooi	4,850,000	1.42
12.	Er Soon Puay	4,657,100	1.37
13.	Maybank Nominees (Tempatan) Sdn. Bhd. *Melvin Lim Chun Woei*	4,218,125	1.24
14.	MERCSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ho Lih Meng*	4,000,000	1.18
15.	MERCSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Aik Sern*	4,000,000	1.18
16.	Tan Teong Hock	4,000,000	1.18
17.	Yong Boon Chieh	4,000,000	1.18
18.	Ang Weng Hoe	3,800,000	1.12
19.	Lagenda Perdana Sdn. Bhd.	3,750,000	1.10
20.	Affin Hwang Investment Bank Berhad *IVT (TWJ) Tan Wu Ji*	3,594,500	1.06
21.	Kok Yew Kwan	3,314,800	0.97
22.	Chow Jiechan	3,000,000	0.88
23.	Teo Tiew	3,000,000	0.88
24.	Ho Beng Jau	2,800,000	0.82
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Min Lin*	2,591,000	0.76
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Gan Seong Liam*	2,500,000	0.73
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Min Lin (MY3571)*	2,487,500	0.73
28.	Teo Kian Boon	2,400,000	0.71
29.	Lee Gaik Huey	2,381,200	0.70
30.	APEX Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Yung Ping (STA 1)*	2,315,000	0.68

NOTICE OF
18TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting (AGM) of MAG Holdings Berhad (MAG or the Company) will be held at Balai Tunku Abdul Rahman, The Royal Commonwealth Society, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur, W.P. Kuala Lumpur on **Wednesday, 29 November 2023** at **9.00 a.m.** or at any adjournment thereof to consider and if thought fit, to pass the following resolutions with or without modifications:

AGENDA

Ordinary Business

1. To receive the audited financial statements for the financial year ended 30 June 2023 (FYE2023) together with the Directors' and Auditors' Reports thereon. *(See Explanatory Note 1)*

2. To approve the payment of a Final Single Tier Dividend of 0.1 sen per ordinary share for the FYE2023. **Ordinary Resolution 1** *(See Explanatory Note 2)*

3. To approve the payment of Directors' fees from the conclusion of the 18th AGM until the conclusion of the 19th AGM for: **Ordinary Resolution 2** *(See Explanatory Note 3)*

   (i) RM3,500 per month for the Non-Executive Members of the Board of Directors (Board); and

   (ii) RM1,000 per month for the Chairman of the Audit and Risk Management Committee (ARMC).

   (each of the foregoing payments being exclusive of the other).

4. To approve the payment of daily meeting attendance allowance of RM500 to the Non-Executive Directors from the conclusion of the 18th AGM until the conclusion of the 19th AGM. **Ordinary Resolution 3** *(See Explanatory Note 4)*

5. To re-elect the following Directors who retire pursuant to Article 106 of the Company's Constitution (Constitution) and who has offered themselves for re-election:

   (i) Datuk Lim Si Cheng **Ordinary Resolution 4**
   (ii) Mr. Melvin Lim Chun Woei **Ordinary Resolution 5**
   (See Explanatory Note 5)

6. To re-elect the following Directors who retire pursuant to Article 110 of the Company's Constitution and who has offered themselves for re-election:

   (i) Mr. Wan Mohd Hazrie bin Wan Mokhtar **Ordinary Resolution 6**
   (ii) Ms. Wong Jo Ann **Ordinary Resolution 7**
   (See Explanatory Note 6)

7. To appoint Moore Stephens Associates PLT (Moore Stephens) as auditors of the Company for the financial year ending 30 June 2024 at such remuneration to be determined by the Directors. **Ordinary Resolution 8** *(See Explanatory Note 7)*

Notice of 18th Annual General Meeting
(cont'd)

Special Business

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

8. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 (CA 2016) (Proposed General Mandate)**

Ordinary Resolution 9
(See Explanatory Note 8)

"**THAT** subject always to Sections 75 and 76 of the CA 2016, the Constitution, the ACE Market Listing Requirements (AMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 19th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the CA 2016 read together with Article 52 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the CA 2016.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

9. To transact any other ordinary business of which due notice shall have been given in accordance with the Constitution and the CA 2016.

BY ORDER OF THE BOARD
MAG HOLDINGS BERHAD

WONG YUET CHYN (MAICSA 7047163)
(SSM PC No. 202008002451)
Company Secretary
31 October 2023
Kuala Lumpur

Notice of 18th Annual General Meeting (cont'd)

Notes:

1. *A depositor shall not be regarded as a member entitled to attend this AGM or at any adjournment thereof and to speak and vote thereat unless his/her/its name appears on the Record of Depositors as at **21 November 2023** (which is not less than three clear market days before the date of this AGM) issued by Bursa Malaysia Depository Sdn. Bhd. (Bursa Depository) in accordance with the rules of Bursa Depository.*
2. *A member who is a holder of 2 or more shares shall be entitled to appoint up to 2 proxies to attend and vote at this AGM. Where a member appoints 2 proxies, the appointments shall be invalid unless he/she/it specifies the proportions of his/her/its holdings to be represented by each proxy. Provided that having appointed a proxy to attend in his/her/its stead, if such member personally attends this AGM, his/her/its proxy shall be precluded from the meeting.*
3. *A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.*
7. *The Form of Proxy and the duly completed instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be lodged at the Company's Registered Office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding this AGM or at any adjournment meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.*
8. *Pursuant to Rule 8.31A(1) of the AMLR of Bursa Securities, all resolutions set out in this Notice of AGM shall be put to vote by poll.*

Explanatory Notes

1. Audited financial statements for the FYE2023

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the CA 2016 does not require the shareholders to approve the audited financial statements formally. Hence, this item will not put forward for voting.

2. Ordinary Resolution 1 - Notice of Dividend Entitlement and Payment

Notice is also hereby given that subject to the approval of the shareholders at the 18th AGM, a Final Single Tier Dividend of 0.1 sen per share will be paid 24 January 2024 to the shareholders whose names appear in the Record of Depositors at the close of business on 4 January 2024.

A depositor shall qualify for entitlement only in respect of:

(a) shares transferred to the Depositors' Securities Account before 4.30 p.m. on 4 January 2024 in respect of ordinary transfers; and

(b) shares bought on Bursa Securities on a cum entitlement basis according to the AMLR of Bursa Securities.

Notice of 18th Annual General Meeting (cont'd)

Explanatory Notes (cont'd)

3. **Ordinary Resolution 2 - Payment of Directors' fees from the conclusion of the 18th AGM until the conclusion of the 19th AGM**

Section 230(1) of the CA 2016 and Article 92(1) of the Constitution provide that the Company shall determine Directors' Fees in general meeting.

The Remuneration Committee (RC) had recommended that the Directors' fees remain unchanged, details as follows:

		Current	Proposed
(i)	Non-Executive Members of the Board	RM3,500 per month	RM3,500 per month
(ii)	Chairman of the ARMC	RM1,000 per month	RM1,000 per month

The Board had accepted the RC's proposal as it opined that it is fair and reasonable and in the Company's best interest.

The payment of fees to the Non-Executive Members of the Board is on a monthly basis. This is to commensurate and compensate the Non-Executive Directors for their time and effort contributed to the Company on an on-going basis throughout the year whereas the additional fee for the Chairman of the ARMC is to commensurate and compensate him for his additional responsibilities as chairman of the ARMC.

4. **Ordinary Resolution 3 - Payment of daily meeting attendance allowances to the Non-Executive Directors from the conclusion of the 18th AGM until the conclusion of the 19th AGM**

Section 230(1) of the CA 2016 provides that "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

At the 17th AGM held on 29 December 2022, the shareholders of the Company had approved the payment of daily meeting attendance allowances to the Non-Executive Directors from the conclusion of 17th AGM until the conclusion of the 18th AGM. These allowances were intended to defray their travelling and other incidental costs for attending Board, Board committees and shareholders' meetings.

The Board had accepted the RC's proposal as it opined that it is fair and reasonable.

5. **Ordinary Resolutions 4 and 5 - Re-election of directors pursuant to Article 106 of the Constitution**

Article 106 of the Constitution expressly states that at every AGM, at least one-third of the Directors for the time being, or the number nearest to one-third, shall retire from office. The said Article also states that all Directors shall retire from office at least once in every three (3) years and that if there is only one (1) Director who is subjected to retirement by rotation, he/she shall retire. All Directors who retire from office shall be eligible for re-election.

Datuk Lim Si Cheng (Datuk Lim) and Mr. Melvin Lim Chun Woei (Mr. Melvin) being eligible, have offered themselves for re-election at this AGM pursuant to Article 106 of the Constitution.

Datuk Lim and Mr. Melvin had undergone an annual assessment on their performance and contribution for FYE2023 by the Nomination Committee (NC) and based on the assessment, the Board recommends their re-election. They had abstained from all deliberations and decisions on their eligibility to stand for re-election at the relevant NC and/or Board meetings and will continue to abstain from all deliberations and decisions on their eligibility to stand for re-election at this AGM.

Explanatory Notes (cont'd)

6. **Ordinary Resolutions 6 and 7 - Re-election of directors pursuant to Article 110 of the Constitution**

Article 110 of the Constitution expressly states that the Directors shall have power at any time to elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

Mr. Wan Mohd Hazrie bin Wan Mokhtar and Ms. Wong Jo Ann, who were appointed on 14 February 2023 and 31 May 2023 respectively, and being eligible, have offered themselves for re-election at this AGM pursuant to Article 110 of the Constitution.

Board recommends their re-election. They had abstained from all deliberations and decisions on their eligibility to stand for re-election at the relevant Board meetings and will continue to abstain from all deliberations and decisions on their eligibility to stand for re-election at this AGM.

7. **Ordinary Resolution 8 - Appointment of auditors**

Pursuant to Section 273(b) of the CA 2016, the term of office of the present auditors, Moore Stephens, shall lapse at the conclusion of this AGM unless they are reappointed by the shareholders to continue in office. Moore Stephens, have indicated their willingness to be appointed as auditors for the financial year ending 30 June 2024. The appointment of Moore Stephens as auditors has been considered by the ARMC, against the relevant criteria prescribed by Rule 15.21 of the AMLR.

This proposed Resolution 8, if passed, will also give the Directors, the authority to determine the remuneration of the auditors.

8. **Ordinary Resolution 9 - Authority to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016**

The proposed Ordinary Resolution 9 is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Ordinary Resolution 9, if passed, will give the Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company.

The Proposed General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

By approving the allotment and issue of the Company's shares pursuant to the Proposed General Mandate which will rank the equally with the existing issued shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85 of the CA 2016 and Article 52 of the Constitution of the Company to be first offered the Company's Shares which will result in a dilution to their shareholdings percentage in the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Proposed General Mandate is in the best interests of the Company and its shareholders.

Notice of 18th Annual General Meeting (cont'd)

Explanatory Notes (cont'd)

8. **Ordinary Resolution 9 - Authority to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016 (cont'd)**

The Company has on 9 February 2023 completed a private placement of 144,332,300 new shares. The private placement raised a gross proceeds of RM24,075,000. Status of utilisation of proceeds derived from the corporate proposal by the Company as follows:

Purpose	Proposed Utilisation RM'000	Utilisation RM'000	Remaining Balance RM'000	Intended timeframe*
Expansion of the Wakuba Farm	20,875	20,875	–	Within 12 months
Working Capital	3,000	3,000	–	Within 6 months
Estimated expenses relating to the Proposed Private Placement	200	200	–	Within 1 months
	24,075	24,075	–	

9. **Personal Data Privacy**

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereof); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively the Purpose); (ii) warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING
Pursuant to Rule 8.29(2) of the AMLR

1. Further details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

   No individual is seeking election as Director at the forthcoming 18th AGM.

2. Proposed General mandate for issue of securities in accordance with Rule 6.04(3) of the AMLR

   The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the CA 2016 are set out in Explanatory Note 8 of the Notice of AGM.

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FORM OF PROXY

Number of ordinary shares held

I/We, ________________________________ CDS Account No. ________________________________

of ____

being a Member/Members of **MAG HOLDINGS BERHAD**, hereby appoint ________________________________

________________________________ of ________________________________

________________________________ or failing him/her, ________________________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 18th Annual General Meeting (AGM) of the Company to be held at Balai Tunku Abdul Rahman, The Royal Commonwealth Society, No. 4, Jalan Birah, Damansara Heights, 50490 Kuala Lumpur, W.P. Kuala Lumpur on **Wednesday, 29 November 2023** at **9.00 a.m.** and at any adjournment thereof. My/Our proxy is to vote as indicated below:

Ordinary Business		Ordinary Resolutions	For	Against
1.	To approve the payment of a Final Single Tier Dividend of 0.1 sen per ordinary share for the financial year ended 30 June 2023	Resolution 1		
2.	To approve the payment of the Directors' fees from the conclusion of the 18th AGM until the conclusion of the 19th AGM on the basis as set out in the Notice of this AGM	Resolution 2		
3.	To approve the payment of daily meeting attendance allowance of RM500 to the Non-Executive Directors from the conclusion of the 18th AGM until the conclusion of the 19th AGM	Resolution 3		
4.	To re-elect Datuk Lim Si Cheng as Director	Resolution 4		
5.	To re-elect Mr. Melvin Lim Chun Woei as Director	Resolution 5		
6.	To re-elect Mr. Wan Mohd Hazrie bin Wan Mokhtar as Director	Resolution 6		
7.	To re-elect Ms. Wong Jo Ann as Director	Resolution 7		
8.	To appoint Moore Stephens Associates PLT as auditors of the Company for the financial year ending 30 June 2024 at such remuneration to be determined by the Directors	Resolution 8		
Special Business				
9.	To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 9		

*(Please indicate with a "**x**" as to how you wish your vote/s to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).*

Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy.

First named proxy________________% Second named proxy________________%

Dated this ___________ day of _________________, 2023

____
Signature
(If shareholder is a corporation, this part should be executed under seal)

Notes:

1. A depositor shall not be regarded as a member entitled to attend this AGM or at any adjournment thereof and to speak and vote thereat unless his/her/its name appears on the Record of Depositors as at 21 November 2023 (which is not less than three clear market days before the date of this AGM) issued by Bursa Malaysia Depository Sdn. Bhd. (Bursa Depository) in accordance with the rules of Bursa Depository.

2. A member who is a holder of 2 or more shares shall be entitled to appoint up to 2 proxies to attend and vote at this AGM. Where a member appoints 2 proxies, the appointments shall be invalid unless he/she/it specifies the proportions of his/her/its holdings to be represented by each proxy. Provided that having appointed a proxy to attend in his/her/its stead, if such member personally attends this AGM, his/her/its proxy shall be precluded from the meeting.

3. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.

7. The Form of Proxy and the duly completed instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be lodged at the Company's Registered Office at A3-3-8, No. 1, Jalan Dutamas, Solaris Dutamas, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding this AGM or at any adjournment meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of this AGM shall be put to vote by poll.

Personal Data Privacy
By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 October 2023.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

MAG HOLDINGS BERHAD

Registration No. 200401004611 (643114-X)

A3-3-8, No. 1, Jalan Dutamas
Solaris Dutamas
50480 Kuala Lumpur
W. P. Kuala Lumpur

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MAG Holdings Berhad
Registration No. 200401004611 (643114-X)

Registered Office
A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1
50480 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia

Tel : +603-6413 3271 **Fax :** +603-6413 3270

Principle Place of Business
B-03-12, Gateway Corporate Suites
Gateway Kiaramas, No. 1, Jalan Desa Kiara, Mont Kiara
50480 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia

Tel : +603-6419 1385 **Fax :** +603-6419 1386