PENSONIC
Your Enjoyment

ANNUAL REPORT 2023

BRAND ACTIVITY




Sep 2022

Date : 30 September – 02 October 2022

Setia Spice Convention Centre, Penang

Toush participated in Homedec Exhibition (Home Design & Interior Exhibition)

Oct 2022

Date : 27 – 30 October 2022

Kuala Lumpur Convention Centre, Kuala Lumpur

Toush received the Best of RiX Award at RiX (Reka Interiors Exhibition)





Dec 2022

Date : 09 December 2022

Pensonic Global Operations and Innovation Centre, Penang

PTL Properties and Pensonic inked MOU to equip housing with Toush Smart Home Appliances

Jan 2023

Date : 06 - 08 January 2023

Mid Valley Exhibition Centre (MVEC KL), Kuala Lumpur

Toush joined Homedec Exhibition
(Home Design & Interior Exhibition)

Feb 2023

Date: 16 February 2023

Petaling Jaya

Pensonic received Gold Award for Best Brand at the 13th Star Outstanding Business Awards (SOBA) 2022

Mar 2023

Date: 08 March 2023

Pensonic Global Operations and Innovation Centre, Penang

Corporate visit by Consul General Mr. Bambang Suharto from the Consulate General of The Republic of Indonesia

Apr 2023

Date: 07 – 09 April 2023

Setia Spice Convention Centre, Penang

Toush joined Homedec Exhibition
(Home Design & Interior Exhibition)

Date: 28 April – 01 May 2023

Kuala Lumpur Convention Centre, Kuala Lumpur

Toush participated in Homedec Exhibition
(Home Design & Interior Exhibition)


PENSONIC
Your Enjoyment
COOLER, FASTER, SMARTER
POWERFUL, QUIET AND STYLISH
Töush
SMART CEILING FAN
Fan Switch
Normal · Sleep
Direction · Reverse
F
R
Countdown · Stops after 01 hour(s)
Fan
Start
Silent Operation
Powerful DC Motor
WiFi
WiFi Enabled
MS
SIRIM
Energy Efficient
5
Cekap Tenaga
5 Star Energy Rating
WiFi
Non-WiFi
56" WIFI CEILING FAN
PCF-W5601R(DW)
56" WIFI CEILING FAN
PCF-W5601R(OAK)
56" CEILING FAN
PCF-5601R(MB)
56" CEILING FAN
PCF-5601R(MW)

A Simpler Life

Effortless Excellence.
Efficient Ease

BLUE
Bae
SERIES

LEBENSSTIL
KOLLEKTION

Barista QUALITY BREWS

PREMIUM TOUCHES, LAVISH DETAILS

Coffee is meant to be savoured and enjoyed, so jazz up your mornings with Lebensstil Kollektion Espresso Machine’s exquisite deep espressos and long blacks, or pitch perfect cappuccinos and lattes. Customise your shots exactly the way you want it, because nothing but the best will do for an absolutely satisfying brew.

Töush
Inspired by Pensonic

FREE YOUR TIME. AUTOMATE WITH TOUSH SMART SOLUTIONS.


morphy richards
smart ideas for your home
Happiness Engineered
Designed for Life. Built to Last.
Illumination 4 Slice Toaster
248020 BLACK
Illumination
Jug Kettle
108020 BLACK

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Overview

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Corporate Information

Board of Directors

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Group Executive Chairman

Chew Chuon Ghee, Vincent
Group Managing Director

Chew Chuon Jin, Dixon
Group Chief Executive Officer

Chew Chuon Fang, Nelson
Group Executive Director

Ong Huey Min, Lindy
Independent Non-Executive Director

Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Independent Non-Executive Director

Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain
Independent Non-Executive Director

Audit Committee

Ong Huey Min, Lindy
Chairman
Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Member
Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain
Member

Nomination Committee

Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Chairman
Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain
Member
Ong Huey Min, Lindy
Member

Remuneration Committee

Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain
Chairman
Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Member
Ong Huey Min, Lindy
Member

Company Secretary

Ong Tze-En
MAICSA 7026537
SSM PC No. 202008003397

Registered Office

170-09-01, Livingston Tower
Jalan Argyll, 10050 George Town
Penang, Malaysia
T: +604 229 4390
F: +604 226 5860
E: boardroom-kl@boardroomlimited.com

Principal Office

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Bukit Minyak 16,
Taman Perindustrian Bukit Minyak,
14100 Simpang Ampat, Penang,
Malaysia
T: +604 507 0393
F: +604 507 3825
E: info@pensonic.com
W: www.pensonic.com

Registrars

Plantation Agencies Sdn Berhad
3rd Floor, 2 Lebuh Pantai,
10300 George Town, Penang,
Malaysia
T: +604 262 5333
F: +604 262 2018
E: sharereg@plantationagencies.com.my

Auditors

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower
163E, Jalan Kelawai
10250 Penang, Malaysia
T: +604-375 1800
F: +604 238 2222

Principal Bankers

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Bangkok Bank Berhad
DBS Bank

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
(Listed since 13 September 1995)
Stock Name: PENSONI
Stock Code: 9997

Legal Form & Domicile

Public Limited Liability Company
Incorporated and Domiciled in
Malaysia

Corporate Structure

PENSONIC®

PENSONIC HOLDINGS BERHAD ("PHB")
Registration No.: 199401014746 (300426-P)

KEAT RADIO CO. SDN. BHD. ("KRC") — 100%
Registration No.: 197701001588 (32600-X)

- **PENSONIC (H.K.) CORPORATION LIMITED ("PHK")** — 100%
  Registration No.: 528230
- **PENSONIC INDUSTRIES SDN. BHD. ("PSI")** — 100%
  Registration No.: 197901003315 (47572-V)
- **PENSIA PLASTIC INDUSTRIES SDN. BHD. ("PPI")** — 100%
  Registration No.: 198601002235 (151380-K)
- **PENSONIC PARTS & SERVICE SDN. BHD. ("PPS")** — 100%
  Registration No.: 198501009223 (141672-X)
- **PENSONIC (ZHUHAI) HOME APPLIANCES CO LTD ("PZH")** — 100%
  Registration No.: 91440400MABQB25C6P

PENSONIC CORPORATION SDN. BHD. ("PC") — 100%
Registration No.: 198201015021 (94785-H)

- **PENSONIC (B) SDN. BHD. ("PB")** — 40%
  Registration No.: AGO/RC/6610/06

PENSONIC SALES & SERVICE SDN. BHD. ("PSS") — 100%
Registration No.: 198701003749 (162419-M)

- **KOLLEKTION DISTRIBUTION SDN. BHD. ("KLD")** — 100%
  Registration No.: 200201029191 (596854-A)

AMTEK MARKETING SERVICES PTE LTD ("AMTEK") — 100%
Registration No.: 2003-02751-W

CORNELL SALES & SERVICE SDN. BHD. ("CSS") — 100%
Registration No.: 200301001949 (604369-P)

PENSIA INDUSTRIES SDN. BHD. ("PI") — 100%
Registration No.: 198501000856 (133300-X)

PENSIA ELECTRONIC SDN. BHD. ("PE") — 100%
Registration No.: 198601005806 (154966-M)

PENSONIC (CAMBODIA) CO., LTD ("PCC") — 100%
Registration No.: 00025698

PT PENSONIC APPLIANCES INDONESIA ("PTPAI")* — 56.3%
Registration No.: 9120204591475

PT PENSONIC INDUSTRIES INDONESIA ("PTPII") — 70%
Registration No.: 9120306321037

PENSONIC APPLIANCES (MYANMAR) COMPANY LIMITED ("PAM") — 35%
Registration No.: 118970144

PENSONIC (THAILAND) COMPANY LIMITED ("PST") — 49%
Registration No.: 0125566016714

*Increase of holding from 51% to 56.3% due to acquisition of additional shares in PTPAI on 14 September 2023

Profile of Directors / Key Senior Management

Y. BHG. DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK

Nationality: Malaysian **Age**: 81 **Gender**: Male
Group Executive Chairman/Key Senior Management

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak is the founder and Group Executive Chairman of Pensonic Holdings Berhad and its subsidiaries ("Pensonic Group" or "the Group"). He was appointed to the Board of Directors ("Board") on 13 September 1995.

More 50 years on, his leadership and guidance have propelled the Group from a modest family enterprise to the foremost domestically grown manufacturer and distributor of electrical home appliances. His broadbased expertise and in-depth understanding in areas ranging from management to sales and production, coupled with his extensive network of business contacts both in Malaysia and abroad, have played crucial roles in ensuing the Group's consistent growth. The Group has achieved numerous breakthroughs and significant milestones over time, largely influenced by his inventive management approach and forward-thinking strategies.

He has attended all five (5) Board meetings held during the financial year and sits on the board of subsidiaries as well as several private limited companies.

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak is the father of executive Board members: Dixon Chew, Vincent Chew and Nelson Chew. He is a major shareholder by virtue of his interest through Chew Weng Khak Realty Sdn. Bhd..

CHEW CHUON GHEE, VINCENT

Nationality: Malaysian **Age**: 51 **Gender**: Male
Group Managing Director/Key Senior Management

Vincent Chew joined the Board on 22 February 2002. He graduated from Eastern Michigan University in the United States of America with a Bachelor of Business Administration in 1995. He initially joined the Group as Marketing Manager and later took on a broader scope of responsibilities, encompassing manufacturing, operations, sales, I.T., human resources, administration and finance.

Throughout his tenure, Vincent Chew has consistently demonstrated astute leadership skills and proven his capabilities. In recognition to his contributions, he was promoted to the position of Group Managing Director in 2014. In this role, he assumes overall responsibility for managing the Group, with a specific focus on both domestic and international markets.

Vincent Chew served as a member of the Executive Committee for the Branding Association Malaysia (BAM) from 2009 to 2012, and later served as Vice President from 2012 to 2015. He also held the position of Chairman of the Malaysian Electrical Appliances Distributors Association (MEADA) since 2015.

He has attended all five (5) Board meetings held during the financial year. He also sits on the board of subsidiaries as well as several private limited companies.

He is a son of Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak and the brother of Dixon Chew and Nelson Chew.

CHEW CHUON JIN, DIXON

Nationality: Malaysian **Age**: 54 **Gender**: Male
Group Chief Executive Officer/Key Senior Management

Dixon Chew was appointed to the Board on 13 September 1995. He graduated from the National Cheng Chi University in Taiwan Republic of China with a Bachelor of Business Administration. After a stint at Lapro Corporation in Taiwan, where he gained valuable expertise in cutting-edge manufacturing processes and marketing, he joined the Pensonic Group in 1993.

With his extensive knowledge of the electrical home appliances industry and exceptional entrepreneurial acumen, Dixon Chew has successfully spearheaded the expansion of the Pensonic brand and its products in various Asian countries. His current responsibilities encompass overseeing the export and Original Design Manufacturing (ODM) markets.

Dixon Chew has been serving as the President of the Hong Kong-Malaysia Business Association (HKMBA) since 2014, a position he has been appointed to hold until 2024. His leadership and contributions to fostering strong trade relations between Hong Kong and Malaysia have been highly acknowledged. It is worth noting that the HKMBA receives full support from the Hong Kong Trade Development Council.

He has attended all five (5) Board meetings held during the financial year. He also sits on the board of subsidiaries as well as several private limited companies.

He is a son of Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak and the brother of Vincent Chew and Nelson Chew.

Profile of Directors / Key Senior Management

CHEW CHUON FANG, NELSON

Nationality: Malaysian **Age**: 47 **Gender**: Male
Group Executive Director/Key Senior Management

Nelson Chew joined the Board on 5 September 2017. He graduated from Eastern Michigan University in the United States of America with a Bachelor of Business Administration in 1999. Upon his return to Malaysia, he joined the Pensonic Group and gained practical experience by working across different departments, including marketing, production and sales.

Eventually, Nelson Chew assumed the role as the corporate branding, public relations, and marketing strategist. In this capacity, he plays a crucial role in shaping the Group's image and branding as well as enhancing its public relations efforts. He also oversees operations in Hong Kong, Zhuhai, China and Thailand.

He has attended five (5) Board meetings held during the financial year. He also sits on the board of subsidiaries as well as several private limited companies.

He is a son of Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak and the brother of Dixon Chew and Vincent Chew.

ONG HUEY MIN, LINDY

Nationality: Malaysian **Age**: 65 **Gender**: Female
Independent Non-Executive Director

Lindy Ong was appointed to the Board on 3 January 2017. She holds memberships in prestigious professional organisations such as the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Chartered Tax Institute of Malaysia (CTIM).

She began her working career in 1978 as an Articled Clerk at Peat Marwick, Mitchell & Co. (now known as KPMG PLT) and rose through the ranks of supervisor, manager and director over her years of service with the firm. In 2003, she was appointed Executive Director/Partner heading the Penang tax division of KPMG Tax Services Sdn. Bhd. ("KPMG Tax"), her last position held before her retirement in 2014.

She stayed on as a Consultant at KPMG Tax for 3 months in 2015. During her tenure of more than 35 years at KPMG, she gained extensive experience in tax advisory and tax compliance matters, as well as being the engagement partner for public listed and multinational companies in various industries. She also advised foreign investors on various tax incentives accorded by the Government and setting up initial operations in Malaysia.

Since 2015, she has been the co-founding partner of YNWA Advisory PLT, a corporate advisory firm which provides, among others, business management consultancy, investment advisory and tax consultancy services.

She is the Chairman of Audit Committee and a member of both the Nomination Committee and Remuneration Committee.

She has attended all five (5) Board meetings held during the financial year.

She is an Independent Non-Executive Director of Globetronics Technology Bhd. and DXN Holdings Bhd..

Y. BHG. DATO' LELA PAHLAWAN DATO' PADUKA KU NAHAR BIN KU IBRAHIM

Nationality: Malaysian **Age**: 76 **Gender**: Male
Independent Non-Executive Director

Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim joined the Board on 16 August 2013. He obtained his Bachelor of Arts (Honors) degree in Geography from the University of Malaya in 1970. Following his graduation, he held various positions within the Kedah State Administrative Service, serving in different capacities until 2001, ultimately holding the position of State District Officer. Additionally, he served as the Director of the Kedah State Economic Planning Unit and held the esteemed position of State Secretary of Kedah until July 2003.

Following his tenure in the Kedah State Administrative Service, Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim became a board member of several government-controlled corporations, contributing his expertise and knowledge in the public sector. His extensive experience in government service and leadership roles has equipped him with valuable insights and decision-making skills that have proven beneficial to the organisations he has been associated with.

He is the Chairman of Nomination Committee and a member of both the Audit Committee and Remuneration Committee.

He has attended all five (5) Board meetings held during the financial year. He sits on the board of several private limited companies.

Y. BHG. DATO' TAHIR JALALUDDIN BIN HUSSAIN

Nationality: Malaysian **Age**: 60 **Gender**: Male
Independent Non-Executive Director

Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain joined the Board on 16 August 2013. With more than 24 years of experience in business and corporate management, as well as entrepreneurship, he brings valuable expertise to the Group. He was associated with Konsortium Perkapalan Berhad during 1985 to 1990, where he gained substantial experience in the shipping industry.

Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain had served as a Councillor of the Majlis Perbandaran Pulau Pinang (Municipal Council of Penang) from January 2011 to June 2013 where he actively contributed to local governance and decision-making processes.

He is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee

He has attended all five (5) Board meetings held during the financial year. He is also a Director on the board of several private limited companies.

Note:

Save as disclosed, none of the Directors have:

(a) any family relationship with any Directors and/or major shareholders of the Company;
(b) any conflict of interest with the Company and the Group other than as disclosed in the notes to the financial statements;
(c) held any other directorship in public companies;
(d) any conviction for offences within the past 5 years other than traffic offences (if any); and
(e) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Chairman's Statement

Dear Shareholders,

I am pleased to present the Annual Report of Pensonic Holdings Berhad ("Pensonic" or "the Company") and its subsidiaries ("Pensonic Group" or "the Group") which outlined our performance and highlighted key developments during the financial year ended 31 May 2023 ("FY2023").

The year under review was fraught with uncertainties and instability. Global economic and trade activities moderated in 2022 with growth weighed down by, amongst others, the COVID-19 pandemic, domestic issues in China, war in Ukraine, elevated inflation and tighter monetary policy. Pent-up demand supported global economic and trade activities as many countries lifted containment measures and shifted towards endemicity. Global inflation rose on account of both supply and demand factors. Commodity prices rose rapidly, primarily caused by supply chain disruptions due to the Ukraine conflict and China's zero-COVID policy. Central banks raised interest rates – some aggressively – resulting in a broad tightening in financial conditions and higher risk aversion. At the consumer level, most curtail their discretionary spending amidst all these uncertainties.

On home ground, the Malaysian economy demonstrated robust growth in the first quarter of 2023, expanding by 5.6%. This growth compares favourably to regional counterparts such as Indonesia (5%), China (4.5%), and Vietnam (3.3%). The strong performance in Q1 2023 contributed significantly to achieving the Country's whole year forecast of 4.0% to 5.0% growth. Notwithstanding a strong start, Malaysia's growth is expected to moderate in 2023 in line with the global economic forecasts by the International Monetary Fund and World Bank impacted by slower external demand resulting from weakening global trade. Geopolitical tensions, elevated price pressures, and tighter financial conditions may further impact the global economic outlook.

In terms of financials, the Group reported loss before tax of RM2.5 million on the back of revenue of RM273.2 million. Comparatively, revenue was RM325.0 million with a profit before tax of RM14.8 million for FY2022. The drop in profitability is attributed to cautious consumer spending, persistent inflationary pressures, and increased costs cascading from materials, labour, and rising energy costs. We anticipate further challenges, especially with the expected increase in energy costs due to electricity tariff adjustments. Detailed discussions and steps being taken to alleviate these challenges are disclosed under Management Discussion and Analysis in this Annual Report.

The Group is mindful of the impact of extreme climate occurrences, such as the ongoing heat wave phenomenon. According to Malaysian Meteorological Department, El Nino weather phenomenon is back and its strength is expected to increase by end of 2023. While these conditions may present challenges, they also provide opportunities for the Group to intensify promotion of our air-cooling products. We will monitor the economic and environmental developments of our products closely and adapt our strategies accordingly.

Despite the current headwinds, we remain hopeful that the cost pressures will eventually ease. Our focus will continue to be on our core market in Malaysia while exploring opportunities to strengthen and expand our presence overseas. We believe that by diversifying our market reach, we will be able to mitigate the impact of any localised economic fluctuations.

We are honoured that our 'Toush' brand was selected and awarded the Best of RiX Award under the Product Category at the 4th REKA Interiors Exhibition (RiX) 2022. The Toush Series of Smart Home Appliances, is for our new generation of consumers that favour energy efficient environmentally friendly products with a touch of convenience and simplicity. We added another feather in our cap when we received the Gold Award for Best Brand at the 13th Star Outstanding Business Awards (SOBA) 2022.

These accolades reflect our commitment to excellence as well as the support and confidence that consumers have in our products.

We are embracing wholeheartedly the focus on sustainability. Our lineup of IoT (Internet-of-Things) home appliances are also environmentally friendly and sustainable. Savvy consumers are pushing for IoT functionality in lasting sustainable products that deliver enjoyable experiences. We believe sustainability will go hand in with our priorities on improving profitability, enhancing competitiveness and delivering products that enrich our consumers' lifestyles.

Chairman's Statement

The incorporation of digitalisation, automation and competitive products is inevitable for profitable growth. Every manufacturing and business process is continually evaluated for efficacy and efficiency, as this contributes to lower costs, more sales and greater stakeholders' support. Being functional alone is not enough, consumers want innovative, environmentally friendly, affordable and attractive products that look great in their living space. The average consumer is looking for practical and affordable home solutions to enhance and contribute to greater convenience and comfort for their family and friends.

Pensonic continuously improves its offering to meet the needs of different consumer segments as our products are an essential part of our consumers' daily lives. More than ever, now consumers have quick access to knowledge and therefore have greater expectations of what they want or need. Our in-house Research and Development Team is working on creating more customer-centric and attractive products that meet the different needs of our various consumer segments.

There is always opportunity for improvements. We looked inwards to strengthen our internal capabilities through lean inventory management, development of a robust plan for business needs as well as analyse and restructure certain business and manufacturing processes to increase efficiency and optimise capacity. We also leveraged on technology through software and hardware investment, as well as provide training and development for all levels of employees to capitalise on our technology investment to propel the Group forward. We will redouble our efforts to adapt quickly to the rapidly changing economic landscape and focus on value-added appliances and activities for our consumers.

I take this opportunity to express my gratitude to Mr. Lee Chin Chuan, Senior General Manager of the Trading Division, for his dedicated service all these years. He retired in May 2023. Mr. Lee's contributions have been invaluable, and we wish him a fulfilling and enjoyable retirement. Mr. Chuah Ah Boon is appointed as the new Senior General Manager of the Trading Division, replacing Mr. Lee. We also welcome Dato' Lim Aun Ghee who join the Group as the Director of the Manufacturing Division. I have full confidence in their ability to lead the respective divisions through this challenging period, and I hope that together with the executive leadership, the Group will emerge stronger and more resilient than ever before.

I would like to conclude by extending my gratitude and appreciation to our dedicated employees, loyal consumers, business partners, supportive shareholders and stakeholders for their unwavering support and contributions towards the Pensonic Group's success. Despite the challenges we face, we will remain steadfast in our pursuit of growth and value creation for our shareholders, consumers and stakeholders. Under the guidance of our capable executive leadership team with the support of our business partners and the collective efforts of our team, I am confident in our ability to navigate through this turbulent period to emerge stronger than ever.

Thank you.

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Group Executive Chairman
26 September 2023

Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Pensonic Holdings Berhad ("Pensonic" or "the Company") traces its origins back to 1965, when Keat Radio and Electrical Co. was established in Balik Pulau, Penang. Starting as a modest retail outlet and workshop for home electrical appliances, it experienced remarkable growth under the guidance and leadership of its founder, Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak to transform into the thriving conglomerate it is today.

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak coined the distinctive and easily recalled term 'Pensonic', which holds significant personal and sentimental value to him. 'Pensonic' ingeniously combines the words 'Penang' (his home state) and 'Sonic' (from the Company's roots in audio appliances), resulting in the uniquely resonant identity of 'Pensonic'!

In 1994, Pensonic Holdings Berhad was established as an investment holding company with the purpose of consolidating its many subsidiaries under Pensonic Group (or "the Group") for eventual public listing on 18 December 1995. On 18 December 1995, Pensonic Holdings Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad.

Leveraging on its extensive distribution network, the Pensonic Group employs a multi-brand platform to support its diverse product categories and market segments. Anchored by its core brand Pensonic, the group also owns Lebensstil Kollektion and acquired Cornell, a company from the United States of America. In addition to that, the Pensonic Group holds exclusive distributorship rights in Malaysia for globally acclaimed home appliance brand Morphy Richards from the United Kingdom.

Pensonic offers the smart series of smart IoT appliances. Toush encapsulates the essence of touching, sensing, exploring, and savoring life's joys. Crafted as intuitive companions, these appliances are designed to effortlessly respond to users, connecting, automating, quantifying, and optimising energy and resources, resulting in enhanced savings while seamlessly aligned to contemporary lifestyles. Each appliance in this series is equipped with Wi-Fi capabilities, enabling remote control through the Toush App and convenient voice control compatibility with Google Home.

> **'Pensonic'** ingeniously combines the words **'Penang'** (his home state) and **'Sonic'** (from the Company's roots in audio appliances).

REVIEW OF FINANCIAL RESULTS AND FINANCIAL HIGHLIGHTS

	FY2022 (RM'000)	FY2023 (RM'000)	Changes (RM'000)	%
Revenue	325,005	**273,204**	(51,801)	(15.94)
Earnings before interest, tax and amortisation and interest	24,181	**7,109**	(17,072)	(70.60)
Profit/(Loss) before tax	14,814	**(2,540)**	(17,354)	(117.15)
Profit/(Loss) for the year	13,053	**(3,997)**	(17,050)	(130.62)
Profit/(Loss) for the year attributable to owners of the Company	14,356	**(3,036)**	(17,392)	(121.15)

Pensonic Group recorded revene of RM273.2 million, a 15.94% drop from the previous year's revenue of RM325.0 million. The decline in revenue is attributed to subdued discretionary consumer spending, persistent inflationary pressures and rising material costs. Correspondingly, Pensonic Group reported a loss before tax of RM2.5 million, compared to a profit before tax of RM14.8 million. The lower revenue impacted the overall financial performance, leading to the loss. It is worth noting that in the preceding year, there was a significant gain of RM10.6 million from the disposal of an investment property. While this gain positively impacted the financial results of the previous year, it was not repeated in the current year, contributing to the variance in profitability.

Approximately 70% of the Group's total revenue is derived locally. In view of this business environment, the Group taking proactive measures to diversify its revenue streams and explore new growth opportunities.

As part of this strategic initiative, the Group is directing its efforts towards expanding its manufacturing operations to accommodate a broader clientele in the export Original Equipment Manufacturer ("OEM") market. Venturing into the export market would allow the Group to capitalise on its manufacturing expertise, cost efficiency, and product quality, to be the manufacturer of choice for international clients seeking OEM solutions. This expansion aligns perfectly with the Group's goal to secure a balanced distribution of both local and export markets, therefore creating more opportunities and strengthening its global business expansion.

	FY2022 (RM'000)	FY2023 (RM'000)	Changes (RM'000)	%
Total assets	315,253	**274,018**	(41,235)	(13.08)
Non-current assets	114,388	**111,765**	(2,623)	(2.29)
Current assets	200,866	**162,254**	(38,612)	(19.22)
Borrowings	110,613	**83,167**	(27,446)	(24.81)

During the reporting period, the Group's total current assets shrank to RM162.3 million (FY2022 : RM200.9 million), in line with the prudent inventory management policy, the Group adopted a proactive approach to address slow-moving stock, recognising the potential impact of idle inventory on financial performance. Concurrently, the Group optimised its procurement decisions, aligning these to current demand trends and inventory levels. As a result of these efforts, the inventory is bought under control at RM79.6 million, down from RM96.9 million in the previous year, highlighting the success in managing lean inventory levels and enhancing operational efficiency.

Over the period under review, the Group made significant progress in managing its financial leverage by effectively reducing its bank borrowings. Bank borrowing was successfully decreased from RM110.6 million to RM83.2 million, in line with the Group's commitment to prudent debt management. This reduction in bank borrowings has contributed to a notable improvement in the Group's gearing ratio, which declined from 61.6% to 42.6%. The lower gearing ratio signified lesser reliance on financing debt to fund its operations and investments, thereby enhancing financial stability and resilience.

Management Discussion and Analysis

ANTICIPATED OR KNOWN RISKS

Operational Resilience Risks

The Group's business operations face potential vulnerabilities due to significant disruptions posed by various threats, including fire, flood, cyber-attacks, and outbreaks of contagious diseases. We are committed to continuous monitoring and thorough review of potential risk exposures to safeguard our business continuity and stability. Additionally, we invest in suitable infrastructure and systems to strengthen our capabilities for risk mitigation. There are well-defined emergency plans and procedures in place that are regularly updated to effectively minimise the impact of such threats on our operations. By adopting a proactive approach, we strive to ensure the resilience of our business and protect our stakeholders from potential disruptions.

Foreign currency exchange risk

The Group faces exposure to fluctuations in foreign currency exchanges, as our raw material and imported goods costs are denominated in foreign currencies. Such currency fluctuations can significantly impact the costing of our products. To counteract this risk, the Group implements natural hedging strategies for sales and purchases denominated in USD, effectively mitigating the effects of foreign currency exchange fluctuations. Our Finance Department diligently monitors movements in foreign currency rates to proactively manage and address potential risks arising from currency fluctuations.

Credit risk

The Group offers trade credit terms for trade receivables within a range of 30 to 90 days. Any substantial delay or default in payment by our major customers may lead to potential credit losses, which could negatively impact our financial position and overall results. To proactively manage credit risk, the credit terms and limits are regularly evaluated every six months. Additionally, we diligently review ageing reports on a monthly basis to identify any slow-paying customers, enabling us to take appropriate actions for recovery and provisions if necessary.

Management Discussion and Analysis

PROSPECT AND OUTLOOK

The overnight policy rate ("OPR") was raised by 0.25% to 3% by BNM on 3 May 2023, marking the first rate hike of the year following two consecutive holds at 2.75% in January 2023 and March 2023. The increase in interest rate had exerted pressure on borrowers, making it more challenging for them to manage their existing debts and potentially diverting funds away from discretionary spending. Consequently, this situation had impacted overall consumer spending, which could have adverse effects on retail sector and businesses reliant on consumer demand, particularly in the second half of 2023.

In addition, the recently announced subsidy rationalisation by the government, such as the electricity tariff hikes for high-volume domestic users who currently enjoy higher subsidies than low-volume users, may also have a negative impact on consumer spending in the short run.

Furthermore, the contraction of Malaysian exports by 2.6% in the first four months of 2023 posed downside risk for the full-year export outlook, potentially leading to lower profits for businesses. In response, companies may resort to cost-cutting measures, such as downsizing or freezing wage increments.

Overall, the combination of domestic and external headwinds are likely to result in a declining trend in consumer spending during the second half of this year. Uncertainty coupled with a potential decline in disposable income could discretionary prompt consumers to further limit their expenditures.

We acknowledge the significance of adjusting to shifting market trends. As a result, our objective is to employ innovative and agile approaches to capture emerging possibilities. By exploring untapped market sectors, we will attract a wide range of customers, enhancing our market footprint, particularly in the export OEM segment of our manufacturing operations. Notably, our export OEM in the manufacturing division reported a remarkable 80% growth in FY2023, attributed to the successful launch of new kettles and vacuum cleaner series of home appliances. Looking forward, we have a pipeline of new offerings for the upcoming fiscal year.

A pivotal aspect of our strategy involves broadening our product mix and range. We recently introduced new products, including refrigerators, a comprehensive range of ceiling fans, water and air purification systems for the Singapore market. Through this diversification of our product portfolio, we can reach out to a broader spectrum of customers' needs, gradually diminishing our dependence on specific product categories and market segments. This strategic shift is designed to bolster our ability to manage risks and navigate confidently through spells of economic uncertainty.

The Group's commitment to sustainable practices and energy efficiency are aligned to consumers' growing demand for energy saving and environmentally friendly products. The Toush series of smart home appliances feature energy saving products that optimise time remotely using Toush App. Through the Toush series of smart home appliances, Pensonic envisions a future where convenience, efficiency and eco-friendliness converge seamlessly in households worldwide.

In an effort to strengthen our financial performance, we have deployed stringent cost control strategies and lean management approaches throughout our operations. These involve refining processes, maximising resources allocation, and securing mutually advantageous agreements with suppliers and vendors. By identifying inefficiencies and eliminating needless costs, we are committed to enhancing profitability while maintaining the calibre of our offerings. As a result of these measures, our marketing expenses were successfully curtailed by an impressive 49%.

Our business strategy is grounded in forward-thinking adaptability and swift turnaround. By observing market trends and consumer behaviour, we aim to position ourselves as industry leaders, ready to seize opportunities and overcome challenges that lie ahead. Through the implementation of these key points, we are confident in our ability to create long-term value for our stakeholders and achieve sustainable growth in a intensely competitive landscape.

- OPR was raised by **0.25% to 3%** by BNM on 3 May 2023.
- Our export OEM division experienced a remarkable **80%** growth in FY2023.
- Our marketing expenses were successfully curtailed by an impressive **49%**

Corporate Governance Overview Statement

The Board of Directors ("Board") of Pensonic Holdings Berhad ("Pensonic" or "the Company") recognises the vital importance of upholding strong corporate governance standards across the Company and its subsidiaries ("Pensonic Group" or "the Group"). They lead by conducting business with integrity, transparency, and professionalism to enhance success, protect shareholders' investments, and prioritise the interests of all stakeholders. By adopting the essence of good corporate governance practices, rather than mere compliance, the Board aims to ensure its effectiveness in enhancing shareholders' value. This entails promoting integrity, transparency, and professionalism, while also focusing on board effectiveness and the long-term creation of shareholder value. Ultimately, Pensonic's dedication to sound corporate governance principles reflects its commitment to responsible and sustainable business practices, fostering trust and building enduring relationships with stakeholders.

This Corporate Governance Overview Statement ("CG Statement") provides the summary of the Company's corporate governance practices during the financial year ended 31 May 2023 ("FY2023") with reference to the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"):

Principle A: Board leadership and effectiveness;
Principle B: Effective audit and risk management; and
Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders

The application for each Practice as set out in the MCCG is disclosed in the Corporate Governance Report ("CG Report") which is published on the Company's website: www.pensonic.com as well as through an announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities"). This CG Statement is to be read together with CG Report, based on a prescribed format as outlined under paragraph 15.25(2) of Main Market Listing Requirements of Bursa Securities ("MMLR").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1 Board of Directors

As of the date of this Annual Report, the Board of Pensonic comprises of seven members. Four members are Executive Directors who are actively involved in the day-to-day management and operations of the company and the remaining three are Independent Non-Executive Directors ("INEDs"). The composition of the Board reflects a balance between executives responsible for operational matters and independent directors responsible for providing independent perspective and oversight thus ensuring accountability.

Position	Directors
Executive	Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Group Executive Chairman Chew Chuon Ghee, Group Managing Director Chew Chuon Jin, Group Chief Executive Officer Chew Chuon Fang, Group Executive Director
Independent Non-Executive	Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim Dato' Tahir Jalaluddin Bin Hussain Ong Huey Min, Lindy

The background, experiences and qualifications of the Directors are set out under the Profile of Directors in this Annual Report.

All concerns regarding the Group can be conveyed to any one of the Directors and/or will be deliberated by all Directors during board meetings. As such, the Board is of the view that there is no immediate need to appoint a Senior INED to whom concerns regarding the Group may be conveyed.

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened as necessary. Throughout FY2023, the Board held a total of five meetings. The purpose of these meetings was to discuss and deliberate on a wide range of matters pertaining to the Group. These included reviewing and analysing the Group's quarterly operations and financial results, evaluating major investments and strategic decisions, assessing business plans, and addressing any other strategic issues that could potentially impact the Group's businesses. By convening regular board meetings, Pensonic ensures that important matters are thoroughly considered, enabling effective decision-making and strategic planning.

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

1 Board of Directors (Cont'd)

Board meetings are scheduled in advance to allow Directors to plan and adjust their schedules, ensuring good attendance and focused attention to the meeting agenda. The Board recognises the importance of informed decision-making and would invite management personnel and external consultants to attend meetings as needed. This enables presentation of relevant information, provision of clarifications, and offer of advice to support the Board's decision-making process.

In the intervals between board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making. As a mean to facilitate Directors' planning and time, an annual meeting calendar is adopted and given to Directors before the beginning of each new financial year.

Meetings are also organised for the Board Committees which are the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC").

The attendance of Directors at meetings of the Board and Board Committees held during the financial year under review is as tabulated below:

Directors	Board	AC	NC	RC
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	5/5	-	-	-
Chew Chuon Ghee, Vincent	5/5	-	-	-
Chew Chuon Jin, Dixon	5/5	-	-	-
Chew Chuon Fang, Nelson	5/5	-	-	-
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim	5/5	5/5	1/1	1/1
Dato' Tahir Jalaluddin Bin Hussain	5/5	5/5	1/1	1/1
Ong Huey Min, Lindy	5/5	5/5	1/1	1/1

The Board is satisfied with the time commitment given by the Directors as demonstrated by their full attendance.

In addition, all of the Directors do not hold more than 5 directorships in other public listed companies as required under paragraph 15.06 of the MMLR to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. The Board members must notify the Board or the Chairman before accepting any new directorships in other public listed companies.

1.1 Strategic Aims, Values and Standards

The Board assumes full leadership and control over the Group. Together, the Board members have the collective responsibility to manage the business affairs of the Group. This includes approving all strategies, providing guidance and direction, as well as overseeing the management's activities. In addition to their legal obligations, the Board ensures that effective processes are in place for the management, internal control, risk assessment, and monitoring performance against established benchmarks for the Group. They also ensure that the businesses are conducted in compliance with good governance practices, promoting transparency and objectivity. The primary objective of the Board is to enhance the value of shareholders by achieving the approved objectives.

As part of the Board's effort to ensure that its duties and responsibilities are effectively discharged, the Board delegates certain functions to the Board Committees, the Group Managing Director ("GMD") and the management.

The Board Committees comprise solely of INEDs. Each of the Board Committees operates under clearly defined Terms of Reference ("TOR") as approved by the Board and which are periodically reviewed for relevance and improvement. The chairmen of the Board Committees will report to the Board on the outcome of any discussions and recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The TOR of the Board Committees are published on the corporate website.

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

1 Board of Directors (Cont'd)

1.1 Strategic Aims, Values and Standards (Cont'd)

The Board assumes responsibility for managing the primary risks that impact the Group. This includes tasks such as establishing and approving internal policies to address and mitigate these risks. Additionally, the Board reviews the effectiveness and reliability of the Group's internal control systems to ensure they are adequate. The Board also oversees the performance of the Group's various businesses, ensuring they are meeting established targets and objectives.

Furthermore, the Board is involved in succession planning and talent management, ensuring that the organization has a robust plan in place for leadership transitions and the development of key personnel. The Board also ensures compliance with legal and statutory requirements across the Group, ensuring that all operations adhere to applicable laws and regulations.

Key responsibilities of the Board also include approving major capital expenditures, carefully considering significant financial matters, and conducting reviews of the Group's financial and operating performance. This allows the Board to make informed decisions regarding financial investments and to assess the overall health and progress of the Group.

1.2 Chairman of the Board

The Board is led by an Executive Chairman who assumes the responsibility of providing leadership and governance within the Board. The Chairman's role involves creating a conducive environment that fosters the effectiveness of the Directors and facilitates timely discussions on relevant issues. The Chairman ensures that no single member dominates the discussions and encourages active and meaningful participation from all Board members.

In addition to these facilitation duties, the Chairman leads the Board in overseeing the management of the organization. This involves actively monitoring the performance of the management team and ensuring that appropriate governance processes and practices are in place and upheld. The Chairman also maintains regular dialogues with the GMD regarding operational matters, seeking input from fellow Board members when significant concerns arise.

The Chairman plays a crucial role in maintaining open lines of communication within the Board, promoting collaboration, and seeking the collective opinion of the Board members when necessary.

1.3 Separation of Position of Chairman and GMD

The Board maintains a clear distinction between the roles of the Chairman and the GMD. These positions are held by different individuals, with distinct responsibilities, roles and duties.

The GMD assumes overall responsibility for the daily operations of the Group's operating units. This includes overseeing key aspects such as human resource, finance, business affairs, and ensuring the implementation of Board policies and decisions. The GMD is responsible for maintaining the effectiveness of the Group and ensuring that the Group's products, services, and corporate identity meet high standards and align with market expectations and regulatory requirements.

During scheduled board meetings, the GMD provides updates and briefings on the performance and activities of the Group. The GMD also presents specific proposals related to capital expenditure, as well as acquisitions and disposals, if any. This allows the Board to stay informed about the Group's progress and make well-informed decisions regarding strategic initiatives and investments.

By clearly delineating the roles and responsibilities of the Chairman and the GMD, the Board ensures effective governance, division of tasks, and accountability within the Group.

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

1 Board of Directors (Cont'd)

1.4 Chairman of the board shall not be a member of the AC, NC or RC

The Chairman of the Board is not a member of any Board Committees and does not participate in their meetings. This arrangement ensures that the Board Committees can operate independently and make decisions without the influence or presence of the Chairman. The Committees are able to carry out their specific responsibilities and functions autonomously. This separation helps to maintain objectivity and promotes diversity of perspectives within the Committees.

1.5 Qualified and Competent Company Secretary

The Company Secretary is competent, qualified and capable of carrying out her duties and providing support to the Board in the discharge of their fiduciary duties.

The Board expresses satisfaction with the performance and support provided by the Company Secretary. The Company Secretary serves as a valuable resource for the Directors, offering advice and assistance as needed.

One of the key responsibilities of the Company Secretary is to keep the Board informed about any updates or changes in statutory and regulatory requirements that are relevant to the duties and responsibilities of Directors. This includes notifying the Board about new laws, regulations, or guidelines that may impact the Group and its Directors. By staying updated on these matters, the Board can ensure compliance and understand the potential implications and consequences that may arise.

The Company Secretary, or her representatives, attend and ensure that all Board and Board Committees meetings are properly convened. The decisions made and/or resolutions passed thereof are recorded in minutes of meetings and kept at the registered office of the Company together with its statutory registers.

Other roles of the Company Secretary included coordinating with management on the preparation of board papers, ensuring procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving regulatory and compliance requirements.

1.6 Access to Information and Advice

The Board recognises that the decision-making process is highly dependent on the quality of information available. All the Directors have access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities. The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance for meetings of the Board and Board Committees.

The Directors, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties and to enable them to discharge their duties, at the Group's expense.

To facilitate effective decision-making, all Directors received the necessary documents and information at least 7 days in advance of the meetings. These include agendas, board papers, reports, and other relevant materials.

Having the documents in advance allows the Directors sufficient time to thoroughly review and evaluate the matters to be discussed. If additional information is required, they have the opportunity to seek clarification or request further details before the meetings. This ensures that the discussions during the meetings are well-informed and efficient.

Furthermore, any actions or decisions taken during previous meetings are reported and followed up on in subsequent meetings. This allows for proper tracking and accountability, ensuring that the resolutions and tasks identified in earlier meetings are addressed and progress is made.

2 Demarcation of responsibilities

2.1 Board Charter

The Board Charter provides guidance by clearly delineating the roles, duties and responsibilities of the Executive Chairman, GMD, Board, Board Committees and management. The Board Charter also includes the requirements of Directors in carrying out their leadership and supervisory role; and in discharging their duties towards the Group as well as boardroom activities.

The Board Charter is subject to periodical review by the Board to ensure that it remains relevant and consistent with the Board's roles and responsibilities, changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter is available on the Company's website.

3 Good business conduct and corporate culture

3.1 Code of Conduct and Code of Ethics

The Board is committed towards inculcating a corporate culture which engenders ethical conduct throughout the Group. Our brand values of Caring, Leadership, Trustworthy and Innovation are entrenched in our corporate psyche and observed by all our people from Directors down to employees as integral elements guiding the Group towards achieving sustainability.

The Board has formalised Code of Ethics and Code of Conduct to guide the desired standard of behaviour from all Directors and employees so as to improve work quality, productivity and self-discipline in order to provide effective, good and quality services. The Policies & Procedures covers, among others, general employment terms and conditions, compensation and benefits, proprietary information and sexual harassment.

The Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. Our Code of Ethics is based on the principles of sincerity, integrity, responsibility and corporate social responsibility.

The Group has also an Employee Handbook to guide the desired standard of behaviour from all staffs. The Employee Handbook covers, among others, general employment terms and conditions, compensation and benefits, proprietary information and sexual harassment.

The Code of Conduct and Code of Ethics are available on the Company's website.

3.2 Whistleblowing Policy

The Company has in place a Whistleblowing Policy. The Company has always advocated for openness and transparency in its commitment to the highest standard of integrity and accountability. All malpractices or wrongdoings reported by the whistle-blower are directed to the Chairman of the AC and shall be set forth in writing or verbally. The Whistleblowing Policy is available on the Company's website.

3.3 Anti-Bribery & Anti-Corruption Policy ("ABC Policy")

The Company has also adopted the Anti-Bribery and Anti-Corruption Policy ("ABC Policy") to guide compliance with the Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The adoption of the ABC Policy signalled commitment by the Board and the Group to conduct all businesses in an honest and ethical manner requiring all Directors and employees to act professionally, fairly and with integrity in all our business dealings and relationships. The ABC Policy sets out adequate procedures designed to prevent situations in which bribery and corrupt practices may take root. The ABC Policy is available on the Company's website.

3.4 Directors' Fit and Proper Policy

The Company had in April 2023 adopted a Directors' Fit and Proper Policy to ensure that individual who possesses the right qualification, expertise, competence and integrity is appointed as Director in the Group. All candidates to be appointed and seeking for re-election as Directors in the Group, shall undergo a fit and proper review accordance with the Directors' Fit and Proper Policy. The policy is available on the Company's website.

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

4 Sustainable Practice

4.1 Governance of sustainability

The Board recognises that sustainable development is an important and integral part of the Group's pursuit of its long-term business success. The Board is responsible for the development of the Group's sustainability strategies.

4.2 Communication of Sustainability strategies

The management continues to engage with stakeholders to seek feedback and viewpoints that would be useful to the Group in developing sustainability targets and implementation strategies. The Board will meet and discuss key sustainability matters at least once a year.

4.3 Periodic Updates

The Directors has been and will continue to attend training to keep abreast of development on sustainability as well as regulations and guidance on current and emerging environmental problems that may affect the Group.

4.4 Performance Evaluation

The Board recognises the importance of sustainability in all its business operation and had included sustainability as one of the criteria in the performance evaluations of board members. The annual evaluation of the Directors, the Board and Board Committees for FYE 2023 included assessment on Board's understanding of sustainability issues. Do refer the Sustainability Statement which outlined sustainability activities by the Group.

4.5 Sustainability Leadership

The GMD is the designated person leading the Group's sustainability initiatives.

5 Board Composition

Nomination Committee

The Nomination Committee ("NC") plays a crucial role in assisting the Board in ensuring that it comprises individuals who possess the necessary calibre, knowledge, experience, integrity, and reputation to effectively fulfill their roles. The NC is responsible for assessing the qualifications and suitability of candidates for directorship and senior management positions within the Group. Additionally, the NC carries out an annual assessment of the performance of the Board, Board Committees, and senior management. The specific duties and responsibilities of the NC are outlined in its Terms of Reference ("TOR"), which are published on the Company's website.

The NC comprises of three (3) members, all of whom are INEDs as tabulated below:

Name	Position
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim	Chairman
Dato' Tahir Jalaluddin Bin Hussain	Member
Ong Huey Min, Lindy	Member

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

5 Board Composition (Cont'd)

Nomination Committee (Cont'd)

The NC met once (1) during the financial year under review with full attendance by all members to deliberate on the following matters:

(a) Reviewed the composition, mix of skills and experience and other qualities, including core competencies as well as contribution of each individual Director and the effectiveness of the Board as a whole and the Board Committees as well as contribution of each individual Director.

(b) Reviewed the level of independence of the INEDs.

(c) Discussed the character, experience, integrity and competence of the Directors and to ensure they have the time to discharge their respective roles.

(d) Discussed and recommended the re-election of Directors at the forthcoming annual general meeting ("AGM").

(e) Reviewed the term of office and performance of the AC and its members pursuant to paragraph 15.20 of the MMLR.

(f) Conducted annual assessment on Board, Board Committees and individual Directors.

5.1 Board Composition

The NC reviews the composition of the Board annually to ensure that the Board is of the right size, with the right mix of skills and diversity of experience.

The NC also evaluates the performance of each Director on an annual basis. Recommendation for annual re-election of Director is made upon satisfactory evaluation of the Director's performance and contribution to the Board.

Upon conclusion of the annual assessment for FY2023, the Board affirmed that the current Board is appropriately sized with balanced mix of skills, knowledge and experience in the relevant areas to enable the Board to carry out its responsibilities in an effective and efficient manner.

The Board is in compliance with paragraph 15.02 of MMLR, which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are INEDs.

5.2 Independent Directors

The concept of independence as adopted by the Board is consistent with definition of INEDs outlined in paragraph 1.01 and Practice Note 13 of the MMLR. The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.

The Board does not meet the recommended composition for INEDs to comprise at least half (50%) of the board composition. Presently, the presence of three (3) INEDs with breadth of knowledge and professional background has enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinion and viewpoints.

Further, the current composition of the Board Committees, made up of only INEDs affirmed the Board's commitment towards independence and provide strong check and balance in the Board's governance function.

Therefore, the lack of the necessary number of INEDs does not jeopardise the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group. Nonetheless, the Board will address board succession planning going forward to meet this recommendation.

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

5 Board Composition (Cont'd)

5.3 Tenure of Independent Directors

The Board recognises the MCCG's recommendation that service tenure of an INED should not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the nine (9) years, an INED may continue to serve on the Board subject to the Director's re-designation as a Non-INED. MCCG also states that the Board should provide justification and seek annual shareholders' approval through a two-tier voting process if it intends to retain an INED beyond nine (9) years.

As of to-date, Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim and Dato' Tahir Jalaluddin Bin Hussain have served as INEDs for more than 9 years since their appointment on 16 August 2013. Following the annual assessment, the Board intends to retain both Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim and Dato' Tahir Jalaluddin Bin Hussain as INEDs and will seek shareholders' approval at the forthcoming AGM.

NC had reviewed and assessed the independence of INEDs and their tenure of service. The NC is satisfied that the INEDs of the Company continue to demonstrate independence through their engagement in meetings by bringing objective and independent judgement to decisions taken by the Board. The INEDs of the Company had also devoted sufficient time and attention to the Group's affairs.

Key justifications to recommend their continuation as INEDs are as follows:

(a) They have actively participated in Board deliberation, provide objectivity in decision-making and possess sufficient self-esteem and confidence to stand up with an independent voice to the Board.

(b) They have exercised due care during their tenure and carried out their professional duties in the best interest of the Company and shareholders.

(c) They had not developed, established or maintained any significant relationship which could impair their independence as INEDs, with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as INEDs or member of the Board Committees.

(d) They had contributed sufficient time and efforts in attending meetings of the Board and Board Committees.

(e) They have proven business insight, academic qualifications, professional and entrepreneurial experience to share their valuable experience, expertise and skills with the Board.

5.4 Policy on Tenure of Independent Directors

As the Company is not classified as a Large Company, the Board does not have a policy which limits the tenure of its INEDs to nine (9) years without further extension. At present, the Board will ensure compliance with MMLR which limits tenure of INEDs to not more than a cumulative period of twelve (12) years.

5.5 Diversity in the Board and Senior Management

The Board is supportive of diversity on the Board and in Senior Management team. The appointment of Directors and Senior Management team are based on objective criteria, merit and takes into consideration diversity in experience, skills set, age and cultural background.

The current composition of the Board reflects a good mix of diversity and expertise from various fields such as general management and operations, commercial, finance and accounting, corporate affairs, manufacturing, sales and marketing, business, tax, product development, shipping and logistics.

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

5 Board Composition (Cont'd)

5.6 Sources to identify candidate for Directorship

The NC will consider to utilise independent sources to identify suitably qualified candidates, if such needs arise. There was no new appointment to the Board during the year under review. The NC will also perform independent background check on the candidate using information from independent sources prior to recommending any candidates for directorship.

5.7 Directors' Information

The profiles of the Directors are included in the Annual Report. Information contained therein included age, gender, tenure of service, directorship in other companies, working experience and any conflict of interest as well as shareholding in Pensonic.

A statement from the Board (on whether it supports the appointment or reappointment) is included in the Notice of AGM to ensure shareholders have the information they require to make an informed decision on the re-election of said Directors.

5.8 Chairman of Nomination Committee

The Nomination Committee is currently chaired by Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim, an INED.

5.9 Female Board Representation

The INED, Madam Ong Huey Min, Lindy is the sole female Director on board. Her presence also complies with MMLR which mandates presence of at least one (1) female Director on board.

5.10 Gender Diversity

The Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy presently as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

6 Board Effectiveness

6.1 Effectiveness of the Board and individual Directors

The Board has adopted a Directors' Assessment Policy which sets out the criteria and procedures for the Board performance assessment. The NC conducts annual review of the effectiveness of the Board and Board Committees as well as performance of each individual Director. The assessment is administered via customised questionnaires, on self-assessment basis, for continuous improvement.

The NC also reviews annually the required mix of skills, experience and other qualities, including core competencies of the members in discharging their duties. The skills and experience of each Director is analysed, inter-alia, in the areas of business operations technical and governmental affairs and legislation. Furthermore, the NC reviews size and composition of the Board with consideration on the impact to the effective functioning of the Board.

The INEDs are assessed annually by the NC on behalf of the Board. Following an assessment carried out for FY2023, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to provide unbiased impartial and objective opinion during meetings and act in the best interest of the Company and the Group.

Based on the outcome of evaluation for the financial year under review, the NC and the Board are satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The NC believes that the current Board composition is well balanced with the right mix of high-calibre individuals with the necessary skills, qualification, experience, knowledge, credibility, independence and core competencies.

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

6 Board Effectiveness (Cont'd)

6.1 Effectiveness of the Board and individual Directors (Cont'd)

Training

The Directors have been attending training courses and professional programmes necessary so as to keep abreast with the changes to guidelines issued by the relevant authorities as well as developments in the business environment, which can complement their services to the Group. The Directors are regularly updated by the Company Secretary on any changes to new statutory, corporate and regulatory developments relating to their duties and responsibilities or the discharge of their duties as Directors of the Company.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of needs.

Nonetheless, the NC had recommended for training to improve financial literary and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of Companies Act 2016 and other related laws. Internal briefings are provided from time to time to update on any amendment(s) or implementation of existing or new laws and regulations.

The training, conferences or seminars attended by Directors during FY2023 encompassed various topics as outlined below:

Director(s)	Training / Conferences / Seminars
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	• PowerTalk Series: Navigating ESG Data into Decisions • Being Digitally Enabled: PLCT Guidebook 4 Highlights
Chew Chuon Ghee, Vincent	• PLC Transformation (PLCT) Programme - Guidebook 2 Highlights • PLC Transformation (PLCT) Programme - Guidebook 3 Highlights • ESG Strategy in Action: Lessons Learned and Good Practices for Business Success – Insights from IOI Corporation Berhad
Chew Chuon Jin, Dixon	• Asia Forum, Singapore 2022 • The 23rd Hong Kong Forum
Chew Chuon Fang, Nelson	• PLC Transformation (PLCT) Programme - Guidebook 3 Highlights Confirmation
Ong Huey Min, Lindy	• The Tax Treatment Of Interest Expenses & Borrowing Costs L65 • Recent Developments On Liquidated & Ascertained Damages • Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework ("TCGF") • RDS Penang Legal Forum 2022 - Recent Tax & Customs Cases • National Tax Conference 2022 • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • MICPA-BDO Complimentary Webinar on Common Transfer Pricing Challenges in Malaysia • Advocacy for Directors and Senior Management of Main Market Listed Issuers ("Advocacy") - Advocacy Session on the Continuing Disclosure Requirements & Corporate Disclosure Policy of the Listing Requirements • Conversation with Audit Committees – Session 1 • 2023 Budget Seminar • PowerTalk Series: Navigating ESG Data into Decisions • Understanding ESG Data
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim	• Conversation with Audit Committees – Session 2
Dato' Tahir Jalaluddin Bin Hussain	• Conversation with Audit Committees – Session 2

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

7 Level and composition of Remuneration

7.1 Remuneration policy

The objective of the Remuneration Policy is to attract and retain high performing Directors required to lead and control the Group effectively.

In the case of the Executive Director, the components of the remuneration package are linked to individual and corporate performance. As for Non-Executive Directors, the Directors' fees are reflective of their experience and level of responsibilities and the onerous challenges in discharging their fiduciary duties and broad-based roles and responsibilities as well as time commitment to the Group that go with board membership. The executive Board members played no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

7.2 Remuneration Committee ("RC")

The RC comprises of three (3) members, all of whom are independent. The members of the RC are as follows:

Name	Position
Dato' Tahir Jalaluddin Bin Hussain	Chairman
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim	Member
Ong Huey Min, Lindy	Member

The RC is responsible for, inter-alia, recommending to the Board the policy framework and remuneration structure for Directors as well as the remuneration packages of Executive Directors.

The TOR of the Remuneration Committee is available on the Company's website.

The Remuneration Committee met once (1) during the financial year under review with all members in attendance to deliberate on the following matters:

(a) Reviewed and recommended the remuneration packages for the EDs; and

(b) Reviewed and recommended Director's Fees payable to Directors.

8 Remuneration of Directors and Senior Management

8.1 Details of Directors' Remuneration

The details of the Directors' remuneration paid/payable to the Directors of the Company and the Group for the financial year ended 31 May 2023 are tabulated in the Corporate Governance Report.

8.2 Top 5 Senior Management's Remuneration

All members of Senior Management are members of the Board. As such there is no necessity for a separate disclosure.

8.3 Detailed Remuneration of Top Five (5) Senior Management

As the Company is not classified as "Large Company", there is no full disclosure of top 5 Senior Management's remuneration on named basis.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I Audit Committee ("AC")

9 Effective and Independent AC

The TOR of the AC is published on corporate website. Details on the composition and other pertinent facts of the AC is outlined under the AC Report in this Annual Report.

9.1 Chairman of the AC

Madam Ong Huey Min, Lindy, an INED, is the Chairman of AC.

9.2 Appointment of Former Key Audit Partner to AC

None of the members of the Board were former key audit partners. As such, there was no need to establish such policy presently. Such a policy would be established when the need arises in future.

The Board will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner.

9.3 External Auditors

The AC reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, competency, quality of work, audit fees and the adequacy of resources.

Following a review conducted for FY2023, the AC is satisfied with the technical competency and independence of the external auditors. The AC meets with the external auditors at least twice (2) a year to discuss their audit plan and audit findings. The AC discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the AC to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The AC has considered the non-audit services provided by the external auditors during FY2023 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total audit fees paid to the external auditors.

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

9.4 Composition of the AC

The Board has long observed and valued the independence of the AC. As such, the AC comprised solely of INEDs.

9.5 Diversity in skills of the AC

The AC currently comprised of members with professional experience in finance, taxation, public service, business and economic environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part II Risk Management and Internal Control

10 Risk Management and Internal Control

10.1 Establishment of an effective Risk Management and Internal Control Framework

The Board acknowledges the significance of robust internal controls, which encompass risk management practices, financial controls, operational controls, and compliance controls. The Board conducts regular reviews to ensure the effectiveness of these controls. The Board takes full responsibility for overseeing the Group's internal control systems and risk management processes, emphasising the need to assess their adequacy and integrity.

Continuous reviews are carried out by the Group's internal audit function and Management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the AC regularly.

10.2 Features of Risk Management and Internal Control Framework

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

10.3 Establishment of a Risk Management Committee Comprises a Majority of Independent Directors

The group has not compiled on this Step-up Practice as the current Risk Management Committee (now renamed as Risk Management Team) comprised of management personnel.

11 Internal Audit Function

11.1 Effectiveness of the Internal Audit Function

The internal audit function of the Group is carried out by an outsourced consulting firm, JWC Consulting Sdn. Bhd. ("JWC") which reports directly to the AC. JWC is led by Ms. Wong Ai May who is a member of both MIA (Malaysian Institute of Accountants) and IIAM (Institute of Internal Auditors Malaysia) and is sufficiently resourced to provide service level and advisory that meet with the Group's expectations.

Information on the internal auditors and the internal audit activities during the financial year are set out in the Audit Committee Report in this Annual Report.

11.2 Disclosure on the Internal Audit Function

The internal auditors have represented to the AC that they are free from any relationship or conflict of interest with the Group. The AC has also received assurance from the internal auditors that they have adopted internal audit standards and best practices based on the International Professional Practices Framework ("IPPF"), endorsed by the Institute of Internal Auditors Malaysia.

JWC assigned 2 experienced staff to undertake internal audits of the Group and RM30,000 has been incurred for internal audit services for FY2023.

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

Part I Engagement with Stakeholders

12 Stakeholders

12.1 Communication with its stakeholders

The Group is dedicated to maintaining a consistent and transparent flow of information to shareholders and stakeholders regarding its developments. This commitment is upheld through regular and timely communication that is transparent, coherent, and equitable. The Group ensures that relevant and material information is disseminated through appropriate channels, taking into account commercial confidentiality and regulatory requirements.

The GMD of the Group is designated spokesperson for all matters related to the Group.

The Company places significant importance on its general meetings as the primary platform for engaging in dialogue and communication with shareholders and investors. Shareholders are actively encouraged to attend these meetings and are provided with ample time and opportunities to participate in the proceedings. They are invited to ask questions related to the resolutions being proposed, inquire about the Group's operations, and express their expectations and concerns.

In addition, the Board and Management welcome visits by investors, fund managers and analysts and conduct briefings to them when required, as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties. The corporate website at www.pensonic.com provides an easy and convenient avenue for stakeholders to gain access to more information of the Group.

However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to all shareholders and stakeholders.

All material announcements are reviewed and endorsed by the AC (as applicable) and the Board prior to release to the public through Bursa Securities. Shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website.

12.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently as the Group does not fall within the definition of "Large Companies".

Part II Conduct of General Meetings

13 Shareholders' Participation at General Meeting

13.1 Notice for AGM

The notice of 28th AGM held on 27 October 2022 was sent to the shareholders, proxies and corporate representatives at least twenty-eight (28) days prior to the meeting date and published in a major local newspaper. Items of special business included in the notice of 28th AGM were accompanied by explanation of the proposed resolutions. All suggestions and comments put forth by shareholders, proxies and corporate representatives were noted by the Board for consideration.

13.2 Directors' attendance

All Directors had attended the 28th AGM held on 27 October 2022.

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

Part II Conduct of General Meetings (Cont'd)

13 Shareholders' Participation at General Meeting (Cont'd)

13.3 Leveraging on Technology

General meetings are held in person as this is a better engagement platform with shareholders, proxies and corporate representatives.

The Company will consider leverage on technology to facilitate voting in absentia and remote shareholders' participation should this become a norm.

13.4 Shareholders Engagement

All Directors, management, Company Secretary and external auditors were present during the 28th AGM to engage with shareholders, proxies and corporate representatives. All questions posed were duly addressed by the Board.

13.5 Infrastructure for Virtual AGM

The 28th AGM was held physically. As such, there was no necessary to deploy infrastructure for virtual meeting format.

13.6 Minutes of General Meeting

Minutes of the proceedings of the 28th AGM were posted on the Company's website within 30 business days from the date of the AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards under Malaysia Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates. The Directors also have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT ON COMPLIANCE

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects, satisfactorily complied with the principles and practices set out in the MCCG except for the departures as disclosed.

The Corporate Governance Overview Statement was approved by the Board of Directors on 26 September 2023.

Audit Committee Report

FORMATION

The primary objective of the Audit Committee ("AC" or "Committee"), as a Committee of the Board of Directors ("Board") of Pensonic Holdings Berhad ("Pensonic" or "the Company") is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control. The key responsibilities of the AC included among others, the followings:

(a) Oversee the Company and its subsidiaries ("Pensonic Group" or "the Group") financial reporting process and the integrity of the Group's financial statements;
(b) Assess the Group's processes in relation to its risks, governance and control environment;
(c) Review conflict of interest situations and related party transactions; and
(d) Evaluate the internal and external audit processes and performance.

The terms of reference of the AC is published on the Company's website at www.pensonic.com.

COMPOSITION, MEETING AND ATTENDANCE

The present AC comprised solely of Independent Non-Executive Directors, in compliance with para 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("MMLR") and Practice 9.4 of the Malaysian Code on Corporate Governance ("Code").

The members of the AC and their attendance at the five (5) meetings held during the financial year under review are as tabulated:

Composition I Position in Committee	Attendance
Ong Huey Min, Lindy I Chairman	5/5
Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim I Member	5/5
Dato' Tahir Jalaluddin Bin Hussain I Member	5/5

All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC. The Chairman of the AC is a member of the Malaysian Institute of Accountants.

The minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting. The AC Chairman reported to the Board on the activities undertaken and the key recommendations for the Board's consideration and decision.

During the financial year ended 31 May 2023 ("FY2023"), the AC met five (5) times to discuss matters, among others, in relation to the accounting and reporting practices, related party transactions as well as internal and external audits of the Company and its subsidiaries.

The meetings were organised in a structured manner, utilising agendas that were shared to members with ample notice. To ensure proper governance, the Company Secretary or a representative from the Company Secretary's office was present at all meetings. In addition, executive Board members, management members, and representatives from the external auditors and internal auditors were invited to attend meetings when their presence was deemed necessary.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the AC during FY2023 were as follows:

Financial Performance and Reporting

(a) Reviewed quarterly unaudited financial results of the Group before recommending to the Board for its consideration and approval and subsequent announcement to Bursa Securities.
(b) Reviewed audited financial statements of the Company and the Group before recommending to the Board for its consideration and approval.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

Financial Performance and Reporting (Cont'd)

(c) Reviewed the Company's compliance, in particular, the quarterly and year-end financial statements, with the MMLR, applicable approved accounting standards of the Malaysian Accounting Standards Board and other relevant legal and statutory requirements.
(d) Reviewed pertinent issues, which might have significant impact on the results of the Group, including receivables, inventory management, bank borrowings, investments and divestments and strategic operations of subsidiaries.
(e) Reviewed recurrent related party transactions of revenue and trading nature and other related party transactions entered into by the Group.

Internal Audit ("IA")

(a) Reviewed and approved the annual IA plan for financial year ending 31 May 2023.
(b) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations and actions taken to improve the system of internal control and procedures.
(c) Monitored the feedback and reports from the Internal Auditors for matters of non-compliance, weakness in internal control systems or the lack of it as well as recommendations and management's response.
(d) The AC has, where appropriate, directed management to rectify and improve control procedures and workflow processes based on the internal auditors' suggestions for improvement.
(e) Reviewed the implementation of these recommendations through follow up audit reports.
(f) Reviewed the performance of JWC Consulting Sdn. Bhd. ("JCW") as internal audit services provider upon confirmation that JWC has the appropriate qualification and experience as well as being a member of the Institute of Internal Auditors Malaysia.

External auditors ("EA")

(a) Discussed the audit plan, scope of work/audit and reporting obligations as well as proposed audit fee for the year under review with the external auditors before commencement of audit engagement.
(b) Reviewed and discussed with the auditors, the findings and results arising from the audit and management letter (if any) together with management's response and comments.
(c) Responded to external auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.
(d) Reviewed the suitability and performance as well as factors relating to the independence of the external auditors with due consideration to the quality, robustness and timeliness of the audit and report furnished, audit governance, level of understanding demonstrated of the Group's business and communication about new and applicable accounting practices and auditing standards and its impact on the Group's financial statements as well as the quality of the people and service level.
The Committee also met once (1) with management, in the absence of auditors, to hear their views on the effectiveness of the external auditors.
(e) Following a review of the performance and independence of the external auditors, the AC recommended the re-appointment of KPMG PLT.

Corporate Governance

(a) Reviewed the relevant regulatory changes and ensure compliance by the Company and the Group.
(b) Reviewed and approved / recommended, as applicable, the Audit Committee Report, Statement of Risk Management and Internal Control, Statement on Corporate Governance and Corporate Governance Report for Board's approval before inclusion in the Annual Report.
(c) Reviewed, discussed, approved and monitored recurrent related party transactions of a revenue or trading nature and other related party transactions entered into by the Group as reported by the Management.
(d) Met twice (2) with the external auditors in the absence of the executive Board members and management staff to discuss issues of concern to the auditors arising from the annual statutory audit. None was reported.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

Risk Management

(a) Reviewed and accepted the Risk Assessment Report from Chief Risk Officer which detailed the risk status in the Group.
(b) Reviewed and assessed the key risks of the Group as identified in the Enterprise Risk Management ("ERM") Report and follow through on various action plans to manage, mitigate and or eliminate the risks so identified.
(c) Reviewed and endorsed the key risks profile of the Group as identified in the ERM Report.
(d) Reviewed the progress of ongoing risk management activities undertaken by Risk Management Team ("RMT").

Internal Audit Function

The Board acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group has engaged an independent professional consulting firm to provide outsourced internal audit function to carry out internal audit of the Group. This is to assist the Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function of the Group in respect of the financial year under review is RM30,000.

The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal controls and risk management so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

It is the responsibility of the internal audit function to provide the Committee with independent and objective reports on the risk management profile as well as the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

JWC took the risk-based approach in planning the Internal Audit Plan for the approval of the AC.

During FY2023, the internal audit function carried out internal audits to test the adequacy and effectiveness of the internal control system on review of the recurrent related party transactions of the Group, inventory management and general safety and security of Pensonic Sales & Service Sdn. Bhd. (Kapar Warehouse) and Anti-Bribery and Anti-Corruption Policy and Practices of the Company.

Further information on the internal audit function and its activities are set out in the Statement on Risk Management and Internal Control in this Annual Report.

This report was approved by the AC on 26 September 2023.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of Pensonic Holdings Berhad ("Pensonic" or "the Company") acknowledges its responsibility to establish a robust risk management framework and internal controls system in accordance with the Malaysian Code on Corporate Governance. As mandated by paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("MMLR"), the Board is required to include a statement on the state of internal control in the Company and its subsidiaries ("Pensonic Group" or "Group") in its Annual Report. The Board recognises the significance of a sound system of risk management and internal controls in safeguarding shareholders' investments and the Group's assets. The following is the Board's statement on risk management and internal control, which offers an overview of the Group's current state of risk management and internal control system.

BOARD RESPONSIBILITY

The Board reiterates its overall responsibility for maintaining a robust system of internal control and risk management within the Group. It acknowledges the significance of this system, which encompasses financial, operational, compliance, and integrity risks, along with the corresponding controls to effectively manage these risks on an ongoing basis. It is recognised that no internal control and risk management system can completely eliminate risks, and therefore, the current system is designed to manage risks within acceptable limits while ensuring efficiency. The system provides reasonable assurance but not absolute certainty against material misstatements, financial losses, defalcations, or fraud. The Audit Committee, Risk Management Team and Sustainability Working Team have been assigned the duty of supporting the Board in fulfilling its fiduciary obligations pertaining to the management of principal risks and internal controls.

- **Audit Committee ("AC")**

  The AC, which comprises solely of Independent Non-Executive Directors, plays a crucial role in assisting the Board in obtaining assurance regarding the adequacy and effectiveness of the Group's risk management and internal control systems through ongoing and independent reviews carried out by the internal audit function.

- **Risk Management Team ("RMT")**

  The RMT, which comprises of Group Managing Director ("GMD") and identified senior management members, is established to identify risks that affect the Group and to quantify their potential impact, identify control systems to manage significant risk. If controls for certain significant risks are not in place presently, to propose and formulate new controls to manage those risk. The RMT is tasked to set up an ongoing risk management process that is effective.

- **Sustainability Working Team ("ST")**

  The ST, which comprises of GMD and identified senior management members is responsible for overseeing and guiding the Group's sustainability efforts by developing sustainability goals, monitoring and reporting performance as well as integrating sustainability into business operations and driving continuous improvement.

  This Statement does not cover associate companies which the Group does not have any direct control. Nevertheless, the Board has appointed representatives in the board of associate companies to oversee their businesses who will update key matters and significant information to the Board.

KEY COMPONENTS OF THE INTERNAL CONTROL PROCESSES

Enterprise Risk Management Framework

The Board has put in place a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the operations of the Group's business activities. These included strategic risk, operational risk, financial risk and project risk. The Group's risk management objectives are as outlined:

(a) To evaluate the primary risks encountered or potential risk exposure of the Group in its business operations and implement suitable internal control systems to mitigate those risks.
(b) To review the sufficiency and reliability of the internal controls in accordance with guidelines, laws, and regulations, and adapt them to accommodate changes in the business environment as needed.
(c) To assess business decisions in light of the principle that risks are inherent in business activities and may be incurred if the potential rewards are anticipated to be able to enhance shareholders' value for the Group.

KEY COMPONENTS OF THE INTERNAL CONTROL PROCESSES (Cont'd)

Enterprise Risk Management Framework (Cont'd)

(d) To identify and address significant risks that could have a significant impact on the Group, ensuring that appropriate measures are taken to mitigate and manage these risks in a timely manner.
(e) To provide assurance on the Group's compliance with regulatory requirements, as well as the effectiveness of the policies and procedures that have been implemented.

The RMT which is part of the Group's risk management governance framework is responsible for conducting regular reviews, assessments and updates to the Risks Register on an annual basis. The Group is continuously improving its Enterprise Risk Management ("ERM") system, which involves an ongoing and systematic process of identifying, assessing, responding to and monitoring of risks. The risks are identified and assessed by deploying the following methodologies:

- Identification of risks by the process owners;
- Assessment of the likelihood and impact of the risks identified;
- Evaluation of the control strategies in relation to the risks;
- Formulation of action plan to address control deficiencies; and
- Setting of key risks indicators to monitor the risks

Board Meetings

The Board meets on a quarterly basis, adhering to a structured agenda encompassing a wide range of topics for discussion. The Group MD takes the lead in presenting board papers, providing comprehensive updates to the Board on critical business and operational matters including key products performance and growth, business plans, corporate affairs and future prospects. The decision-making process entails thorough deliberation and in-depth discussions by the Board, following recommendations from the management team.

Organisational Structure

The Group has established a well-defined organisational structure that includes delineated job responsibilities and delegated authorities. This structure facilitates effective communication of risk control objectives and ensures that authority and accountability are aligned with responsibilities and operational requirements.

Furthermore, the Audit Committee, Remuneration Committee and Nomination Committee which comprise primarily non-executive Directors, have well-defined terms of reference and specific functions that contribute to the overall governance framework of the Group.

Internal Policies and Procedures

The Group has implemented a comprehensive set of internal policies and procedures that are continuously updated to reflect changes in systems, work environment, and guidelines. The Group's Standard Operating Procedures ("SOP") are aligned with and adhere to industry standards such as Quality Management Systems ISO 9001:2015. These policies and procedures ensure compliance with relevant regulations and promote responsible and sustainable business practices throughout the Group.

The Group has documented Limits of Approving Authority for key aspects of its businesses. This framework ensures a clear structure of authority and accountability within the organization, enabling appropriate decision-making at each level of the organizational hierarchy. The delegation of limits is regularly reviewed to ensure its effective implementation and ongoing suitability in aligning with the Group's business objectives and operational requirements.

Performance Management Framework

Regular and consistent management reports are generated to support the Board and Management in conducting financial and operational reviews of the different business units. These reviews cover financial and non-financial Key Performance Indicators ("KPIs"), analysis of variances between standard and actual results, and compliance with applicable laws and regulations.

KEY COMPONENTS OF THE INTERNAL CONTROL PROCESSES (Cont'd)

Internal Audit

The AC is responsible to review and monitor the adequacy and effectiveness of the Group's system of internal control via the internal audit function. The internal audit function assists the AC to achieve the following objectives:

- assess and report on the effectiveness of the risk management and internal control systems;
- assess and report the reliability of systems and reporting information;
- assess and report on the operational efficiency of the various business units and departments within the Group and identify cost saving potentials, where practical; and
- review compliance with the Group policies, standing instructions and guidelines as requested by Management, and applicable laws and regulations.

The Company has outsourced the internal audit functions to JWC Consulting Sdn. Bhd. ("JWC"), an independent professional firm as the Internal Auditors since 2017. During the financial year ended 31 May 2023 ("FY2023"), JWC carried out a total of three (3) audit assignments on the Group in accordance with their audit plan, which covered the followings areas:

- Review of the Recurrent Related Party Transactions – Group
- Inventory management – Pensonic Sales & Service Sdn Bhd
- General safety and security – Pensonic Sales & Service Sdn Bhd
- Anti-Bribery and Anti-Corruption Policy and Practices – Group

The results of the internal audits reviews, which include recommendations made by the internal auditors and the management's responses to those recommendations, are reported directly to the AC. Where deemed necessary, the AC instructs the management to correct and enhance control and workflow procedures based on the recommendations for improvements provided by the internal auditors. Additionally, the AC monitors the corrective actions taken by the management in response to the weaknesses identified in the previous quarters.

The overall expenses associated with the Internal Audit function for the FY2023 amounted to RM30,000.

REVIEW OF THIS STATEMENT

The Internal Auditor has informed the AC that all internal control weaknesses identified during the FY2023 audit assignments have been or are being resolved, and that none of these weaknesses have led to any significant losses, contingencies, or uncertainties that necessitate disclosure in the Company's Annual Report.

The Board has received assurances from both the GMD and the Group Financial Controller that the Group's risk management and internal control system is functioning sufficiently and efficiently, addressing all significant aspects, in accordance with the Group's risk management and internal control framework.

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the Annual Report. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

The External Auditors have informed the Board that no issues have been brought to their attention that would lead them to believe that the Statement, which is intended to be included in the Annual Report, is not prepared in accordance with the necessary disclosures outlined in paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers.

The Board holds the opinion that the risk management and internal control in place during FY2023 and up until the date of this report are robust and satisfactory in safeguarding the investments of shareholders, the interests of customers, regulators, employees, and other stakeholders associated with the Group.

This Statement is made in accordance with the resolution of the Board of Directors on 26 September 2023.

Sustainability at PENSONIC

The Board of Directors of Pensonic Holdings Berhad ("Pensonic" or "the Company") is pleased to present its Sustainability Statement in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") Practice Note 9 and the Sustainability Reporting Guide Issue. This Statement describes our approach to sustainability matters and the measures implemented by the Company and its subsidiaries ("Pensonic Group" or "the Group") for the financial year ended 31 May 2023 ("FY2023").

Pensonic is committed to integrating and implementing the principles of economic, environmental, and social responsibility in all its business and operational activities. The Group recognises that its business and sustained growth are closely linked to its ability to effectively manage the impact of the identified material sustainability matters. The Group will strive to adopt sustainable practices in all aspects of its operations whenever feasible, with the aim of benefiting future generations.

SCOPE AND COVERAGE

The scope of our Sustainability Statement covers the period from 1 June 2022 to 31 May 2023 and the reporting boundary for the time being is mainly focused on the Malaysian operations. Unless otherwise stated, Pensonic's business operation in oversea are not included at this juncture. Our core business operations focused on manufacturing and trading of electrical home appliances.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group's sustainability governance structure is as presented below:

Sustainability Working Team	Group Managing Director	Board of Directors (BOD)
• Headed by the GMD • Identifies areas for improvement • Recommends sustainability initiatives and standards • Implements sustainability initiatives approved by the Board • Monitors and reports progress of sustainability initiatives on a periodical basis to the Board	• Reports directly to the Board on sustainability matters • Oversees and approves sustainability targets, key indicators and disclosures • Evaluates and assesses sustainability risks and opportunities	• Ultimately responsible for managing sustainability matters of the Group

The Sustainability Working Team, comprising identified senior management and heads of business and supporting units, is responsible for the integration of sustainability practices and objectives at the operational level, including tracking and measuring the progress of implemented initiatives. The Sustainability Working Team is helmed by the GMD.

STAKEHOLDERS ENGAGEMENTS

Stakeholders encompass individuals, groups, and entities affected by the activities of the Group. The Group recognises that equitable treatment and fostering strong relationships with core stakeholders are crucial for long-term profitability, accomplishments and business continuity. In view of this consideration, the Group engages regularly with both internal and external stakeholders to gain deeper insights into their viewpoints and concerns regarding material sustainability matters.

These engagements enable the Group to integrate the relevant perspectives and concerns into its sustainability strategy effectively to deliver positive business outcomes and create value across the system as we build a sustainable future together with our stakeholders.

Our key stakeholders are:
- Customers
- Employees
- Investors
- Suppliers
- Regulators

Sustainability Statement

The Group categorises its stakeholder engagement and sustainability practices into the following categories and activities which helps in targeting its sustainability activities, engagement and communication in a systematic and focused manner:

Stakeholder Group	Type of Engagement	Sustainability Concerns
Customers	• Customer visits • Sales, marketing and promotional events • Collaboration activities • Social media channels	• Product safety and quality • Design and features • Timely delivery • Customer service and experience
Employees	• Day-to-day operations • Code of ethics • Whistleblowing policy • Training • Annual appraisal	• Occupational safety and health • Employee appreciation, welfare and benefits • Employee development • Fair and equitable treatment
Investors	• Annual general meeting • Quarterly announcement of financial results • Website updates	• Sustainable financial returns
Suppliers	• Suppliers selection • Suppliers evaluation and periodic audits • Strategic partnerships / alliances	• Supply chain efficiency • Ethical business practices • Timely delivery • Product quality and safety
Regulators	• Regulatory disclosures / reporting • Scheduled waste disposals • Survey, statistics requests by regulators	• Adherence to law and regulations • Corporate governance and compliances • Workers' living conditions compliance

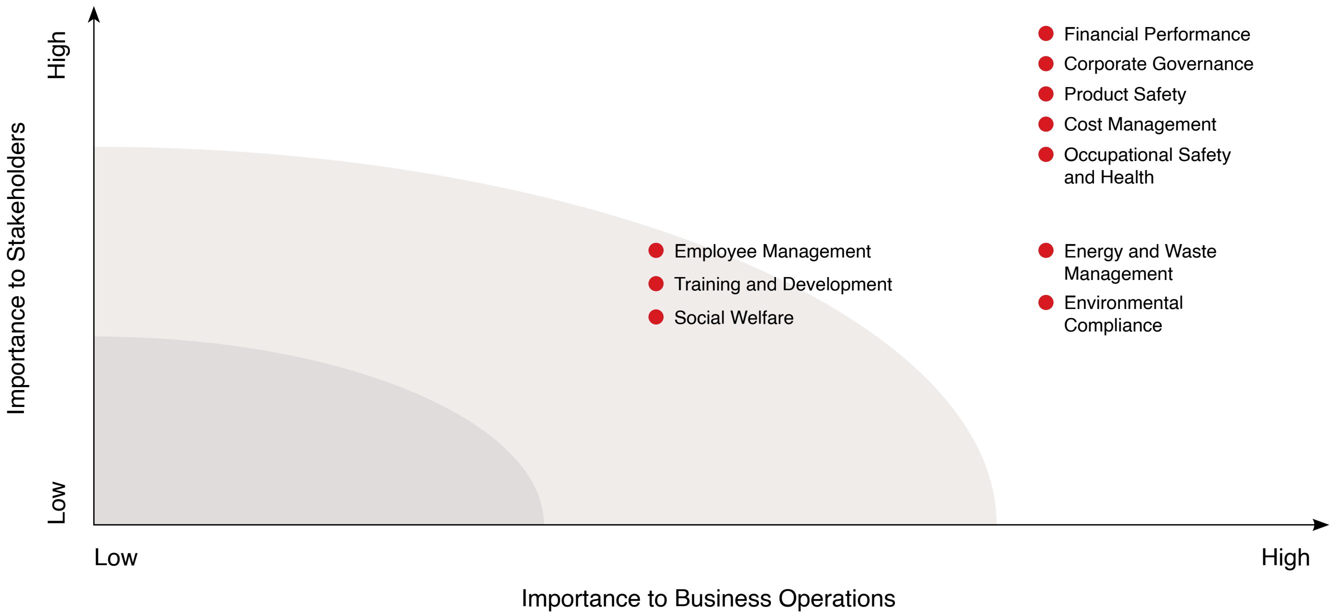
Sustainability Statement

MATERIALITY ASSESSMENT PROCESS

Materiality Matrix

As part of the Group's efforts to develop its sustainability framework, the Group has conducted a materiality assessment to identify material sustainability matters and ranked the material matters based on their importance to business and stakeholders.

Materiality assessment was conducted and the Group has prioritised 10 material issues. The resulting materiality matrix is set out below:



The United Nations Sustainable Development Goals ("UNSDG")

In 2015, the United Nations General Assembly set up the Sustainable Development Goals that comprise a set of 17 goals as per below, with respective targets to be achieved by the year 2030. These UNSDGs were formed with the aim of creating a better world for mankind. Therefore, we have aligned our sustainability drive with the UNSDGs to play our part and contribute towards the betterment of the global community in which we are a part.

01 ECONOMIC

PENSONIC acknowledges that the enduring success of our business is balanced upon attaining the utmost level of product quality while meeting our customers' elevated expectations at competitive prices.

PENSONIC holds ISO 9001:2015 certification, ensuring adherence to rigorous quality standards. Our products are approved and certified by Suruhanjaya Tenaga and SIRIM before they are introduced into the market. We offer comprehensive product warranty for all items, allowing customers to seek assistance for repairs and maintenance through warranty claims. In certain cases, customers may also be eligible for product exchanges, depending on specific circumstances.

The Group operates seven service centres in Malaysia to provide convenient access to product information, repairs and maintenance services. These centres are strategically located in Bukit Minyak and Perak Road in Penang, Petaling Jaya, Johor Bahru, Kota Bahru, Kota Kinabalu, and Labuan. Additionally, we also have global sales and service centres in Zhuhai, Hong Kong, Singapore, Indonesia, Brunei and Myanmar.

Pensonic has introduced a one-stop solution called 'Circlez App' for consumers to register online product warranty for all Pensonic brands. With Circlez App, registering product warranty is a breeze! Consumers can simply scan the QR code or manually input the necessary information, therefore saving time and effort. This App provides automatic warranty period tracking for consumers to stay informed about the duration of warranty coverage. In addition to warranty registration and tracking, the App also provides other convenient features such as prompt customer and service support, convenient online shopping, access to awesome shopping rewards and updates on the latest deals.

The response towards e-Warranty registrations during the past three (3) years have been encouraging.

The numbers are as follows:

Year	2021	2022	2023
No. of e-warranty registration	47,819	57,555	**39,100**

We actively track warranty claims to gauge the quality of our products. There are also multiple communication channels to encourage seamless consumer interactions with us, allowing them to submit inquiries, express concerns, or file complaints. These channels encompass our website, social media sites and customer service centres.

Each customer concern is meticulously documented and reviewed by the Group, enabling us to identify frequently reported issues. This information is then included in our ongoing efforts towards continuous quality improvement.

PENSONIC upholds a robust supply chain management approach by fostering long term, collaborative partnerships with suppliers. We strive to establish secure and efficient procurement practices, allowing us to leverage economies of scale to gain competitive advantage. We engage in lean manufacturing, adhere to environmental regulations, and follow the necessary compliance and quality standards. Our goal is to deliver products that satisfy our consumers' needs promptly and at competitive prices. We conduct thorough assessments based on quality, delivery, and environmental aspects before engaging new suppliers. These assessments are essential to ensure all suppliers align with our requirements.

The Group acknowledges that sound corporate governance is essential for the enduring sustainability of the business. The Group is wholeheartedly dedicated to implementing the necessary practices that foster corporate transparency, accountability, performance, and integrity. These elements play a pivotal role in gaining stakeholders' trust, confidence and continued business relationships. The Group remains steadfast in upholding high standards of corporate governance, as outlined in the Corporate Governance Overview Statement provided in this Annual Report. The Group has formalised the following policies that are available on the Company's website www.pensonic.com:

- Code of Conduct
- Code of Ethics
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy

01 ECONOMIC
(Cont'd)

Throughout the financial year, the Group has recorded zero cases of whistleblowing concerning anti-corruption, anti-money laundering, or ethical business practices. The Group remains committed to regularly evaluating its policies and procedures to ensure adherence to high ethical and integrity standards in all aspects of its operations.

Pensonic is dedicated to upholding the fundamental principles of data privacy, which involve handling sensitive information such as personal or financial data with utmost care. Ensuring data security, protecting information from unauthorised access, alteration, or theft is also a priority to build trust and accountability with customers, business partners and employees.

To safeguard data privacy, we have implemented key internal controls that include:

- Utilising firewalls and installing antivirus or anti-malware software to protect our technology resources and assets.
- Implementing appropriate physical and organisational security measures to safeguard personal and Company data.
- Ensuring employee cooperation and compliance with Pensonic Code of Business Conduct and Ethics.
- Providing employee training and awareness programmes to increase understanding on importance of data privacy.
- Establishing Non-Disclosure Agreements with customers, suppliers, and contractors.

As a result of our ongoing efforts, there were no reported breaches or incidents in FY2023.

02 ENVIRONMENT

At PENSONIC, we prioritise stringent adherence to environmental laws governing our plant operations and maintenance. We are fully committed to upholding high environmental standards, including compliance with relevant emission regulations, noise level management, and the proper treatment of plant effluents and wastewater. By strictly complying with these regulations, we strive to minimise our environmental impact and promote sustainable practices.

We are supportive of the Government's regulations and initiatives on the Minimum Energy Performance Standards (MEPS) provided under the Electricity Regulations 1994 and its subsequent amendments. We ensure all our products have the necessary energy efficiency rating and are affixed with the required MEPS Star Rating Label. The Group's products with MEPS Star Rated appliances include cooling appliances, washing machines and selected small cooking appliances.

The manufacturing division of the Group is a significant contributor to the Group's scheduled waste substances such as IPA stained cloth, solder dross, spent hydraulic oil and hydraulic oil stained cloth. We store all hazardous waste produced during our manufacturing operations in designated areas and keep an inventory, and this is later reported to the Department of Environment every month via the Electronic Scheduled Waste Information System. The collected waste is then disposed of by a vendor who is licenced by the Department of Environment, Malaysia.

02 ENVIRONMENT
(Cont'd)

For the financial year under review, the summary of scheduled wastes generated by the Group is as below:

Description of Waste	Amount (kg) Generated & Disposed by Licensed Contractor		
	FY2021	FY2022	FY2023
Contaminated Cloth with IPA	36.71	29.82	**9.50**
Solder Dross	0.21	0	**0**
Spent Hydraulic Oil	183.00	115.00	**71.00**
Cloth with Hydraulic Oil	150.00	115.00	**67.00**

Throughout the financial year, there were no fines or penalties as we have remained fully compliant with relevant environmental regulations and requirements.

We have utilised exclusively reconditioned batteries in our warehouse forklifts that rely solely on rechargeable batteries. This approach allows us to conserve power. As there is zero CO2 emissions during operation, these forklifts promote an environmentally friendly working environment.

Pensonic's plant primarily need energy in the form of electricity which we purchased directly from Tenaga National Berhad. Electricity is mainly used for manufacturing machinery and other process engineering equipment. The measurement and control technology, as well as the lighting, requires electricity. None of our plants use steam, coal nor natural gas as a source of energy.

Energy Consumption	Unit	FY2022	FY2023
Electricity consumption	MWh	2,085.46	**1,928.60**

The Group has undertaken the initiative of installing rooftop solar panels at our Head Office and Manufacturing Plant with a total installed capacity of 871.2 kWdc. The installation is expected to complete by end of September 2023. This industrial-scale Solar Photovoltaic (PV) System offers clean and green energy that generates electricity by absorbing sunlight and using that light energy to create an electrical current. Our initiative aim to accelerate utilising and maximising potential of Pensonic's rooftops to produce energy.

We have incorporated rainwater harvesting system at our head office as a component of our green building efforts. This system allows us to collect rainwater for various non-operational general purposes, therefore helping to conserve our world's existing clean water supply. Our office is designed with a modern and sustainable approach, featuring plenty of large window openings and spacious interiors. This design choice maximises the use of natural sunlight and reduces the need for artificial lighting during the day time. By implementing these measures, we aim to create an energy-efficient and environmentally conscious workspace.

We have been proactively promoting paper usage reduction practice among our employees and throughout the Group, with the goal of minimising the number of trees being cut down and mitigating our environmental impact. To achieve this, we track paper usage on a monthly basis by department, ensuring there is no unnecessary waste. We also implement programmes such as document digitisation to reduce our reliance on physical paper documents. Through these efforts, we strive to foster a more sustainable and environmentally conscious workplace.

03 SOCIAL

At Pensonic Group, we strongly uphold the principles of human rights and treat each individual with respect and dignity. We strictly condemn and do not engage in any form of forced labour. Discrimination in any form is strictly prohibited. We are committed to maintaining a safe and healthy workplace for all employees. Child labour is strictly prohibited, and we ensure compliance with applicable minimum wage requirements. Furthermore, we actively promote freedom of speech within our organisation, fostering an environment where individuals can express their views openly and without fear of retribution.

Talent development is one of the core aspects of the Group's continued growth and success. Training, safety awareness events and seminars were held during the year to create awareness and promote the importance of safety and health, as well as sharpen the skillset of employees.

Moving forward, the Company is working on adding another ISO certification under our belt in the area of environment and safety within the workplace as one of our sustainability initiative priorities.

The well-being of our employees has always been our top concern. In the financial year 2023, we recorded zero (0) instances of reported injuries. To further minimise accidents in our operations, we consistently emphasise workplace safety. This will involve enhancing safety awareness initiatives and training programmes, conducting daily inspections to identify potential hazards that may cause accidents, as well as strengthening employee and stakeholder safety enforcement measures. Our safety protocols and procedures adhere to the globally acknowledged OHSAS 18001 standard, ensuring a safe and healthy work environment.

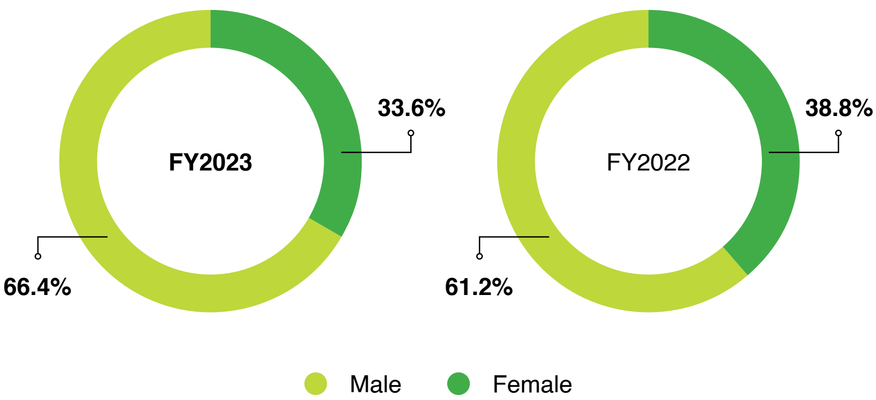
We ensure that all foreign labour is hired in accordance with the laws, rules and regulations, complete with proper documentation and legal permits. They are provided with a contract of employment and receive comparable benefits to our local employees. As a testament to our dedication to safeguarding the human rights of all our employees, the PENSONIC Group has invested continual resources to enhance the comfort and accommodation facilities of our workforce. This includes providing spacious living areas for each individual and upgrading the facilities available to comply with the Employee's Minimum Standards of Housing and Amenities Act 2019.

Overall, there have been no reported cases of discrimination, child labour, or workplace harassment for the Group during year 2023.

We promote diversity and do not tolerate any form of discrimination. We believe that diversity in professional background, experience, gender, ethnicity and culture promote a richness of ideas and fresh perspectives that supports innovative thinking and creativity.

Employment diversity of the Group is as shown below:

Employee Diversity by Gender



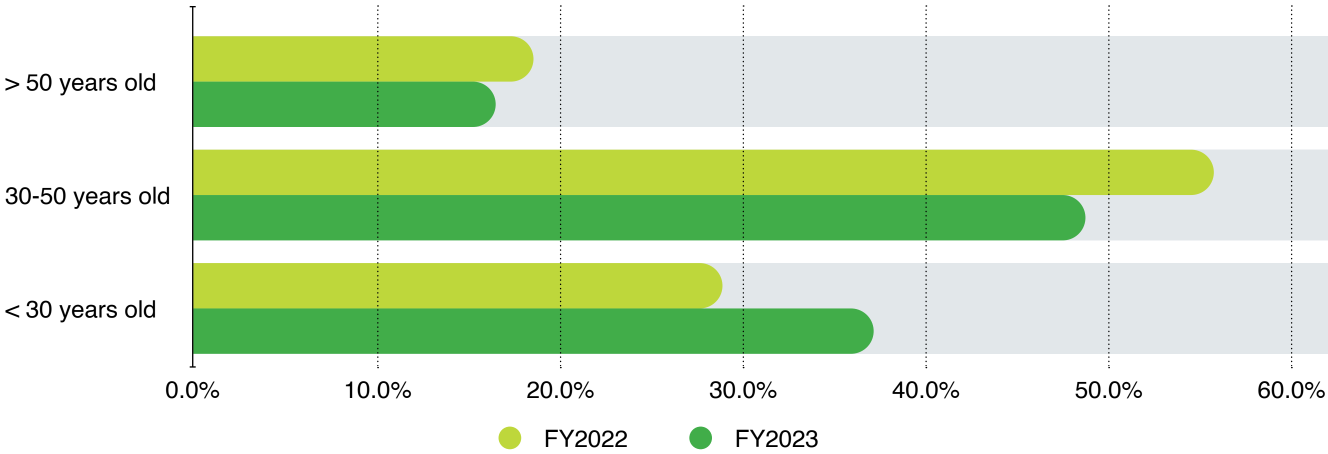
Our workforce consists of 66% males and 34% females in FY2023. The gender distribution is uneven due to a predominance of male in operational roles that have physically demanding tasks. However, we do not limit our female employees from taking on any professional positions or responsibilities, as long as they possess the necessary qualifications for the role.

As proponents of an inclusive culture, we firmly oppose any type of discrimination based on gender, race, or age. Consequently, during the hiring process, we prioritise candidates' qualifications, knowledge, skills, training, and experience, rather than considering their gender, age, or cultural background.

03 SOCIAL
(Cont'd)

The graph below illustrates the Group's employee distribution by age, for the financial year ending 2023. The majority of employees within the Group fall within the age range of 30 to 50 years old, accounting for 48.5% of the workforce. This age group comprises experienced and highly skilled individuals, and we are dedicated to enhancing their knowledge and skills both presently and in the future to ensure ongoing growth and development both for the employees and the Company.

Employee Diversity by Age



Our employees are our most valuable asset, therefore we ensure employees are compensated fairly and competitively by benchmarking periodically against market salary levels and upgrading employment benefits to show recognition and appreciation for their contributions to the Group.

Employee benefits are given to our full-time employees aimed at supporting a workforce that feels secure, stable and cared for through fair leave allocation and insurance coverage, among others. A list of employee benefits is given below:

Statutory Benefits	• Minimum wages • EPF, SOCSO, EIS and HRDF contributions • Overtime payments • Annual leave, paid medical leave, hospitalisation leave, maternity leave, marriage leave, compassionate leave
Employee Benefits	• Group medical insurance including hospitalisation and personal accident • Medical subsidies including dental and outpatient medical claims • Domestic and overseas travel expenses claims
Employee Welfare	• Festival celebrations • Birthday celebrations • Sport activities • Long service awards • Hostel for foreign operators • Transportation
Extra Facilities	• Prayer rooms • Personal lockers • Rest areas • Secured carparks • In-house gym • Auditorium • Ballroom

03 SOCIAL
(Cont'd)

We conducted our first Employee Engagement Survey in March 2023. The survey encompassed six vital aspects, namely, Engagement & Communication, Leadership, Working Environment, Compensation & Benefits, Professional Growth, and Work-Life Balance.

On the overall, the scores collected from employees fell within the "Satisfactory/Good" category. The management values the feedback and suggestions provided by the employees and takes them seriously. Consequently, a comprehensive plan has been devised to implement improvements in stages. Notable improvements that have been implemented include enhanced medical coverage (increase in outpatient and dental entitlements, along with a wider range of panel clinic options) and the enhancement of drinking water dispensers facilities at all branches.

Engaging with the local communities in which we operate provides opportunities for us to meet their needs and create positive, long-term impact. Taking this into consideration, the Group is wholeheartedly dedicated to its Corporate Social Responsibility ("CSR") initiatives by actively participating in a range of community service activities to support the local communities. This support is manifested through diverse means, including offering financial aid to a wide array of non-profit organisations.

As we continue our journey to become a progressively sustainable Group, we will remain resolute in our commitment towards continual improvements, carry out our business activities in a transparent and environmentally friendly manner while providing long-term value for all our stakeholders.

Statement of Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares ("Proposed Share Buy-Back")

1.0 Introduction

The shareholders of Pensonic Holdings Berhad ("Pensonic" or "the Company") had, at the 28th Annual General Meeting ("AGM") held on 27 October 2022, granted approval to the Board of Directors ("Board") to purchase the ordinary shares in Pensonic ("Shares") of up to ten percent (10%) of the total number of issued Shares at any point of time through Bursa Malaysia Securities Berhad ("Bursa Securities").

The aforesaid mandate shall lapse at the conclusion of the forthcoming 29th AGM unless the approval for its renewal is obtained from the shareholders at the forthcoming 29th AGM.

On 08 September 2023, the Company announced to Bursa Securities that the Company proposed to seek shareholders' approval on the Proposed Share Buy-Back at the forthcoming 29th AGM.

The purpose of this Statement is to provide you with the details of the Proposed Share Buy-Back as well as set out the recommendations of the Board and to seek your approval for the ordinary resolution in respect of the Proposed Share Buy-Back to be tabled at the forthcoming 29th AGM of the Company.

2.0 Disclaimer Statement

This Statement is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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

3.0 Details of the Proposed Share Buy-Back

The Board is proposing to seek your approval to purchase a maximum aggregate number of Shares of up to ten percent (10%) of the total number of issued Shares of the Company at any point in time, subject to compliance with Section 127 of the Companies Act 2016 ("Act"), Chapter 12 of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the Malaysian Code on Take-Overs and Mergers 2016 ("Code") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities (collectively "Prevailing Laws") at the time of purchase(s).

As at 21 August 2023, being the latest practicable date ("LPD") prior to the printing of the Annual Report 2023, the Company's issued share capital is RM67,670,893 comprising 129,668,000 Shares. Based on the number of issued shares of Pensonic and assuming full exercise of the Warrants, the maximum number of shares which can be bought back pursuant to the Proposed Share Buy-Back are detailed as below:

Share Capital	Based on existing share capital No. of shares	Assuming full exercise of the Warrants No. of shares
Total number of issued shares	129,668,000	129,668,000
Add: new shares arising from the exercise of the Warrants	-	64,834,000
Enlarged share capital	129,668,000	194,502,000
10% of the total number of issued shares	12,966,800	19,450,200
Less: Treasury shares held by Pensonic	(3,986,300)	(3,986,300)
Maximum number of shares which may be purchased in respect of this Proposed Share Buy-Back	8,980,500	15,463,900

The purchase of Shares under the Proposed Share Buy-Back will be carried out through Bursa Securities via stockbroker(s) appointed by the Board.

Statement of Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares ("Proposed Share Buy-Back")

3.0 Details of the Proposed Share Buy-Back (Cont'd)

Your authority for the share buy-back will be effective upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming 29th AGM to be convened and shall continue to be in force until:

(a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM of the Company is required by law to be held;or
(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first.

Your approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its Shares. However, it will allow the Board to exercise the power of the Company to purchase its Shares at any time within the abovementioned time period.

4.0 Rationale for the Proposed Share Buy-Back

The Proposed Share Buy-Back would enable the Company to utilise its surplus financial resources to purchase Shares when appropriate, and at prices which the Board views as favourable to the Company with a view to enhancing the earnings per Share ("EPS") of Pensonic Group ("the Group") and net assets ("NA") per Share of the Company.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its shareholders.

(i) Advantages of the Proposed Share Buy-Back

(a) The Proposed Share Buy-Back would effectively reduce the number of shares carrying voting and participation rights unless the Shares which are purchased by the Company pursuant to the Proposed Share Buy-Back ("Purchased Shares") are resold on Bursa Securities or distributed as share dividends. Consequently, all else being equal, the EPS of the Group may be enhanced as the earnings of the Group would be divided by a reduced number of Shares.
(b) The Purchased Shares which will be retained as treasury shares ("Treasury Shares") may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves without affecting the total share capital of the Company. The Treasury Shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.
(c) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

(ii) Disadvantages of the Proposed Share Buy-Back

(a) The Proposed Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forgo better future investment or business opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments; and
(b) The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to you as shareholders of Pensonic in the immediate future.

5.0 Source of funding for the Proposed Share Buy-Back

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-Back must be made wholly out of the retained profits of our Company. We intend to use internally generated funds to finance the Proposed Share Buy-Back subject to compliance with Section 127 of the Act and any Prevailing Laws at the time of the purchase. Notwithstanding this, in the event the Proposed Share Buy-Back (or any part of it) is to be financed through external borrowings, our Board will ensure that we have sufficient funds to repay such external borrowings.

Based on the latest audited consolidated financial statements for financial year ended 31 May 2023, the retained profits of our Company is approximately RM12,560,977. The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate amount of the retained profits of the Company.

The Proposed Share Buy-Back is not expected to have a material impact on the cash flow position of our Company. In addition, our Board will ensure that our Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Share Buy-Back. The actual number of Shares to be purchased, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as our financial resources and retained profits.

Statement of Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares ("Proposed Share Buy-Back")

6.0 INTEREST OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED

The Directors, Substantial Shareholders and persons connected to the Directors and/or Substantial Shareholders of Pensonic Group have no direct or indirect interest in the Proposed Share Buy-Back and/or the resale of Treasury Shares, if any.

The proforma table below shows the equity interests held directly and indirectly in Pensonic by the Directors and Substantial Shareholders of Pensonic as at LPD before and after the Proposed Share Buy-Back:

Minimum scenario: assuming none of the Warrants are exercised and 12,966,800 shares are bought-back by Pensonic.
Maximum scenario: assuming all Warrants in issued are fully exercised and 19,450,200 shares are bought-back by Pensonic.

	As at LPD No. of shares held				As at LPD No. of warrants held		After minimum scenario No. of shares held				After maximum scenario No. of shares held			
	Direct	%	Indirect	%	Direct	Indirect	Direct	%	Indirect	%	Direct	%	Indirect	%
Directors														
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	11,034,300	8.780	32,261,924^	25.670	8,400,000	11,089,912*	11,034,300	9.455	32,261,924^	27.645	19,434,300	11.102	43,351,836^	24.765
Chew Chuon Jin, Dixon	7,898,400	6.284	16,800#	0.013	5,485,700	10,000#	7,898,400	6.768	16,800#	0.014	13,384,100	7.646	26,800#	0.015
Chew Chuon Ghee, Vincent	8,704,000	6.925	1,180,700#	0.939	2,002,000	168,000#	8,704,000	7.458	1,180,700#	1.012	10,706,000	6.116	1,348,700#	0.770
Chew Chuon Fang, Nelson	6,181,000	4.918	-	-	2,877,000	-	6,181,000	5.296	-	-	9,058,000	5.174	-	-
Substantial Shareholder														
Chew Weng Khak Realty Sdn Bhd	26,061,924	20.736	-	-	10,669,912	-	26,061,924	22.332	-	-	36,731,836	20.983	-	-
Dato' Seri Chew Weng Khak @ Chew Weng Kiak	11,034,300	8.780	28,261,924*	22.487	8,400,000	11,089,912*	11,034,300	9.455	28,261,924*	24.217	19,434,300	11.102	39,351,836^	22.480
Chew Chuon Jin, Dixon	7,898,400	6.284	16,800#	0.013	5,485,700	10,000#	7,898,400	6.768	16,800#	0.014	13,384,100	7.646	26,800#	0.015
Chew Chuon Ghee, Vincent	8,704,000	6.925	-	-	2,002,000	-	8,704,000	7.458	-	-	10,706,000	6.116	-	-

Statement of Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares ("Proposed Share Buy-Back")

6.0 INTEREST OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED (Cont'd)

	As at LPD No. of shares held				As at LPD No. of warrants held		After minimum scenario No. of shares held				After maximum scenario No. of shares held			
	Direct	%	Indirect	%	Direct	Indirect	Direct	%	Indirect	%	Direct	%	Indirect	%
Person connected to Directors and/or Substantial shareholders														
Datin Seri Tan Ah Nya @ Tan Bee Tiang	2,200,000	1.750	-	-	420,000	-	2,200,000	1.885	-	-	2,620,000	1.497	-	-
Tan Guat See	16,800	0.013	-	-	10,000	-	16,800	0.014	-	-	26,800	0.015	-	-
Lee Ann Nee	1,180,700	0.939	-	-	168,000	-	1,180,700	1.012	-	-	1,348,700	0.770	-	-
Dato' Tan Ah Lee	505,000	0.402	-	-	182,000	-	505,000	0.433	-	-	687,000	0.392	-	-
Chew Chun Chia, Nick	2,000,000	1.591	-	-	-	-	2,000,000	1.714	-	-	2,000,000	1.143	-	-
Chew Pei Gee	2,000,000	1.591	-	-	-	-	2,000,000	1.714	-	-	2,000,000	1.143	-	-

Note:
By virtue of his interest of more than 20% in the ordinary shares of the Company, Dato' Seri Chew Weng Khak @ Chew Weng Kiak is also deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

* These shares are held in the name of spouse and Chew Weng Khak Realty Sdn Bhd.

^ These shares are held in the name of spouse, children and Chew Weng Khak Realty Sdn Bhd.

These shares are held in the name of spouse.

Statement of Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares ("Proposed Share Buy-Back")

7.0 Effects of the Proposed Share Buy-Back

7.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares. The Proposed Share Buy-Back will result in a reduction of the issued shares capital of the Company if the Purchased Shares are cancelled.

In the event the Proposed Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the issued share capital of the Company will be reduced by the number of Shares so cancelled as follows:

Share Capital	Based on existing share capital No. of shares	Assuming full exercise of the Warrants No. of shares
Existing share capital as at LPD (inclusive of the 3,986,300 Treasury Shares)	129,668,000	129,668,000
Add: new shares arising from the exercise of the Warrants	-	64,834,000
Enlarged share capital	129,668,000	194,502,000
Assuming all the Purchased Shares pursuant to the Proposed Share Buy-Back are cancelled	(12,966,800)	(19,450,200)
Resultant ordinary issued share capital	116,701,200	175,051,800

Conversely, if all the Purchased Shares are retained as Treasury Shares, the Proposed Share Buy-Back will not have any effect on the issued share capital of Pensonic. Nevertheless, certain rights attached to the Purchased Shares are suspended while they are held as Treasury Shares.

7.2 NA per Share

The Proposed Share Buy-Back may increase or decrease the NA per Share depending on the purchase price of the Shares bought back in comparison to the NA per Share at the time that the Shares are purchased.

If the Treasury Shares are distributed as share dividends, the NA per Share will decrease by the cost of the Treasury Shares at the point of purchase(s).

In the event the Purchased Shares which are retained as Treasury Shares are resold, the NA per Share of the Group will increase or decrease depend on whether a gain or a loss is realised upon the resale. However, the quantum of the increase or decrease in NA per Share will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold on Bursa Securities.

7.3 Earnings and EPS

The Proposed Share Buy-Back may increase or reduce the EPS of the Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to Pensonic to finance the purchase of such Shares, or any loss in interest income to Pensonic or opportunity cost in relation to other investment opportunities as well as the proposed treatment of the Purchased Shares.

Assuming that the Purchased Shares are retained as Treasury Shares and subsequently resold, the extent of the effects on the earnings of the Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back shall increase the EPS of the Group provided that the income forgone and interest expense incurred on the Purchased Shares are less than the EPS before the Share purchase(s).

7.4 Dividends

The Proposed Share Buy-Back is not expected to have any impact on the dividend payment as the Board will take into consideration the Company's profit, cash flow and the capital commitments before proposing any dividend payment. However, the Board will have the option of distributing the Treasury Shares as share dividends to the shareholders subject to Section 131(1) of the Act, where a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent.

Statement of Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares ("Proposed Share Buy-Back")

8.0 Implication of the Code

In the event the Proposed Share Buy-Back results in any Director, Substantial Shareholder and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected Director or Substantial Shareholder will be obliged to make a mandatory offer for the remaining shares in the Company not held by him/them. However, an exemption may be sought from the Securities Commission by the affected Director or Substantial Shareholder under Section 219 of the Capital Markets and Services Act 2007 before a mandatory offer obligation is triggered.

However, it is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory general offer under the Code. The Company will be mindful of the implications of the Code in making any purchase of its own shares pursuant to the Proposed Share Buy-Back.

9.0 Purchase, Resale or Transfer and Cancellation in the Preceding Twelve (12) Months

As at LPD, the Company had purchased a total of 3,986,300 of its own Shares for retention as Treasury Shares in accordance to the provisions of Section 127 of the Act. There was no resale, transfer or cancellation of Treasury Shares in the preceding twelve (12) months.

The details of Shares purchased by the Company in the preceding twelve (12) months are as follows:

Month	No. of Shares	Highest price paid (RM)	Lowest price paid (RM)	Average price paid (RM)	Total consideration (RM)
July 2022	61,600	0.535	0.510	0.523	32,875
September 2022	25,000	0.470	0.470	0.470	11,807
January 2023	12,000	0.475	0.475	0.475	5,728
February 2023	43,800	0.449	0.435	0.442	19,611
March 2023	28,100	0.440	0.440	0.440	12,424

10.0 Historical share prices

The monthly highest and lowest market prices of Shares traded on Bursa Securities in the preceding twelve (12) months were as follows:

Month	Lowest (RM)	Highest (RM)
September 2022	0.435	0.550
October 2022	0.450	0.535
November 2022	0.470	0.520
December 2022	0.480	0.495
January 2023	0.450	0.480
February 2023	0.420	0.480
March 2023	0.430	0.450
April 2023	0.430	0.500
May 2023	0.435	0.470
June 2023	0.435	0.485
July 2023	0.445	0.500
August 2023	0.450	0.615

Last transacted price at LPD was RM0.450.
(Source: www.investing.com)

Statement of Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares ("Proposed Share Buy-Back")

11.0 Proposed intention of the Directors to deal with the Shares bought back

All the Purchased Shares, when the Proposed Share Buy-Back is exercised, shall be dealt with in the following manner:
(a) cancel the Shares so purchased;
(b) retain the Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled;
(c) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
(d) retain part of the shares so purchased as Treasury Shares and cancel the remainder; or
(e) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

12.0 Public shareholding spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at LPD, the public shareholding spread of the Company is approximately 45.84%. In this regard, the Board undertakes to purchase shares only to the extent that the public shareholding spread of Pensonic shall not fall below 25% of the total number of issued Shares of the Company at all times pursuant to the Proposed Share Buy-Back, in accordance with Paragraph 12.14 of the Listing Requirements.

13.0 Directors' statement

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Share Buy-Back described above is in the best interest of the Company.

14.0 Directors' recommendation

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 29th AGM of the Company to give effect to the Proposed Share Buy-Back.

15.0 Responsibility statement

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading.

16.0 Documents available for inspection

Copies of the following documents are available for inspection at the Registered Office of the Company during working hours from Mondays to Fridays (except Public Holidays) from the date of this Annual Report up to and including the date of the forthcoming 29th AGM:
(a) the Constitution of the Company; and
(b) the Audited Financial Statements of the Group for past two (2) financial years ended 31 May 2022 and 31 May 2023.

Additional Compliance Information

1. Audit fees and Non-audit Fees

The audit fees and non-audit fees paid or payable to the external auditors, KPMG PLT or a firm or corporation affiliated with them by the Company and the Group for the financial year ended 31 May 2023 ("FY2023") are as follows:

	Group (RM)	Company (RM)
Fees paid or payable to the external auditors:		
Audit fees	203,000	40,000
Non-audit fees		
- KPMG PLT	24,000	24,000
- Affiliate of KPMG PLT	51,500	2,500
Total	278,500	66,500

2. Material Contracts

There were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest during the financial year ended 31 May 2023.

3. Status of Utilisation of Proceeds Raised from any Proposal

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 May 2023.

4. Recurrent Related Party Transactions ("RPT") for FY2023

The aggregate value of RRPT conducted pursuant to the shareholders' mandate during FY2023 are as follows:

Related Party	Company within the Group involved	Nature of Transactions	Amount (RM)	Related Parties
PW Jit Seng Plastic Material Sdn Bhd ("PW Jit Seng")	PHB Group	Purchase of raw materials	907,421	Chew Weng Khak Realty Sdn Bhd ("CWKR") is a major shareholder of PHB and PW Jit Seng. Dato' Seri Chew Weng Khak @ Chew Weng Kiak ("Dato' Seri Chew") is a Director and major shareholder of PHB and PW Jit Seng via CWKR. Chew Chuon Jin, Dixon ("Dixon Chew") a Director and shareholder of PHB, is also a Director of PW Jit Seng. Chew Chuon Ghee, Vincent ("Vincent Chew") and Chew Chuon Fang, Nelson ("Nelson Chew") are Directors and shareholders of PHB. Both are also a Directors of CWKR. Dixon Chew, Vincent Chew and Nelson Chew are brothers and they are sons of Dato' Seri Chew.

Additional Compliance Information

4. Recurrent Related Party Transactions ("RPT") for FY2023 (Cont'd)

Related Party	Company within the Group involved	Nature of Transactions	Amount (RM)	Related Parties
Syarikat Perkapalan Soo Hup Seng Sdn Bhd ("Soo Hup Seng")	PHB Group	Shipping services	386,348	Dato' Tahir Jalaluddin Bin Hussain ("Dato Tahir") is a Director of PHB and Soo Hup Seng. Dato' Tan Ah Lee is a Director of Soo Hup Seng and is the brother in law of Dato' Seri Chew.
PT Pensonic Appliances Indonesia ("PTPAI")	PHB Group	Sale of electrical appliances	365,555	PHB is the holding company of PTPAI. The remaining 49%, in PTPAI is held by Chew Chun Chia, Nick ("Nick Chew") (16%) and Alex Tumondo Tan (33%). Nick Chew, the Director and shareholder of PTPAI, is a son of Dato' Seri Chew. Dato' Seri Chew, a Director and major shareholder of PHB, is also a Director of PTPAI. Dixon Chew, Vincent Chew and Nelson Chew are Directors and shareholders of PHB. Dixon Chew is also a Director of PTPAI. Dixon Chew, Vincent Chew, Nelson Chew and Nick Chew are brothers and they are sons of Dato' Seri Chew.

Directors' Report
For the year ended 31 May 2023

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

Principal activities

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Loss for the year attributable to :		
Owners of the Company	3,035,828	2,962,384
Non-controlling interests	960,929	-
	3,996,757	2,962,384

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, a single tier final dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 May 2022 totalling RM1,572,070 was declared by the Company on 28 July 2022 and paid on 15 December 2022.

The Directors do not recommend any dividend to be paid for the current financial year.

Directors of the Company

Directors who served during the financial year until the date of this report are :

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Chew Chuon Jin
Chew Chuon Ghee
Chew Chuon Fang
Y. Bhg. Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim
Y. Bhg. Dato' Tahir Jalaluddin Bin Hussain
Ong Huey Min

Directors' Report
For the year ended 31 May 2023

Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year until the date of this report are :

Alex Tumondo Tan
Chew Chun Chia
Koh Wan Tiong
Dato' Lim Aun Ghee (Appointed on 3 January 2023)

Directors' interests in shares

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares			
	Balance at 1.6.2022/^	Bought	(Sold)	Balance at 31.5.2023
Interests in the Company :				
Direct interests :				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak				
- own	11,034,300	-	-	11,034,300
- others*	6,200,000	-	-	6,200,000
Chew Chuon Jin				
- own	7,898,400	-	-	7,898,400
- others*	16,800	-	-	16,800
Chew Chuon Ghee - own				
- own	8,704,000	-	-	8,704,000
- others*	^1,180,700	-	-	1,180,700
Chew Chuon Fang				
- own	6,181,000	-	-	6,181,000
Deemed interests :				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	26,061,924	-	-	26,061,924

Directors' Report
For the year ended 31 May 2023

Directors' interests in shares (Cont'd)

	Number of warrants 2014/2024			
	Balance at 1.6.2022/^	Bought	(Sold)	Balance at 31.5.2023
Interests in the Company :				
Direct interests :				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak				
- own	8,400,000	-	-	8,400,000
- others*	420,000	-	-	420,000
Chew Chuon Jin				
- own	5,485,700	-	-	5,485,700
- others*	10,000	-	-	10,000
Chew Chuon Ghee				
- own	2,002,000	-	-	2,002,000
- others*	^168,000	-	-	168,000
Chew Chuon Fang				
- own	2,877,000	-	-	2,877,000
Deemed interests :				
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak	10,669,912	-	-	10,669,912

* These are shares and warrants held by the spouse/children and are regarded as interests of the Directors pursuant to Section 59(11)(c) of the Companies Act 2016.

^ At 23 November 2022 being the date the Director notified the shares and warrants held by his spouse

By virtue of his interests in the shares of the Company, Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak is also deemed to be interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest.

None of the other Directors holding office at 31 May 2023 had any interest in the ordinary shares or warrants of the Company and of its related corporations during the financial year.

Warrants

As at the end of the financial year, the Company has the following outstanding warrants :

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding at 31.5.2023
Warrants 2014/2024	RM0.60	20.1.2024	64,834,000

The warrants 2014/2024 were constituted under the Deed Poll dated 18 November 2013. The salient terms of the warrants are disclosed in Note 13.2 to the financial statements.

Directors' Report
For the year ended 31 May 2023

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than as shown below) 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 certain companies in which certain Directors have a substantial financial interest which traded in the normal course of business and provided transportation services to certain subsidiaries of the Company.

The benefits paid to or receivable by Directors of the Company in respect of the financial year ended 31 May 2023 are as follows :

	From the Company RM	From subsidiary companies RM
Fees	282,000	-
Remuneration	-	2,884,157
Defined contribution plan	-	215,501
Estimated monetary value of benefits-in-kind	-	108,875
	282,000	3,208,533

There were no arrangements during and 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 than through the warrants of the Company.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued 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.

Indemnity and insurance costs

The total cost of insurance effected for Directors and officers of the Group and of the Company was RM5,500 for a total sum insured of RM2,000,000. There was no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Directors' Report
For the year ended 31 May 2023

Other statutory information (Cont'd)

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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 this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, other than the impairment on investments in subsidiaries as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 May 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the financial year

Details of the significant events are disclosed in Note 27 to the financial statements.

Subsequent events

The details of such events are disclosed in Note 28 to the financial statements.

Directors' Report
For the year ended 31 May 2023

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The audit and non-audit remuneration of the Group and of the Company during the year are as follows :

	Group RM	Company RM
Audit fees		
- KPMG PLT	203,000	40,000
- Other auditors	72,856	-
	275,856	40,000
Non-audit fees		
- KPMG PLT	24,000	24,000
- Affiliate of KPMG PLT	51,500	2,500
	75,500	26,500
	351,356	66,500

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

……………………………………………...……......
Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Director

……………………………………………...……......
Chew Chuon Ghee
Director

Penang,

Date : 27 September 2023

Statements of Financial Position

As at 31 May 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Assets					
Property, plant and equipment	3	**109,381,721**	112,403,391	**41,842,549**	43,045,454
Intangible assets	5	**870,000**	870,000	**-**	-
Investments in subsidiaries	6	**-**	-	**41,551,821**	41,350,504
Investments in associates	7	**1,386,390**	962,913	**343,736**	1
Deferred tax assets	8	**126,531**	151,317	**-**	-
Total non-current assets		**111,764,642**	114,387,621	**83,738,106**	84,395,959
Inventories	9	**79,571,599**	96,872,111	**-**	-
Trade and other receivables	10	**57,369,212**	79,983,730	**2,665,627**	6,385,136
Current tax assets		**1,031,945**	880,861	**23,173**	-
Fixed deposits	11	**547,960**	538,722	**-**	-
Cash and bank balances		**23,733,086**	22,590,413	**132,557**	232,166
Total current assets		**162,253,802**	200,865,837	**2,821,357**	6,617,302
Total assets		**274,018,444**	315,253,458	**86,559,463**	91,013,261
Equity					
Share capital	12	**67,670,893**	67,670,893	**67,670,893**	67,670,893
Reserves	13	**70,687,027**	74,427,775	**16,667,972**	21,284,859
Total equity attributable to owners of the Company		**138,357,920**	142,098,668	**84,338,865**	88,955,752
Non-controlling interests	6	**324,596**	53,312	**-**	-
Total equity		**138,682,516**	142,151,980	**84,338,865**	88,955,752

Statements of Financial Position
As at 31 May 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Liabilities					
Loans and borrowings	14	**24,501,090**	31,265,664	**-**	-
Lease liabilities		**163,238**	255,251	**-**	-
Deferred tax liabilities	8	**301,337**	286,518	**45,000**	42,000
Total non-current liabilities		**24,965,665**	31,807,433	**45,000**	42,000
Trade and other payables	15	**50,902,562**	59,249,197	**2,175,598**	1,995,929
Loans and borrowings	14	**58,665,538**	79,347,669	**-**	-
Lease liabilities		**492,315**	680,873	**-**	-
Current tax liabilities		**309,848**	2,016,306	**-**	19,580
Total current liabilities		**110,370,263**	141,294,045	**2,175,598**	2,015,509
Total liabilities		**135,335,928**	173,101,478	**2,220,598**	2,057,509
Total equity and liabilities		**274,018,444**	315,253,458	**86,559,463**	91,013,261

The notes on pages 69 to 129 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 May 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	16	**273,204,070**	325,004,925	**-**	5,500,000
Cost of sales		**(221,470,067)**	(265,470,264)	**-**	-
Gross profit		**51,734,003**	59,534,661	**-**	5,500,000
Other income		**1,772,676**	12,013,101	**1,211,467**	1,279,024
Selling and distribution expenses		**(20,499,141)**	(23,642,774)	**-**	-
Administrative expenses		**(29,768,586)**	(27,683,926)	**(4,044,783)**	(4,639,020)
Net loss on impairment of financial instruments	18	**(1,572,074)**	(2,198,430)	**(70,745)**	(719,256)
Results from operating activities		**1,666,878**	18,022,632	**(2,904,061)**	1,420,748
Finance costs	17	**(4,286,700)**	(3,396,961)	**-**	-
Share of results of associates		**79,742**	188,656	**-**	-
(Loss)/Profit before tax	18	**(2,540,080)**	14,814,327	**(2,904,061)**	1,420,748
Tax expense	19	**(1,456,677)**	(1,761,448)	**(58,323)**	(110,225)
(Loss)/Profit for the year		**(3,996,757)**	13,052,879	**(2,962,384)**	1,310,523

Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 May 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Other comprehensive income, net of tax :					
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		**1,093,016**	821,114	**-**	-
Total comprehensive (expense)/ income for the year		**(2,903,741)**	13,873,993	**(2,962,384)**	1,310,523
(Loss)/Profit for the year attributable to :					
Owners of the Company		**(3,035,828)**	14,356,008	**(2,962,384)**	1,310,523
Non-controlling interests		**(960,929)**	(1,303,129)	**-**	-
		(3,996,757)	13,052,879	**(2,962,384)**	1,310,523
Total comprehensive (expense)/ income attributable to :					
Owners of the Company		**(2,086,245)**	15,140,016	**(2,962,384)**	1,310,523
Non-controlling interests		**(817,496)**	(1,266,023)	**-**	-
		(2,903,741)	13,873,993	**(2,962,384)**	1,310,523
Basic/Diluted (loss)/earnings per ordinary share (sen)	21	**(2.41)**	11.38		

The notes on pages 69 to 129 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 May 2023

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share capital RM	Foreign currency translation reserve RM	Warrants reserve RM	Treasury shares RM	Capital reserve RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group										
At 1 June 2021	67,670,893	197,514	6,483,400	(1,954,638)	4,487,540	(638,792)	52,314,746	128,560,663	1,319,335	129,879,998
Profit for the year	-	-	-	-	-	-	14,356,008	14,356,008	(1,303,129)	13,052,879
Other comprehensive income for the year										
- Foreign exchange translation differences for foreign operations	-	784,008	-	-	-	-	-	784,008	37,106	821,114
Total comprehensive income for the year	-	784,008	-	-	-	-	14,356,008	15,140,016	(1,266,023)	13,873,993
Transactions with owners of the Company :										
Dividend paid (Note 22)	-	-	-	-	-	-	(1,262,677)	(1,262,677)	-	(1,262,677)
Own shares acquired (Note 13.3)	-	-	-	(339,334)	-	-	-	(339,334)	-	(339,334)
Total transactions with owners of the Company	-	-	-	(339,334)	-	-	(1,262,677)	(1,602,011)	-	(1,602,011)
At 31 May 2022	67,670,893	981,522	6,483,400	(2,293,972)	4,487,540	(638,792)	65,408,077	142,098,668	53,312	142,151,980
	Note 12	Note 13								

Consolidated Statement of Changes in Equity
For the year ended 31 May 2023

	Attributable to owners of the Company									
	Non-distributable						Distributable			
	Share capital RM	Foreign currency translation reserve RM	Warrants reserve RM	Treasury shares RM	Capital reserve RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group										
At 1 June 2022	67,670,893	981,522	6,483,400	(2,293,972)	4,487,540	(638,792)	65,408,077	142,098,668	53,312	142,151,980
Loss for the year	-	-	-	-	-	-	(3,035,828)	(3,035,828)	(960,929)	(3,996,757)
Other comprehensive income for the year										
- Foreign exchange translation differences for foreign operations	-	949,583	-	-	-	-	-	949,583	143,433	1,093,016
Total comprehensive income/(expense) for the year	-	949,583	-	-	-	-	(3,035,828)	(2,086,245)	(817,496)	(2,903,741)
Transactions with owners of the Company :										
Dividend paid (Note 22)	-	-	-	-	-	-	(1,572,070)	(1,572,070)	-	(1,572,070)
Own shares acquired (Note 13.3)	-	-	-	(82,433)	-	-	-	(82,433)	-	(82,433)
Shares issued by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	1,088,780	1,088,780
Total transactions with owners of the Company	-	-	-	(82,433)	-	-	(1,572,070)	(1,654,503)	1,088,780	(565,723)
At 31 May 2023	67,670,893	1,931,105	6,483,400	(2,376,405)	4,487,540	(638,792)	60,800,179	138,357,920	324,596	138,682,516
	Note 12	Note 13								

The notes on pages 69 to 129 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 May 2023

	Non-distributable			Distributable	
	Share capital RM	Treasury shares RM	Warrants reserve RM	Retained earnings RM	Total equity RM
Company					
At 1 June 2021	67,670,893	(1,954,638)	6,483,400	17,047,585	89,247,240
Profit and total comprehensive income for the year	-	-	-	1,310,523	1,310,523
Own shares acquired (Note 13.3)	-	(339,334)	-	-	(339,334)
Dividend paid (Note 22)	-	-	-	(1,262,677)	(1,262,677)
At 31 May 2022/1 June 2022	67,670,893	(2,293,972)	6,483,400	17,095,431	88,955,752
Loss and total comprehensive expense for the year	**-**	**-**	**-**	**(2,962,384)**	**(2,962,384)**
Own shares acquired (Note 13.3)	**-**	**(82,433)**	**-**	**-**	**(82,433)**
Dividend paid (Note 22)	**-**	**-**	**-**	**(1,572,070)**	**(1,572,070)**
At 31 May 2023	**67,670,893**	**(2,376,405)**	**6,483,400**	**12,560,977**	**84,338,865**
	Note 12	Note 13			

The notes on pages 69 to 129 are an integral part of these financial statements.

Statements of Cash Flows
For the year ended 31 May 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities					
(Loss)/Profit before tax		**(2,540,080)**	14,814,327	**(2,904,061)**	1,420,748
Adjustments for :					
Depreciation of property, plant and equipment	3	**5,362,356**	5,840,944	**1,297,965**	1,285,773
Depreciation of investment properties	4	**-**	128,272	**-**	-
Dividend income from subsidiaries	16	**-**	-	**-**	(5,500,000)
Interest expense	17	**4,235,759**	3,309,422	**-**	-
Accretion of interest on lease liabilities	17	**50,941**	87,539	**-**	-
Gain on disposal of plant and equipment	18	**(294,707)**	(28,826)	**-**	-
(Gain)/Loss on derecognition of right-of-use assets	18	**(1,471)**	54,693	**-**	-
Gain on modification of lease		**(1,616)**	-	**-**	-
Gain on disposal of investment properties	18	**-**	(10,552,150)	**-**	-
Property, plant and equipment written off	18	**27,682**	73,672	**24,699**	617
Interest income	18	**(18,143)**	(15,379)	**(1,379)**	(1,974)
Share of results of associates		**(79,742)**	(188,656)	**-**	-
Impairment loss on					
- investments in subsidiaries		**-**	-	**931,903**	1,888,853
- investment in an associate		**-**	-	**-**	146,824
Operating profit/(loss) before working capital changes		**6,740,979**	13,523,858	**(650,873)**	(759,159)

Statements of Cash Flows
For the year ended 31 May 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Changes in working capital :					
Inventories		**17,300,512**	(28,106,445)	**-**	-
Trade and other receivables		**22,614,518**	(12,641,860)	**(1,780,491)**	(738,172)
Trade and other payables		**(8,346,635)**	(4,918,450)	**179,669**	(1,312,934)
Cash generated from/ (used in) operations		**38,309,374**	(32,142,897)	**(2,251,695)**	(2,810,265)
Tax paid		**(3,274,614)**	(4,934,626)	**(98,076)**	(96,641)
Net cash from/(used in) operating activities		**35,034,760**	(37,077,523)	**(2,349,771)**	(2,906,906)
Cash flows from investing activities					
Proceeds from disposal of plant and equipment		**295,080**	240,477	**-**	-
Net proceeds from disposal of investment properties		**-**	14,298,608	**-**	-
Purchase of property, plant and equipment	3.1	**(1,528,216)**	(1,766,574)	**(119,759)**	(32,017)
Interest received		**18,143**	15,379	**1,379**	1,974
Dividends received		**-**	-	**5,500,000**	3,703,960
Investment in a subsidiary	6	**-**	-	**(1,133,220)**	-
(Investment)/Capital reduction in an associate	7	**(343,735)**	590,660	**(343,735)**	590,660
Net cash (used in)/from investing activities		**(1,558,728)**	13,378,550	**3,904,665**	4,264,577

Statements of Cash Flows
For the year ended 31 May 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from financing activities					
(Repayment)/Drawdown of :					
- bankers' acceptances	14.1	**(17,756,340)**	31,541,854	**-**	-
- revolving credits	14.1	**701**	2,995,006	**-**	-
- hire purchase creditors	14.1	**(424,417)**	(643,069)	**-**	-
- term loans	14.1	**(8,638,617)**	(5,282,599)	**-**	-
- lease liabilities	14.1	**(792,010)**	(679,404)	**-**	-
Placement of fixed deposits		**(9,238)**	(11,194)	**-**	-
Subscription of shares by non-controlling interest in a subsidiary		**1,088,780**	-	**-**	-
Repurchase of treasury shares	13.3	**(82,433)**	(339,334)	**(82,433)**	(339,334)
Dividend paid to owners of the Company	22	**(1,572,070)**	(1,262,677)	**(1,572,070)**	(1,262,677)
Interest paid	17	**(4,286,700)**	(3,396,961)	**-**	-
Net cash (used in)/from financing activities		**(32,472,344)**	22,921,622	**(1,654,503)**	(1,602,011)
Net increase/(decrease) in cash and cash equivalents		**1,003,688**	(777,351)	**(99,609)**	(244,340)
Effects of exchange differences on cash and cash equivalents		**1,100,017**	602,942	**-**	-
Cash and cash equivalents at 1 June 2022/2021		**20,955,271**	21,129,680	**232,166**	476,506
Cash and cash equivalents at 31 May	A	**23,058,976**	20,955,271	**132,557**	232,166

Statements of Cash Flows
For the year ended 31 May 2023

Notes :

A. Cash and cash equivalents

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	**23,733,086**	22,590,413	**132,557**	232,166
Bank overdrafts (Note 14)	**(674,110)**	(1,635,142)	**-**	-
	23,058,976	20,955,271	**132,557**	232,166

B. Cash outflows for leases as a lessee

	Note	Group	
		2023 RM	2022 RM
Included in net cash from/(used in) operating activities :			
Payment relating to :			
- short-term leases	18	**663,698**	1,126,009
- leases of low-value assets	18	**41,307**	42,837
Included in net cash (used in)/from financing activities :			
Payment of lease liabilities	14.1	**792,010**	679,404
Interest paid in relation to lease liabilities	17	**50,941**	87,539
Total cash outflows for leases		**1,547,956**	1,935,789

The notes on pages 69 to 129 are an integral part of these financial statements.

Notes to the Financial Statements

Pensonic Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

Principal place of business

1165, Lorong Perindustrian Bukit Minyak 16
Taman Perindustrian Bukit Minyak
14100 Simpang Ampat
Penang

Registered office

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 May 2023 comprise the Company and its subsidiaries (together referred to as "the Group" and individually referred to as "Group entities") and the Group's interests in associates.

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 September 2023.

1. 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 and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standard and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

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

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

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

MFRSs and amendments effective for annual periods beginning on or after 1 January 2025

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

MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 9 – Inventories.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates 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 unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Significant accounting policies (Cont'd)

(b) Foreign currency (Cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control or significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company 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 the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company 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 2(h)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(h)(i)).

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial liabilities

Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method.

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

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of :

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, 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 of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company 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.

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in 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 profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital-work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

	Years
Buildings	42 - 67
Computers	2 - 10
Renovation and electrical installation	4 - 10
Plant and machinery	8 - 12
Furniture, fittings and office equipment	4 - 20
Motor vehicles	2 - 10
Signboards and showcases	10

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

2. Significant accounting policies (Cont'd)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether :

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) 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 the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rates. Generally, the Group entities use their incremental borrowing rates as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group and the Company acts as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(b) As a lessor (Cont'd)

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15, *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group and the Company are an intermediate lessor, they account for their interests in the head lease and the sublease separately. They assess the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

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 right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) Intangible assets

(i) Trademark

Trademark with indefinite useful life is measured at cost less any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

2. **Significant accounting policies (Cont'd)**

(f) **Intangible assets (Cont'd)**

(iii) ***Amortisation***

Trademark with indefinite useful life is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(g) **Investment properties**

Investment properties are properties which are owned or right-of-use asset held under contract lease to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Cost includes expenditure that is attributable to the acquisition of the investment property. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Transfers between investment properties and property, plant and equipment do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life ranging from 50 - 60 years. The residual value, useful life and depreciation method are reviewed at the end of the reporting period, and adjusted as appropriate.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(h) **Impairment**

(i) ***Financial assets***

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider 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.

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

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

2. Significant accounting policies (Cont'd)

(h) Impairment (Cont'd)

(i) Financial assets (Cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are 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.

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 or the Company 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 or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax 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. For intangible assets that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(i) Inventories

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

The cost of inventories is calculated using the weighted average cost basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

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

2. Significant accounting policies (Cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(k) 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.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of goods or services at a point in time unless one of the following over time criteria is met :

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

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

2. Significant accounting policies (Cont'd)

(m) Revenue and other income (Cont'd)

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(v) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(n) 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.

(o) Income tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. Significant accounting policies (Cont'd)

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(q) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, namely warrants granted to shareholders.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case are the Chief Executive Officer and Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Fair value measurements

Fair value of an asset or a liability, except for 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 uses observable market data as far as possible. Fair value 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 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

3. Property, plant and equipment

	Right-of-use assets Leasehold land RM	Right-of-use assets Buildings RM	Freehold land RM	Buildings RM	Computers RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboards and showcases RM	Capital work-in-progress RM	Total RM
Group												
Cost												
At 1 June 2021	11,332,146	1,040,137	21,085,360	81,640,273	5,941,690	4,618,988	18,536,996	7,034,141	6,594,330	919,547	-	158,743,608
Additions	-	1,191,215	-	34,756	655,393	122,982	204,890	748,553	-	-	-	2,957,789
Disposals	-	-	-	-	(309,033)	(68,985)	(2)	(69,668)	-	-	-	(447,688)
Write-off	-	-	-	-	(42,178)	(1,532,394)	(103,245)	(369,721)	-	-	-	(2,047,538)
Exchange difference	-	60,767	-	-	4,853	2,628	-	13,054	4,330	-	-	85,632
Derecognition	-	(341,689)	-	-	-	-	-	-	-	-	-	(341,689)
At 31 May 2022/ 1 June 2022	**11,332,146**	**1,950,430**	**21,085,360**	**81,675,029**	**6,250,725**	**3,143,219**	**18,638,639**	**7,356,359**	**6,598,660**	**919,547**	**-**	**158,950,114**
Additions	**-**	**258,531**	**-**	**8,920**	**257,442**	**253,645**	**135,743**	**209,498**	**820,668**	**14,000**	**161,300**	**2,119,747**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,650)**	**(622,688)**	**-**	**-**	**(624,338)**
Write-off	**-**	**-**	**-**	**(27,878)**	**(32,587)**	**-**	**-**	**(20,053)**	**-**	**(20,191)**	**-**	**(100,709)**
Exchange difference	**-**	**36,800**	**-**	**-**	**12,971**	**521**	**-**	**10,829**	**1,444**	**-**	**-**	**62,565**
Derecognition	**-**	**(813,987)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(813,987)**
Modification of lease	**-**	**280,682**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**280,682**
Reclassification	**-**	**-**	**-**	**(79,921)**	**32,819**	**-**	**-**	**-**	**-**	**-**	**47,102**	**-**
At 31 May 2023	**11,332,146**	**1,712,456**	**21,085,360**	**81,576,150**	**6,521,370**	**3,397,385**	**18,774,382**	**7,554,983**	**6,798,084**	**913,356**	**208,402**	**159,874,074**

3. Property, plant and equipment (Cont'd)

	Right-of-use assets											
	Leasehold land RM	Buildings RM	Freehold land RM	Buildings RM	Computers RM	Renovation and electrical installation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Signboards and showcases RM	Capital work-in-progress RM	Total RM
Group												
Accumulated depreciation												
At 1 June 2021	2,536,853	609,319	-	7,623,858	4,701,022	3,684,708	14,889,619	4,024,343	4,484,175	550,646	-	43,104,543
Depreciation for the year	213,606	647,022	-	1,619,201	474,289	220,177	1,150,307	816,602	637,481	62,259	-	5,840,944
Disposals	-	-	-	-	(151,208)	(42,542)	-	(42,287)	-	-	-	(236,037)
Write-off	-	-	-	-	(32,724)	(1,484,618)	(103,218)	(353,306)	-	-	-	(1,973,866)
Exchange difference	-	46,708	-	-	5,098	1,545	-	4,214	828	-	-	58,393
Derecognition	-	(247,254)	-	-	-	-	-	-	-	-	-	(247,254)
At 31 May 2022/ 1 June 2022	**2,750,459**	**1,055,795**	**-**	**9,243,059**	**4,996,477**	**2,379,270**	**15,936,708**	**4,449,566**	**5,122,484**	**612,905**	**-**	**46,546,723**
Depreciation for the year	**213,606**	**761,161**	**-**	**1,619,001**	**453,814**	**204,927**	**592,891**	**801,594**	**652,198**	**63,164**	**-**	**5,362,356**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,279)**	**(622,686)**	**-**	**-**	**(623,965)**
Write-off	**-**	**-**	**-**	**(4,041)**	**(32,103)**	**-**	**-**	**(16,694)**	**-**	**(20,189)**	**-**	**(73,027)**
Exchange difference	**-**	**16,436**	**-**	**-**	**10,936**	**497**	**-**	**8,897**	**1,145**	**-**	**-**	**37,911**
Derecognition	**-**	**(757,645)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(757,645)**
At 31 May 2023	**2,964,065**	**1,075,747**	**-**	**10,858,019**	**5,429,124**	**2,584,694**	**16,529,599**	**5,242,084**	**5,153,141**	**655,880**	**-**	**50,492,353**
Carrying amounts												
At 1 June 2021	8,795,293	430,818	21,085,360	74,016,415	1,240,668	934,280	3,647,377	3,009,798	2,110,155	368,901	-	115,639,065
At 31 May 2022/ 1 June 2022	8,581,687	894,635	21,085,360	72,431,970	1,254,248	763,949	2,701,931	2,906,793	1,476,176	306,642	-	112,403,391
At 31 May 2023	**8,368,081**	**636,709**	**21,085,360**	**70,718,131**	**1,092,246**	**812,691**	**2,244,783**	**2,312,899**	**1,644,943**	**257,476**	**208,402**	**109,381,721**

Notes to the Financial Statements

3. Property, plant and equipment (Cont'd)

	Right-of-use assets - Leasehold land RM	Buildings RM	Furniture, fittings and office equipment RM	Computers RM	Total RM
Company					
Cost					
At 1 June 2021	6,300,899	43,244,831	2,755,049	92,569	52,393,348
Additions	-	-	9,167	22,850	32,017
Write-off	-	-	(2,000)	-	(2,000)
At 31 May 2022/ 1 June 2022	6,300,899	43,244,831	2,762,216	115,419	52,423,365
Additions	-	8,920	110,839	-	119,759
Write-off	-	(27,878)	(4,140)	-	(32,018)
At 31 May 2023	**6,300,899**	**43,225,873**	**2,868,915**	**115,419**	**52,511,106**
Accumulated depreciation					
At 1 June 2021	1,213,011	5,189,377	1,635,591	55,542	8,093,521
Depreciation for the year	134,779	864,897	275,888	10,209	1,285,773
Write-off	-	-	(1,383)	-	(1,383)
At 31 May 2022/ 1 June 2022	1,347,790	6,054,274	1,910,096	65,751	9,377,911
Depreciation for the year	134,779	864,612	287,032	11,542	1,297,965
Write-off	-	(4,041)	(3,278)	-	(7,319)
At 31 May 2023	**1,482,569**	**6,914,845**	**2,193,850**	**77,293**	**10,668,557**
Carrying amounts					
At 1 June 2021	5,087,888	38,055,454	1,119,458	37,027	44,299,827
At 31 May 2022/ 1 June 2022	4,953,109	37,190,557	852,120	49,668	43,045,454
At 31 May 2023	**4,818,330**	**36,311,028**	**675,065**	**38,126**	**41,842,549**

3. Property, plant and equipment (Cont'd)

3.1 Additions to property, plant and equipment

The additions to property, plant and equipment of the Group and of the Company during the financial year are acquired as follows :

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total additions	**2,119,747**	2,957,789	**119,759**	32,017
Less: Assets acquired under hire purchase/lease arrangements (Note 14.1)	**(591,531)**	(1,191,215)	**-**	-
Amount paid by cash	**1,528,216**	1,766,574	**119,759**	32,017

3.2 Security

The carrying amounts of property, plant and equipment (including right-of-use assets) pledged as securities for borrowings granted to the Group as disclosed in Note 14 are as follows :

	Group	
	2023 RM	2022 RM
Leasehold land	**3,549,752**	3,628,578
Freehold land	**21,085,360**	21,085,360
Buildings	**30,380,374**	31,042,224
	55,015,486	55,756,162

3.3 Right-of-use assets

The Group's and the Company's leases of land, warehouses, apartments and office space run between 2 years to 67 years, with options to renew some of the leases after the expiry of their initial lease periods.

3.3.1 Extension options

The leases for apartments contain extension options exercisable by the Group for 1 year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	2023 Lease liabilities recognised (discounted) RM	2022 Lease liabilities recognised (discounted) RM
Group		
Apartments	**74,752**	51,384

3. Property, plant and equipment (Cont'd)

3.3 Right-of-use assets (Cont'd)

3.3.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group has also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3.3.3 Restriction imposed by lease

The lease contracts for warehouses, apartments and office space prohibit the Group to sublease the leased assets.

4. Investment properties - Group

	Leasehold land RM	Buildings RM	Total RM
Cost			
At 1 June 2021	1,523,532	5,727,028	7,250,560
Disposal	(1,523,532)	(5,727,028)	(7,250,560)
At 31 May 2022/1 June 2022/31 May 2023	-	-	-
Accumulated depreciation			
At 1 June 2021	685,586	2,690,244	3,375,830
Depreciation for the year	23,276	104,996	128,272
Disposal	(708,862)	(2,795,240)	(3,504,102)
At 31 May 2022/1 June 2022/31 May 2023	-	-	-
Carrying amount			
At 1 June 2021	837,946	3,036,784	3,874,730
At 31 May 2022/1 June 2022/31 May 2023	-	-	-

4. Investment properties - Group (Cont'd)

The following were recognised in profit or loss in respect of investment properties :

	2023 RM	2022 RM
Gain on disposal on investment properties	-	10,552,150
Direct operating expenses :		
- non-income generating investment properties	-	235,184

Investment properties comprised a leasehold land together with office building and warehouse that were leased to an external party and subsequently disposed of during the previous financial year.

5. Intangible assets - Group

	Trademark RM
At cost	
At 1 June 2021/31 May 2022/1 June 2022/31 May 2023	**870,000**

The trademark relates to the "Cornell" brand name that was acquired in a business combination by way of an assignment of full and absolute rights from the registered proprietor.

As those rights were assigned without any specified time frame and the Directors believe that there is no foreseeable limit to the period over which the brand is expected to generate cash inflows for the Group, the trademark is assessed to have an indefinite useful live subject to use in good faith.

Impairment testing for cash generating units ("CGU") containing trademark

The recoverable amount of trademark is determined based on value-in-use calculation using cash flow projections and financial budgets approved by the Directors covering a period of 5 years (2022 : 5 years). The value-in-use calculation is determined by discounting future cash flows using a pre-tax discount rate of 7.62% (2022 : 7.50%).

The values assigned to the key assumptions (e.g. sales growth rates and gross margins) represent the Directors' assessment of future trends of the business and are based on both external and internal sources (historical data).

6. Investments in subsidiaries - Company

	2023 RM	2022 RM
Investments, at cost	**46,925,817**	45,792,597
Less : Impairment losses	**(5,373,996)**	(4,442,093)
	41,551,821	41,350,504

6. Investments in subsidiaries - Company (Cont'd)

During the financial year, the Company subscribed for new ordinary shares issued by PT Pensonic Appliances Indonesia for a total cash consideration of RM1,133,220 (2022 : Nil). The Company also conducted an operational review on the performance of certain foreign subsidiaries and arising from the said review, recognised an impairment loss of RM931,903 (2022 : RM1,888,853) based on the fair value less cost of disposal method. The estimated recoverable amounts of the said subsidiaries are as follows :

	Country of incorporation	2023 RM	2022 RM
Subsidiary A	Indonesia	**300,000**	-
Subsidiary B	Indonesia	**85,000**	184,000

The impairment loss is recognised as administrative expenses in profit or loss.

Details of the subsidiaries are as follows :

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2023 %	Effective ownership interest and voting interest 2022 %	Principal activities
Keat Radio Co. Sdn. Bhd.	Malaysia	**100**	100	Investment holding company
Pensia Electronic Sdn. Bhd.	Malaysia	**100**	100	Manufacture, assembly and sale of electrical products
Pensia Industries Sdn. Bhd.	Malaysia	**100**	100	Manufacture, assembly and sale of electrical products
Pensonic Sales & Service Sdn. Bhd. ("PSS")	Malaysia	**100**	100	Distribution of electrical and electronic appliances
Cornell Sales & Service Sdn. Bhd.	Malaysia	**100**	100	Distribution of electrical and electronic appliances [(3)]
Amtek Marketing Services Pte. Ltd. [(1)]	Singapore	**100**	100	Marketing and distribution of electrical goods
Pensonic Corporation Sdn. Bhd.	Malaysia	**100**	100	Provision of management services
Pensonic (Cambodia) Co., Ltd. [(1)]	Cambodia	**100**	100	Wholesale and retail sales of household appliances
PT Pensonic Appliances Indonesia [(1) and (2)]	Indonesia	**51**	51	Distribution of electrical and electronic appliances
PT Pensonic Industries Indonesia [(1) and (2)]	Indonesia	**70**	70	Manufacture, assembly and sale of electrical products

Notes to the Financial Statements

6. Investments in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows (Cont'd) :

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2023 %	Effective ownership interest and voting interest 2022 %	Principal activities
Held through Keat Radio Co. Sdn. Bhd.				
Pensonic Industries Sdn. Bhd.	Malaysia	**100**	100	Distribution of electrical products
Pensonic (H.K.) Corporation Limited [(1)]	Hong Kong	**100**	100	Trading of home electrical appliances
Pensonic Parts & Service Sdn. Bhd.	Malaysia	**100**	100	Trading and servicing of parts for electrical and electronic appliances [(3)]
Pensia Plastic Industries Sdn. Bhd. [(1)]	Malaysia	**100**	100	Plastic injection and moulding
Pensonic (Zhuhai) Home Appliance Co. Ltd [(1) and (2)]	People's Republic of China	**100**	-	Inspection and testing of electrical and electronic products and trading of home appliances
Held through Pensonic Sales & Service Sdn. Bhd.				
Kollektion Distribution Sdn. Bhd.	Malaysia	**100**	100	Inactive

(1) Not audited by KPMG

(2) The unaudited management accounts were consolidated in the Group's financial statements as these subsidiaries were not required by the local legislation to have their financial statements audited

(3) The operations of the subsidiaries were transferred to PSS during the financial year ended 31 May 2022

6. Investments in subsidiaries - Company (Cont'd)

6.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows :

	PT Pensonic Appliances Indonesia RM	Other subsidiaries with immaterial NCI RM	Total RM
2023			
NCI percentage of ownership interest and voting interest	**49%**		
Carrying amount of NCI	**288,336**	**36,260**	**324,596**
Loss allocated to NCI	**(918,486)**	**(42,443)**	**(960,929)**

	PT Pensonic Appliances Indonesia RM
2023	
Summarised financial information before intra-group elimination	
At 31 May	
Non-current assets	**275,372**
Current assets	**3,314,675**
Non-current liabilities	**(80,201)**
Current liabilities	**(2,921,405)**
Net assets	**588,441**
2023	
Year ended 31 May	
Revenue	**2,877,454**
Loss for the year	**(1,874,461)**
Total comprehensive expense for the year	**(1,581,956)**
Cash flows used in operating activities	**(2,222,188)**
Cash flows from financing activities	**2,210,766**
Net decrease in cash and cash equivalents	**(11,422)**

6. Investments in subsidiaries - Company (Cont'd)

6.1 Non-controlling interests in subsidiaries (Cont'd)

	PT Pensonic Appliances Indonesia RM	Other subsidiaries with immaterial NCI RM	Total RM
2022			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	(25,285)	78,597	53,312
Loss allocated to NCI	(1,177,578)	(125,551)	(1,303,129)

	PT Pensonic Appliances Indonesia RM
2022	
Summarised financial information before intra-group elimination	
At 31 May	
Non-current assets	159,201
Current assets	4,139,528
Current liabilities	(4,350,332)
Net liabilities	(51,603)
2022	
Year ended 31 May	
Revenue	2,911,977
Loss for the year	(2,403,220)
Total comprehensive expense for the year	(2,342,346)
Cash flows used in operating activities	(200,073)
Cash flows used in investing activities	(82,549)
Cash flows used in financing activities	(1,210)
Net decrease in cash and cash equivalents	(283,832)

6.2 There is no significant restriction on the ability of the subsidiaries to transfer funds to the Company and other related companies other than PSS which is confined to the covenants imposed by its lenders.

7. Investments in associates

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Investments, at cost				
Balance at 1 June 2022/2021	**331,435**	922,095	**146,825**	737,485
Addition	**343,735**	-	**343,735**	-
Capital reduction	**-**	(590,660)	**-**	(590,660)
Balance at 31 May	**675,170**	331,435	**490,560**	146,825
Share of post-acquisition reserves	**711,220**	631,478	**-**	-
Less : Impairment loss	**-**	-	**(146,824)**	(146,824)
	1,386,390	962,913	**343,736**	1

Details of the associates are as follows :

Name of entity	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2023 %	2022 %	
Pensonic (B) Sdn. Bhd. [(1)]	Brunei	**40**	40	Trading of electrical and electronic appliances
Pensonic Appliances (Myanmar) Company Limited	Myanmar	**35**	35	Trading of electrical and electronic appliances
Pensonic (Thailand) Company Limited [(2)]	Thailand	**49**	-	Yet to commence operations in trading of electrical and electronic appliances

[(1)] Held through Pensonic Corporation Sdn. Bhd.
[(2)] Newly incorporated during the financial year (see Note 28.2)

The associates are not individually material to the consolidated financial statements.

During the financial year ended 31 May 2022, the Company conducted an operational review on the performance of its associates and recognised an impairment loss of RM146,824 in respect of its investment in Pensonic Appliances (Myanmar) Company Limited based on the fair value less cost of disposal method. The estimated recoverable amount of the said associate was Nil.

The impairment loss was recognised as administrative expenses in profit or loss.

8. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities of the Group and the Company are attributable to the following :

Group

	Assets		Liabilities		Net	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment						
- capital allowance	**-**	-	**(508,337)**	(773,518)	**(508,337)**	(773,518)
- reinvestment allowance	**145,000**	145,000	**-**	-	**145,000**	145,000
Right-of-use assets	**-**	-	**(69,000)**	(339,000)	**(69,000)**	(339,000)
Lease liabilities	**68,000**	344,000	**-**	-	**68,000**	344,000
Other temporary differences	**189,531**	488,317	**-**	-	**189,531**	488,317
Tax assets/(liabilities)	**402,531**	977,317	**(577,337)**	(1,112,518)	**(174,806)**	(135,201)
Set-off of tax	**(276,000)**	(826,000)	**276,000**	826,000	**-**	-
	126,531	151,317	**(301,337)**	(286,518)	**(174,806)**	(135,201)

Company

	Liabilities	
	2023 RM	2022 RM
Property, plant and equipment		
- capital allowance	**(45,000)**	(42,000)

8. Deferred tax assets/(liabilities) (Cont'd)

Movements in temporary differences during the year are as follows :

	At 1 June 2021 RM	Recognised in profit or loss (Note 19) RM	At 31 May 2022/ 1 June 2022 RM	Recognised in profit or loss (Note 19) RM	At 31 May 2023 RM
Group					
Property, plant and equipment					
- capital allowance	(621,000)	(152,518)	**(773,518)**	**265,181**	**(508,337)**
- reinvestment allowance	146,000	(1,000)	**145,000**	**-**	**145,000**
Right-of-use assets	(97,000)	(242,000)	**(339,000)**	**270,000**	**(69,000)**
Lease liabilities	109,000	235,000	**344,000**	**(276,000)**	**68,000**
Other temporary differences	772,034	(283,717)	**488,317**	**(298,786)**	**189,531**
	309,034	(444,235)	**(135,201)**	**(39,605)**	**(174,806)**
Company					
Property, plant and equipment					
- capital allowance	(42,000)	-	**(42,000)**	**(3,000)**	**(45,000)**

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

Unrecognised deferred tax assets - Group

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

	2023 RM	2022 RM
Property, plant and equipment - capital allowance	**(585,000)**	(1,229,000)
Capital allowances carry-forward	**-**	661,000
Tax losses carry-forward	**11,830,000**	12,041,000
Reinvestment allowance carry-forward	**9,575,000**	9,575,000
Other deductible temporary differences	**451,000**	769,000
	21,271,000	21,817,000

The capital allowances carry-forward is available indefinitely for offsetting against future taxable profits, subject to guidelines issued under the Income Tax Act, 1967.

8. Deferred tax assets/(liabilities) (Cont'd)

Unrecognised deferred tax assets - Group (Cont'd)

The tax losses carry-forward and reinvestment allowance carry-forward will expire in the following years of assessment ("YA") under the current tax legislations of the respective countries in which the entities operate in :

Tax losses carry-forward expiring in:	2023 RM	2022 RM
YA 2028	**118,000**	321,000
YA 2029	**7,607,000**	7,654,000
YA 2030	**2,184,000**	2,184,000
YA 2031	**1,372,000**	1,372,000
YA 2032	**510,000**	510,000
YA 2033	**39,000**	-
	11,830,000	12,041,000

	2023 RM	2022 RM
Unutilised reinvestment allowance		
Expire in YA 2026	**9,575,000**	9,575,000

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

9. Inventories - Group

	2023 RM	2022 RM
Raw materials	**5,956,068**	8,106,013
Goods-in-transit	**5,673,395**	10,530,846
Manufactured and trading inventories	**67,942,136**	78,235,252
	79,571,599	96,872,111
Recognised in profit or loss :		
Inventories recognised as cost of sales	**220,770,604**	234,919,113
Inventories written down	**699,463**	1,037,347

9.1 Significant judgements and assumptions

The Directors review inventories for obsolescence and decline in net realisable value to below cost.

In determining the amount of inventories to be written down, the Directors took into consideration the age of the inventories, likelihood of future sales and customer demand. Possible changes to these estimates could result in a revision to the carrying amount of the Group's inventories and profit or loss.

10. Trade and other receivables

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade					
Trade receivables		**52,955,235**	56,675,800	**-**	-
Amounts due from :					
- associates	10.1	**1,611,178**	2,189,586	**-**	-
- a company in which certain Directors have a substantial financial interest	10.1	**33,064**	-	**-**	-
		54,599,477	58,865,386	**-**	-
Non-trade					
Amounts due from :					
- subsidiaries	10.1	**-**	-	**2,632,613**	844,432
- a company in which certain Directors have a substantial financial interest	10.1	**1,148**	-	**-**	-
Other receivables	10.2	**476,604**	14,869,207	**-**	-
Deposits		**585,600**	846,444	**760**	560
Prepayments		**1,706,383**	5,402,693	**32,254**	40,144
Dividends receivable		**-**	-	**-**	5,500,000
		2,769,735	21,118,344	**2,665,627**	6,385,136
		57,369,212	79,983,730	**2,665,627**	6,385,136

10.1 Amounts due from subsidiaries, associates and companies in which certain Directors have a substantial financial interest

The trade amounts due from associates and a company in which certain Directors have a substantial financial interest are subject to negotiated trade terms.

The non-trade amounts due from subsidiaries and a company in which certain Directors have a substantial financial interest are unsecured, interest-free and repayable on demand.

10.2 Other receivables - Group

As at 31 May 2022, other receivables included the remaining balance of the consideration receivable of RM14,694,000 relating to the disposal of investment properties.

11. Fixed deposits - Group

Included in fixed deposits of the Group is RM507,255 (2022 : RM510,948) which are held in lien for borrowings granted to the Group as disclosed in Note 14.

12. Share capital - Group/Company

	2023		2022	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares, issued and paid-up with no par value classified as equity instruments	**67,670,893**	**129,668,000**	67,670,893	129,668,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

13. Reserves

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable :					
Foreign currency translation reserve	13.1	**1,931,105**	981,522	**-**	-
Warrants reserve	13.2	**6,483,400**	6,483,400	**6,483,400**	6,483,400
Treasury shares	13.3	**(2,376,405)**	(2,293,972)	**(2,376,405)**	(2,293,972)
Capital reserve	13.4	**4,487,540**	4,487,540	**-**	-
Other reserve	13.5	**(638,792)**	(638,792)	**-**	-
		9,886,848	9,019,698	**4,106,995**	4,189,428
Distributable :					
Retained earnings		**60,800,179**	65,408,077	**12,560,977**	17,095,431
		70,687,027	74,427,775	**16,667,972**	21,284,859

13.1 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.2 Warrants reserve

The warrants reserve represents the consideration of the Warrants 2014/2024 at the date of issue. When the warrants are exercised or expire, the warrants reserve remains in equity, although it may be transferred to another reserve account within equity.

13. Reserves (Cont'd)

13.2 Warrants reserve (Cont'd)

As at 31 May 2023, the Company has the following outstanding warrants :

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding as at 31.5.2023
Warrants 2014/2024	RM0.60	20.1.2024	64,834,000

Warrants 2014/2024 were issued on 21 January 2014 at an issue price of RM0.10 per warrant pursuant to the rights issue of warrants undertaken by the Company on the basis of one warrant for every two ordinary shares held in the Company. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one ordinary share for every warrant held at an exercise price of RM0.60 per share within ten years from the date of issue of the warrants. The exercise price of the warrants is subject to adjustment from time to time in accordance with the conditions stipulated in the Deed Poll dated 18 November 2013.

13.3 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an Extraordinary General Meeting held on 18 September 2020, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company repurchased its issued and paid-up ordinary shares from the open market as follows :

			Purchase price[N1]		
	No. of shares	Cost RM	Highest RM	Lowest RM	Average RM
2023					
At beginning of the financial year	**3,815,800**	**2,293,972**	**0.720**	**0.520**	**0.585**
Purchased during the financial year :					
July 2022	**61,600**	**32,862**	**0.535**	**0.510**	**0.523**
September 2022	**25,000**	**11,807**	**0.470**	**0.470**	**0.470**
January 2023	**12,000**	**5,728**	**0.475**	**0.475**	**0.475**
February 2023	**43,800**	**19,612**	**0.449**	**0.435**	**0.442**
March 2023	**28,100**	**12,424**	**0.440**	**0.440**	**0.440**
	170,500	**82,433**			
At end of the financial year	**3,986,300**	**2,376,405**	**0.535**	**0.435**	**0.484**

13. Reserves (Cont'd)

13.3 Treasury shares (Cont'd)

	No. of shares	Cost RM	Purchase price[N1] Highest RM	Lowest RM	Average RM
2022					
At beginning of the financial year	3,242,600	1,954,638	0.385	0.425	0.572
Purchased during the financial year :					
June 2021	51,500	37,080	0.720	0.720	0.720
November 2021	63,300	37,111	0.594	0.576	0.585
December 2021	103,099	60,431	0.594	0.579	0.587
January 2022	91,000	53,232	0.585	0.580	0.583
February 2022	119,301	69,716	0.590	0.580	0.585
March 2022	145,000	81,764	0.568	0.520	0.544
	573,200	339,334			
At end of the financial year	3,815,800	2,293,972	0.720	0.520	0.585

(N1) *Purchase price includes share price, stamp duty, brokerage fee, clearing fee and service tax.*

The repurchased ordinary shares were financed by internally generated funds and are held as treasury shares.

13.4 Capital reserve

The capital reserve of the Group represents the statutory reserve of foreign subsidiaries as required by foreign legislations.

13.5 Other reserve

Other reserve comprises the premium previously paid on acquisition of non-controlling interests in a subsidiary determined as the difference between the consideration paid and the carrying value of the interest acquired.

Notes to the Financial Statements

14. Loans and borrowings - Group

	Note	2023 RM	2022 RM
Non-current			
Secured			
Term loans		**23,818,621**	30,489,303
Hire purchase creditors		**682,469**	776,361
		24,501,090	31,265,664
Current			
Unsecured			
Bank overdrafts		**624,318**	469,743
Bankers' acceptances		**35,126,384**	46,706,127
Revolving credits		**6,713,452**	6,712,751
		42,464,154	53,888,621
Secured			
Bank overdrafts		**49,792**	1,165,399
Bankers' acceptances		**13,289,005**	19,465,602
Term loans		**2,297,228**	4,265,163
Hire purchase creditors		**565,359**	562,884
	14.2	**16,201,384**	25,459,048
		58,665,538	79,347,669
Total loans and borrowings		**83,166,628**	110,613,333

Notes to the Financial Statements

14. Loans and borrowings - Group (Cont'd)

14.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 June 2021 RM	Assets acquired under lease arrangements RM	Net changes from financing cash flows RM	Derecognition of leases RM	Foreign exchange movements RM	At 31 May 2022/ 1 June 2022 RM	Assets acquired under hire purchase/ lease arrangements RM	Modification of lease RM	Net changes from financing cash flows RM	Derecognition of leases RM	Foreign exchange movements RM	At 31 May 2023 RM
Group												
Bankers' acceptances	34,629,875	-	31,541,854	-	-	**66,171,729**	**-**	**-**	**(17,756,340)**	**-**	**-**	**48,415,389**
Revolving credits	3,717,745	-	2,995,006	-	-	**6,712,751**	**-**	**-**	**701**	**-**	**-**	**6,713,452**
Hire purchase creditors	1,982,314	-	(643,069)	-	-	**1,339,245**	**333,000**	**-**	**(424,417)**	**-**	**-**	**1,247,828**
Term loans	40,037,065	-	(5,282,599)	-	-	**34,754,466**	**-**	**-**	**(8,638,617)**	**-**	**-**	**26,115,849**
Lease liabilities	454,605	1,191,215	(679,404)	(39,742)	9,450	**936,124**	**258,531**	**279,066**	**(792,010)**	**(57,813)**	**31,655**	**655,553**
	80,821,604	1,191,215	27,931,788	(39,742)	9,450	**109,914,315**	**591,531**	**279,066**	**(27,610,683)**	**(57,813)**	**31,655**	**83,148,071**

Notes to the Financial Statements

14. Loans and borrowings - Group (Cont'd)

14.2 Security

The bank overdrafts, bankers' acceptances, revolving credits, term loans and hire purchase creditors are secured by the following :

(i) a first party legal charge over certain lands, buildings and plant and machinery of the Group and the Company as disclosed in Note 3;
(ii) fixed deposits as disclosed in Note 11;
(iii) corporate guarantee by the Company; and
(iv) joint and several guarantee by certain Directors of the Company.

15. Trade and other payables

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade					
Trade payables		**29,983,104**	28,745,904	**-**	-
Trade accruals		**4,441,421**	8,482,365	**-**	-
Amount due to a company in which certain Directors have a substantial financial interest	15.1	**1,355,747**	309,926	**-**	-
		35,780,272	37,538,195	**-**	-
Non-trade					
Amount due to :					
- subsidiaries	15.1	**-**	-	**1,422,617**	1,609,805
- an associate	15.1	**343,735**	-	**343,735**	-
- companies in which certain Directors have a substantial financial interest	15.1	**110,129**	428,570	**-**	-
Other payables	15.2	**4,336,838**	5,699,334	**163,746**	140,624
Deposits received		**9,661**	8,724	**-**	-
Accruals		**10,321,927**	15,574,374	**245,500**	245,500
		15,122,290	21,711,002	**2,175,598**	1,995,929
		50,902,562	59,249,197	**2,175,598**	1,995,929

15.1 Amounts due to subsidiaries, an associate and companies in which certain Directors have a substantial financial interest

The trade amount due to a company in which certain Directors have a substantial financial interest is subject to negotiated trade terms.

The non-trade amounts due to subsidiaries, an associate and companies in which certain Directors have a substantial financial interest are unsecured, interest-free and repayable on demand.

15. Trade and other payables (Cont'd)

15.2 Other payables - Group

Included in other payables are contract liabilities of RM318,211 (2022 : RM253,648) comprising advance consideration received from customers where the revenue is recognised at point in time. The contract liabilities are expected to be recognised as revenue in the following financial year.

16. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers	**273,204,070**	325,004,925	**-**	-
Dividend income	**-**	-	**-**	5,500,000
	273,204,070	325,004,925	**-**	5,500,000

16.1 Disaggregation of revenue - Group

	2023 RM	2022 RM
Primary geographical markets		
- Malaysia	**190,047,643**	244,415,715
- Other Asian countries	**74,731,135**	71,434,837
- Middle East	**6,429,464**	7,934,041
- Others	**1,995,828**	1,220,332
	273,204,070	325,004,925
Major products		
- Electrical and electronic appliances	**273,204,070**	325,004,925
Timing and recognition		
- At point in time	**273,204,070**	325,004,925

Notes to the Financial Statements

16. Revenue (Cont'd)

16.2 Nature of goods

The following information reflects the typical transactions of the Group :

Nature of goods	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Household electrical and electronic appliances	Revenue is recognised at point in time when the goods are delivered and accepted by the customers.	Credit period of 30 - 90 days from invoice date.	Discounts, rebates and incentives are given to customers on a case-by-case basis.	The Group allows defective goods to be returned in exchange for new goods or cash refunds on a case-by-case basis.	Generally, assurance warranty of 1-2 years is given to customers except for motors or compressors which are given 5 years assurance warranty which do not form a separate performance obligation.

The Group applies the practical expedient on the exemption for disclosure of information on remaining performance obligations that would be fulfilled within one year.

17. Finance costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on :				
- financial liabilities that are not at fair value through profit or loss	**4,235,759**	3,309,422	**-**	-
- lease liabilities	**50,941**	87,539	**-**	-
	4,286,700	3,396,961	**-**	-

Notes to the Financial Statements

18. (Loss)/Profit before tax

(Loss)/Profit before tax is arrived at after charging/(crediting) :

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration :				
- Audit fee				
- KPMG PLT				
- current year	**203,000**	191,000	**40,000**	40,000
- prior year	**12,000**	-	**-**	-
- Other auditors	**72,856**	77,180	**-**	-
- Non-audit services				
- KPMG PLT	**24,000**	24,000	**24,000**	24,000
- Affiliate of KPMG PLT	**51,500**	131,990	**2,500**	34,450
Material expenses/(income)				
Property, plant and equipment written off	**27,682**	73,672	**24,699**	617
Inventories written down	**699,463**	1,037,347	**-**	-
Research and development expenditure	**250,872**	880,478	**-**	-
Warehousing and logistic charges	**1,632,775**	1,731,935	**-**	-
Gain on disposal of plant and equipment	**(294,707)**	(28,826)	**-**	-
Gain on disposal of investment properties	**-**	(10,552,150)	**-**	-
(Gain)/Loss on derecognition of right-of-use assets	**(1,471)**	54,693	**-**	-
Government grants	**(210,248)**	(423,344)	**-**	-
Impairment loss on :				
- investments in subsidiaries	**-**	-	**931,903**	1,888,853
- investment in an associate	**-**	-	**-**	146,824
Interest income	**(18,143)**	(15,379)	**(1,379)**	(1,974)
Royalty income	**(109,194)**	(404,609)	**-**	-
Realised (gain)/loss on foreign exchange	**(669,539)**	(623,159)	**174,854**	(66,001)
Unrealised loss/(gain) on foreign exchange	**214,213**	28,042	**(10,088)**	(8,648)

18. (Loss)/Profit before tax (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Expenses/(Income) arising from leases				
Expenses relating to :				
- short-term leases#	**663,698**	1,126,009	**-**	-
- leases of low-value assets#	**41,307**	42,837	**120**	-
Rental income	**-**	-	**(1,200,000)**	(1,200,000)
Net loss/(gain) on impairment of financial instruments				
Impairment loss on :				
- trade receivables	**637,826**	5,165	**-**	-
- non-trade amount due from an associate	**70,745**	719,256	**70,745**	719,256
- other receivables	**863,503**	1,475,509	**-**	-
Bad debts recovered	**-**	(1,500)	**-**	-
	1,572,074	2,198,430	**70,745**	719,256

The Group leases warehouses, office space, motor vehicles and office equipment with contract terms of 1 year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

19. Tax expense

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Recognised in profit or loss				
Current tax expense				
Current year	**1,198,825**	1,368,202	**80,000**	106,580
Prior year	**218,247**	(50,989)	**(24,677)**	3,645
	1,417,072	1,317,213	**55,323**	110,225
Deferred tax expense				
Current year	**313,605**	437,235	**1,000**	-
Prior year	**(274,000)**	7,000	**2,000**	-
	39,605	444,235	**3,000**	-
	1,456,677	1,761,448	**58,323**	110,225

19. Tax expense (Cont'd)

Reconciliation of tax expense

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit before tax	**(2,540,080)**	14,814,327	**(2,904,061)**	1,420,748
Income tax calculated using Malaysian tax rate of 24%	**(609,619)**	3,555,438	**(696,975)**	340,980
Effect of different tax rates in foreign jurisdictions	**(6,456)**	(144,464)	**-**	-
Income not subject to tax	**(86,347)**	(2,755,327)	**(2,421)**	(1,337,916)
Non-deductible expenses	**2,345,892**	1,768,181	**779,396**	1,117,409
Tax incentives	**-**	(794,791)	**-**	-
Deferred tax assets not recognised	**-**	176,400	**-**	-
Utilisation of deferred tax assets previously not recognised	**(131,040)**	-	**-**	-
Other items	**-**	-	**1,000**	(13,893)
	1,512,430	1,805,437	**81,000**	106,580
(Over)/Under provision in prior year	**(55,753)**	(43,989)	**(22,677)**	3,645
	1,456,677	1,761,448	**58,323**	110,225

Certain subsidiaries of the Group were previously granted pioneer status for a period of five years commencing 1 June 2012 under Section 127(3) of the Income Tax Act, 1967 with an option to extend the pioneer status for a period of another five years upon expiry of the initial tax exemption period, subject to approval by the relevant authority. During the pioneer status period, the relevant subsidiaries' statutory income were partly exempted from income tax.

The pioneer status expired during the financial year ended 31 May 2022.

20. Staff costs - Group

	2023 RM	2022 RM
Salaries, wages and other emoluments	**23,453,369**	23,621,226
Defined contribution plans	**2,346,107**	2,278,467
Other employee benefits	**1,049,881**	948,134
	26,849,357	26,847,827

The above staff costs include those paid to Directors and key management personnel as disclosed in Note 23.

There is no staff cost applicable to the Company save for Directors' fees as disclosed in Note 23 as the payroll costs for key management personnel and employees are paid by the operating subsidiaries.

21. (Loss)/Earnings per ordinary share - Group

21.1 Basic (loss)/earnings per ordinary share

The basic (loss)/earnings per ordinary share is calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares, excluding treasury shares held by the Company, calculated as follows :

	2023	2022
(Loss)/Profit attributable to owners of the Company (RM)	**(3,035,828)**	14,356,008
Weighted average number of ordinary shares at 31 May	**125,750,358**	126,171,492
Basic (loss)/earnings per ordinary share (sen)	**(2.41)**	11.38

Weighted average number of ordinary shares :

	2023	2022
Issued ordinary shares at 1 June 2022/2021	**126,171,492**	128,454,592
Effect of treasury shares repurchased	**(421,134)**	(2,283,100)
Weighted average number of ordinary shares at 31 May	**125,750,358**	126,171,492

21.2 Diluted earnings per ordinary share

The diluted earnings per ordinary share for 2022 was the same as basic earnings per ordinary share as there were no outstanding instruments with potential dilutive effect.

22. Dividends - Group and Company

Dividends recognised by the Company :

	Sen per share	Amount RM	Date of payment
2023			
Financial year ended 31 May 2022			
Single tier final dividend	1.25	1,572,070	15 December 2022
2022			
Financial year ended 31 May 2021			
Single tier final dividend	1.00	1,262,677	31 December 2021

23. Related parties

23.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group and the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with its significant investor, subsidiaries, associates and companies in which certain Directors have a substantial financial interest.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company.

23.2 Significant related party transactions

Related party transactions have been entered in the ordinary course of business and were established under negotiated terms. The balances related to the below transactions are shown in Note 10 and Note 15.

The significant related party transactions of the Group and of the Company are as follows :

	2023 RM	2022 RM
Company		
Transactions with subsidiaries		
- Dividend income	**-**	5,500,000
- Rental income	**1,200,000**	1,200,000
- Subscription of shares	**1,133,220**	-
Group		
Transactions with associates		
- Sales	**3,858,760**	4,504,147
- Subscription of shares/(Capital reduction)	**343,735**	(590,660)
Transactions with companies in which certain Directors have a substantial financial interest		
- Sales	**34,172**	1,500
- Purchases	**(2,390,969)**	(2,269,795)
- Transportation charges	**(394,976)**	(495,468)

23. Related parties (Cont'd)

23.2 Significant related party transactions (Cont'd)

Transactions with key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company				
Fees	**282,000**	282,000	**282,000**	282,000
Salaries and other emoluments	**2,083,097**	2,214,611	**-**	-
Defined contribution plan	**173,572**	177,894	**-**	-
Estimated monetary value of benefits-in-kind	**108,875**	106,375	**-**	-
	2,647,544	2,780,880	**282,000**	282,000
Directors of subsidiaries				
Salaries and other emoluments	**801,060**	639,469	**-**	-
Defined contribution plan	**41,929**	28,328	**-**	-
	842,989	667,797	**-**	-
	3,490,533	3,448,677	**282,000**	282,000

24. Operating segment

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business unit, the Group's Chief Executive Officer and Group's Managing Director review internal management reports at least on a quarterly basis.

The following summary describes the main business segments and business activities of each segment of the Group's reportable segments :

Manufacturing	Manufacture, assembly and sales of electrical and electronic appliances
Trading	Sales and distribution of electrical and electronic appliances
Others	Investment holding and provision of management services

Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer and Group's Managing Director, who are the Group's operating decision makers. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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 Group's Chief Executive Officer and Group's Managing Director.

Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer and Group's Managing Director. Hence, no disclosure is made on segment liabilities.

24. Operating segment (Cont'd)

	Manufacturing RM	Trading RM	Others RM	Total RM	Elimination RM	Consolidated RM
Group						
2023						
Revenue						
External customers	7,888,450	265,315,620	-	273,204,070	-	273,204,070
Inter-segment	63,509,720	2,879,762	5,613,200	72,002,682	(72,002,682)	-
Total revenue	71,398,170	268,195,382	5,613,200	345,206,752	(72,002,682)	273,204,070
Segment profit/(loss)	1,588,627	(2,600,826)	(2,667,194)	(3,679,393)	1,139,313	(2,540,080)
Included in the measure of segment profit/(loss) are :						
Interest income	9,163	78,709	2,029	89,901	(71,758)	18,143
Finance costs	(315,511)	(4,044,021)	(4,281)	(4,363,813)	77,113	(4,286,700)
Impairment loss on :						
- trade receivables	(97,629)	(540,197)	-	(637,826)	-	(637,826)
- other receivables	-	(863,503)	-	(863,503)	-	(863,503)
- non-trade amount due from an associate	-	-	(70,745)	(70,745)	-	(70,745)
Depreciation of property, plant and equipment and amortisation of right-of-use	(886,312)	(3,979,945)	(1,476,519)	(6,342,776)	980,420	(5,362,356)
Inventories written back/(down)	77,748	(777,211)	-	(699,463)	-	(699,463)
Share of results of associates	-	-	79,742	79,742	-	79,742

24. Operating segment (Cont'd)

	Manufacturing RM	Trading RM	Others RM	Total RM	Elimination RM	Consolidated RM
Group						
2023						
Segment profit/(loss)						
Not included in the measure of segment profit/(loss) but provided to CODM :						
Gain on disposal of plant and equipment	-	294,707	-	294,707	-	294,707
Property, plant and equipment written off	-	(2,983)	(24,699)	(27,682)	-	(27,682)
Gain on derecognition of lease	774	697	-	1,471	-	1,471
Gain on modification of lease	-	1,616	-	1,616	-	1,616
Segment assets	44,603,980	242,595,108	89,602,329	376,801,417	(102,782,973)	274,018,444
Included in the measurement of segment assets are :						
Additions to property, plant and equipment and right-of-use assets	321,170	1,677,716	134,386	2,133,272	(13,525)	2,119,747

24. Operating segment (Cont'd)

	Manufacturing RM	Trading RM	Others RM	Total RM	Elimination RM	Consolidated RM
Group						
2022						
Revenue						
External customers	4,379,836	320,625,089	-	325,004,925	-	325,004,925
Inter-segment	79,430,915	10,836,411	10,901,600	101,168,926	(101,168,926)	-
Total revenue	83,810,751	331,461,500	10,901,600	426,173,851	(101,168,926)	325,004,925
Segment profit	10,944,129	7,038,713	1,737,925	19,720,767	(4,906,440)	14,814,327
Included in the measure of segment profit are :						
Interest income	9,651	65,000	2,105	76,756	(61,377)	15,379
Finance costs	(465,430)	(3,106,590)	(11,897)	(3,583,917)	186,956	(3,396,961)
Impairment loss on amount due from associate	-	-	(719,256)	(719,256)	-	(719,256)
Impairment loss on trade receivables	-	5,165	-	5,165	-	5,165
Impairment loss on other receivables	-	(1,475,509)	-	(1,475,509)	-	(1,475,509)
Depreciation of property, plant and equipment and amortisation of right-of-use	(1,454,400)	(3,945,985)	(1,465,358)	(6,865,743)	1,024,799	(5,840,944)
Depreciation of investment properties	(128,272)	-	-	(128,272)	-	(128,272)
Inventories written down	13,581	(1,050,928)	-	(1,037,347)	-	(1,037,347)
Share of results of associates	-	-	188,656	188,656	-	188,656
Not included in the measure of segment profit but provided to CODM :						
Gain on disposal of plant and equipment	111	28,715	-	28,826	-	28,826
Property, plant and equipment written off	(6,622)	(66,428)	(622)	(73,672)	-	(73,672)
Gain in disposal of investment properties	10,552,150	-	-	10,552,150	-	10,552,150
Segment assets	62,275,359	265,453,732	94,910,851	422,639,942	(107,386,484)	315,253,458
Included in the measurement of segment assets are :						
Additions to property, plant and equipment and right-of-use assets	299,052	3,359,305	59,969	3,718,326	(760,537)	2,957,789

Notes to the Financial Statements

24. Operating segment (Cont'd)

24.1 Geographical information

Non-current assets information based on the geographical location of assets are as below. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax assets.

	Non-current assets	
	2023 RM	2022 RM
Malaysia	**109,719,396**	112,424,111
Other Asian countries	**532,325**	849,280
	110,251,721	113,273,391

The segregation of revenue by geographical area is disclosed in Note 16.

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 May 2023 and 31 May 2022 categorised as amortised cost ("AC").

	Carrying amount RM	AC RM
2023		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	**55,662,829**	**55,662,829**
Fixed deposits	**547,960**	**547,960**
Cash and bank balances	**23,733,086**	**23,733,086**
	79,943,875	**79,943,875**
Company		
Trade and other receivables (excluding prepayments)	**2,633,373**	**2,633,373**
Cash and bank balances	**132,557**	**132,557**
	2,765,930	**2,765,930**

25. Financial instruments (Cont'd)

25.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM
2023		
Financial liabilities		
Group		
Trade and other payables (excluding contract liabilities)	**50,584,351**	**50,584,351**
Loans and borrowings	**83,166,628**	**83,166,628**
	133,750,979	**133,750,979**
Company		
Trade and other payables	**2,175,598**	**2,175,598**
2022		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	74,581,037	74,581,037
Fixed deposits	538,722	538,722
Cash and bank balances	22,590,413	22,590,413
	97,710,172	97,710,172
Company		
Trade and other receivables (excluding prepayments)	6,344,992	6,344,992
Cash and bank balances	232,166	232,166
	6,577,158	6,577,158

25. Financial instruments (Cont'd)

25.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM
2022		
Financial liabilities		
Group		
Trade and other payables (excluding contract liabilities)	58,995,549	58,995,549
Loans and borrowings	110,613,333	110,613,333
	169,608,882	169,608,882
Company		
Trade and other payables	1,995,929	1,995,929

25.2 Net gains and losses arising from financial instruments :

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net (losses)/gains arising on :				
- Financial assets at amortised cost	**(1,368,847)**	(1,223,901)	**(93,587)**	5,419
- Finance liabilities measured at amortised cost	**(3,989,423)**	(2,260,373)	**(165,950)**	71,205
	(5,358,270)	(3,484,274)	**(259,537)**	76,624

25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a 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 its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for borrowings granted to subsidiaries. There are no significant changes as compared to prior year.

25. Financial instruments (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables

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. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when 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. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The exposure to credit risk for trade receivables as at the end of the reporting period by geographical region is as follows :

	2023 RM	2022 RM
Group		
Malaysia	**31,771,608**	46,809,381
Other Asian countries	**19,433,171**	11,959,749
Middle East	**2,839,683**	320
Others	**555,015**	95,936
	54,599,477	58,865,386

Recognition and measurement of impairment loss

The Group uses an allowance matrix to measure expected credit loss ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due more than 120 days will be considered as credit impaired.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales and finance teams. Where necessary, the Group will also commence legal proceeding against the customers.

Loss rates are based on actual credit loss experienced over the past five years and forward-looking information. The Group believes that the financial impacts of the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 May 2023 and 31 May 2022.

25. Financial instruments (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2023			
Not past due	**41,213,623**	**-**	**41,213,623**
Past due less than 60 days	**11,243,297**	**-**	**11,243,297**
Past due 61 to 120 days	**943,749**	**-**	**943,749**
	53,400,669	**-**	**53,400,669**
Credit impaired			
Past due more than 120 days	**2,611,365**	**(1,412,557)**	**1,198,808**
	56,012,034	**(1,412,557)**	**54,599,477**
2022			
Not past due	39,639,040	-	39,639,040
Past due less than 60 days	16,576,974	-	16,576,974
Past due 61 to 120 days	1,138,741	-	1,138,741
	57,354,755	-	57,354,755
Credit impaired			
Past due more than 120 days	2,385,129	(874,498)	1,510,631
	59,739,884	(874,498)	58,865,386

There are past due trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period and based on the historical collection trend of these customers.

25. Financial instruments (Cont'd)

25.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Lifetime ECL	
	2023 RM	2022 RM
Group		
Balance at 1 June 2022/2021	**874,498**	1,563,160
Loss allowance provided	**831,541**	74,363
Reversal of loss allowance	**(193,715)**	(69,198)
Amount written off	**(99,767)**	(693,827)
Balance at 31 May	**1,412,557**	874,498

Cash and bank balances

The cash and bank balances are held with reputable banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks have low credit risks. In addition, some of the bank balances are insured by government agencies.

Other receivables

Credit risks on other receivables are mainly arising from advances to suppliers for securing the continuing supply of raw materials, deposits and other balances arising in the normal course of the Group's business. The advances to suppliers will be utilised against the raw materials delivered to the Group. The Group manages the credit risk together with the payables upon the delivery of the raw materials.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The movements in the allowance for impairment in respect of other receivables during the year are shown below.

	2023 RM	2022 RM
Group		
Balance at 1 June 2022/2021	**1,475,509**	-
Loss allowance provided	**863,503**	1,475,509
Balance at 31 May	**2,339,012**	1,475,509

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

25. Financial instruments (Cont'd)

25.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM83 million (2022 : RM109 million) representing the Company's exposure to the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a 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 bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

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

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payment of the advances, the Company considers the advances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when :

- The subsidiary is unlikely to repay the advances provided by the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

The amount owing from subsidiaries of RM2,632,613 (2022 : RM844,432) is regarded to be of low credit risk.

25.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group or the Company maintains a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

25. Financial instruments (Cont'd)

25.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM	Contractual interest rates/ discount rates per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2023							
Group							
Non-derivative financial liabilities							
Bank overdrafts	674,110	6.50 - 7.95	674,110	674,110	-	-	-
Bankers' acceptances	48,415,389	1.05 - 6.28	48,415,389	48,415,389	-	-	-
Revolving credits	6,713,452	4.48 - 5.85	6,713,452	6,713,452	-	-	-
Term loans	26,115,849	4.48 - 5.65	32,564,193	3,665,087	3,538,629	8,796,170	16,564,307
Hire purchase creditors	1,247,828	2.11 - 5.00	1,339,576	627,951	461,516	250,109	-
Lease liabilities	655,553	4.22 - 11.00	688,434	525,234	140,100	23,100	-
Trade and other payables (excluding contract liabilities)	50,584,351	-	50,584,351	50,584,351	-	-	-
	134,406,532		140,979,505	111,205,574	4,140,245	9,069,379	16,564,307
Company							
Non-derivative financial liabilities							
Trade and other payables	2,175,598	-	2,175,598	2,175,598	-	-	-
Financial guarantee	-	-	83,000,000	83,000,000	-	-	-
	2,175,598		85,175,598	85,175,598	-	-	-

25. Financial instruments (Cont'd)

25.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Contractual interest rates/ discount rates per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2022							
Group							
Non-derivative financial liabilities							
Bank overdrafts	1,635,142	7.70 - 7.95	1,635,142	1,635,142	-	-	-
Bankers' acceptances	66,171,729	1.98 - 4.85	66,171,729	66,171,729	-	-	-
Revolving credits	6,712,751	3.39 - 4.89	6,712,751	6,712,751	-	-	-
Term loans	34,754,466	3.11 - 5.35	43,122,556	5,389,265	4,189,801	11,804,593	21,738,897
Hire purchase creditors	1,339,245	2.11 - 3.45	1,485,321	627,721	772,855	84,745	-
Lease liabilities	936,124	4.22 - 11.00	952,496	703,562	248,934	-	-
Trade and other payables (excluding contract liabilities)	58,995,549	-	58,995,549	58,995,549	-	-	-
	170,545,006		179,075,544	140,235,719	5,211,590	11,889,338	21,738,897
Company							
Non-derivative financial liabilities							
Trade and other payables	1,995,929	-	1,995,929	1,995,929	-	-	-
Financial guarantee	-	-	109,000,000	109,000,000	-	-	-
	1,995,929		110,995,929	110,995,929	-	-	-

25. Financial instruments (Cont'd)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

25.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Renminbi ("RMB") and Hong Kong Dollar ("HKD").

Risk management objectives, policies and processes for managing the risk

Foreign currency exchange exposures in currencies other than the functional currency of the Group entities are kept to an acceptable level.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period is as follows :

	Denominated in		
	USD RM	RMB RM	HKD RM
Group			
2023			
Trade and other receivables	**2,419,074**	**-**	**131,421**
Cash and bank balances	**1,165,930**	**-**	**121,173**
Trade and other payables	**(8,571,072)**	**(5,799,837)**	**(21,100)**
Net exposure	**(4,986,068)**	**(5,799,837)**	**231,494**
2022			
Trade and other receivables	2,804,815	-	46,354
Cash and bank balances	7,270,312	-	227,076
Trade and other payables	(16,526,141)	(2,995,161)	(158,477)
Loans and borrowings	(1,925,208)	-	-
Net exposure	(8,376,222)	(2,995,161)	114,953

25. Financial instruments (Cont'd)

25.6 Market risk (Cont'd)

25.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2022 : 10%) strengthening of the respective functional currencies of the Group entities against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
Group	2023 RM	2022 RM
USD	**378,941**	636,593
RMB	**440,788**	227,632
HKD	**(17,594)**	(8,736)

A 10% (2022 : 10%) weakening of the respective functional currencies of the Group entities against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

25.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages this risk by having a combination of borrowings with fixed and floating rates. The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a regular basis.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period is as follows :

	2023 RM	2022 RM
Group		
Fixed rate instruments		
Financial asset		
- Fixed deposits	**547,960**	538,722

25. Financial instruments (Cont'd)

25.6 Market risk (Cont'd)

25.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	2023 RM	2022 RM
Group		
Fixed rate instruments		
Financial liabilities		
- Hire purchase creditors	**1,247,828**	1,339,245
- Bankers' acceptances	**48,415,389**	66,171,729
- Lease liabilities	**655,553**	936,124
	50,318,770	68,447,098
Floating rate instruments		
Financial liabilities		
- Term loans	**26,115,849**	34,754,466
- Bank overdrafts	**674,110**	1,635,142
- Revolving credits	**6,713,452**	6,712,751
	33,503,411	43,102,359

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group	
	50 bp increase RM	50 bp decrease RM
Profit or loss		
Floating rate instruments		
2023	**(127,313)**	**127,313**
2022	(163,789)	163,789

25. Financial instruments (Cont'd)

25.7 Fair value information

The carrying amounts of cash and bank balances, fixed deposits, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value				
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
2023					
Group					
Financial liabilities					
Term loans					
- variable rate	**-**	**-**	**26,115,849**	**26,115,849**	**26,115,849**
Hire purchase creditors	**-**	**-**	**1,247,828**	**1,247,828**	**1,247,828**
	-	**-**	**27,363,677**	**27,363,677**	**27,363,677**
2022					
Financial liabilities					
Term loans					
- variable rate	-	-	34,754,466	34,754,466	34,754,466
Hire purchase creditors	-	-	1,339,245	1,339,245	1,339,245
	-	-	36,093,711	36,093,711	36,093,711

The Group and the Company do not have any financial instruments carried at fair value.

The Company provides financial guarantees to banks for borrowings granted to certain subsidiaries. The fair value of such guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest determined by reference to similar borrowing arrangements at the end of the reporting period.

Level 3 fair value

The carrying amount of floating rate term loans approximate their fair values as their effective interest rates change accordingly to movements in the market interest rate. The fair value of finance lease liabilities is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements which range from 2.11% to 5.00% (2022 : 2.11% to 3.45%).

26. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital and that such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

There were no changes in the Group's approach to capital management during the financial year.

27. Significant events during the financial year

27.1 On 8 June 2022, Keat Radio Co. Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated Pensonic (Zhuhai) Home Appliances Co. Ltd. ("PZHA") being a wholly-owned subsidiary with a paid-up capital of CNY2,500,000 (equivalent to RM1,665,000) comprising 2,500,000 ordinary shares. PZHA is principally engaged in the inspection and testing of electrical and electronic products and trading of home appliances.

27.2 On 3 May 2023, the Company acquired 49% interest in a newly incorporated associate, Pensonic (Thailand) Company Limited ("PST") Thailand with a paid-up capital of THB2,450,000 (equivalent to RM343,735) comprising 24,500 ordinary shares. PST is principally engaged in the trading of electrical and electronic appliances.

28. Subsequent events

28.1 On 14 September 2023, the Company acquired an additional 5.3% interest in PT Pensonic Appliances Indonesia ("PTPAI"), a 51% owned subsidiary from non-controlling interests for a total purchase consideration of USD80,000 (equivalent to RM377,280) in cash. Subsequent to the acquisition, the Company's interest in PTPAI increased from 51% to 56.3%.

28.2 On 29 August 2023, Pensonic Sales & Service Sdn. Bhd. ("PSS"), a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement to dispose of an office building for a cash consideration of RM1,600,000.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 58 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2023 and of their financial performance and cash flows for the financial year then ended.

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

………………………………………..………..

Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak
Director

………………………………………..………..

Chew Chuon Ghee
Director

Penang,

Date : 27 September 2023

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak**, the Director primarily responsible for the financial management of Pensonic Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Y. Bhg. Dato' Seri Chew Weng Khak @ Chew Weng Kiak**, NRIC: 421102-02-5141 at George Town in the State of Penang on 27 September 2023.

………………………………….………..

Y. Bhg. Dato' Seri Chew Weng Khak @
Chew Weng Kiak

Before me :
Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

Independent Auditors' Report

To the members of Pensonic Holdings Berhad
(Registration No. 199401014746 (300426 - P)) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pensonic Holdings Berhad, which comprise the statements of financial position as at 31 May 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Valuation of inventories

Refer to Notes 1(d) - Use of estimates and judgements and 2(i) – Inventories.

The key audit matter

As at 31 May 2023, the carrying amount of the Group's inventories as disclosed in Note 9 amounted to RM79.6 million which comprise a wide range of household electrical products and appliances.

Inventories are required to be measured at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value require the use of judgement on the estimated selling price and future customer demand.

Given the wide range of inventories carried by the Group and the judgement required to determine the write down of the inventories, we have identified valuation of inventories as a key audit matter.

Independent Auditors' Report

To the members of Pensonic Holdings Berhad
(Registration No. 199401014746 (300426 - P)) (Incorporated in Malaysia)

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others :

- We attended the year end physical inventory counts to identify whether any inventories were damaged;
- We assessed the Group's inventory write-down policy by considering the age of the inventories, historical consumption and sales trend of the inventories;
- We tested the accuracy of the sales by product reports relied by the Group to assess inventories for write down; and
- We selected items of inventories on sampling basis and compared the carrying amount of the inventories to the selling price transacted after year end or during the year and checked that they were sold at prices higher than the carrying amount.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the 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 annual report 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 financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report
To the members of Pensonic Holdings Berhad
(Registration No. 199401014746 (300426 - P)) (Incorporated in Malaysia)

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Raymond Chong Chee Mon
Approval Number : 03272/06/2024 J
Chartered Accountant

Penang

Date : 27 September 2023

List of Properties owned by the Group
As at 31 May 2023

Registered Owner	Address/ Location	Description/ Existing use	Approximately age of buildings (Years)	Tenure	Land/ Built-up area	Audited net book value as at 31 May 2023 RM
PSS	Lot 4, Towering Industrial Centre, 88300 Penampang, Kota Kinabalu, Sabah.	Warehouse and office	31	Leasehold Expiring in 2037	2,700 sq. ft.	135,714
PSS	Lot No. 23B & 24B, Mukim Kapar, Daerah Klang, Selangor	Warehouse	4	Freehold	270,465 sq. ft. / 159,435 sq. ft.	47,220,432
PSS	Lot 11-A, Jalan 223, Section 51A, 46100 Petaling Jaya, Selangor.	Warehouse and office	19	Leasehold Expiring in 2070	43,560 sq. ft. / 36,255 sq. ft.	3,682,965
PI	895, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, MK. 13, 14100 Bukit Minyak, Penang.	Industrial land with factory, warehouse and office	20	Leasehold Expiring in 2063	130,685 sq. ft. / 75,260 sq. ft.	4,215,957
PHB	1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	Industrial land with warehouse and office	11	Leasehold Expiring in 2059	261,380 sq. ft. / 224,158 sq. ft..	42,143,668
PSS	141, 143 & 145 Jalan Perak, 11600 George Town, Penang	Shophouse	17	Freehold	4,887 sq. ft. / 5,889 sq. ft.	3,891,020

Analysis of Shareholdings

SHAREHOLDINGS STATISTICS AS AT 21 AUGUST 2023

Class of Securities	:	Ordinary Shares
Total number of issued shares	:	129,668,000 ordinary shares (including 3,986,300 treasury shares)
Voting Rights	:	One vote per share on a poll
Number of shareholders	:	2,712

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 21 AUGUST 2023

No. of Holders	Size of Holdings	No. of Shares	% of Total Shareholdings
49	less than 100 shares	885	#
253	100 to 1,000 shares	124,132	0.10
1,484	1,001 to 10,000 shares	7,929,219	6.31
824	10,001 to 100,000 shares	22,485,900	17.89
100	100,001 to less than 5% of the total no. of shares issued	67,830,340	53.97
2	5% and above of the total no. of shares issued	27,311,224	21.73
2,712		125,681,700	100.00

Negligible

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 21 AUGUST 2023

	Name	No. of Shares	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW WENG KHAK REALTY SDN. BHD. (SMART)	20,061,924	15.96
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW WENG KHAK @ CHEW WENG KIAK	7,249,300	5.77
3	CHEW WENG KHAK REALTY SDN BHD	6,000,000	4.77
4	CHEW CHUON GHEE	4,600,000	3.66
5	CHEW WENG KHAK @ CHEW WENG KIAK	3,785,000	3.01
6	CHEW CHUON FANG	3,400,000	2.71
7	CHEW CHUON FANG	2,781,000	2.21
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW CHUON JIN (SMART)	2,772,000	2.21
9	TIU JON HUI	2,630,000	2.09
10	CHEW CHUON JIN	2,626,400	2.09
11	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,512,500	2.00

Analysis of Shareholdings

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 21 AUGUST 2023 (Cont'd)

	Name	No. of Shares	%
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW CHUON JIN (6000225)	2,500,000	1.99
13	CHEW CHUON GHEE	2,310,000	1.84
14	TAN AH NYA @ TAN BEE TIANG	2,200,000	1.75
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW CHUN CHIA (MID-VALLEY-CL)	2,000,000	1.59
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW PEI GEE (MID-VALLEY-CL)	2,000,000	1.59
17	CHEW CHUON GHEE	1,794,000	1.43
18	LEE ANN NEE	1,180,700	0.94
19	IFAST NOMINEES (TEMPATAN) SDN BHD VOON SZE LIN	1,020,000	0.81
20	LEE JOOI SENG	1,000,000	0.80
21	LEE SENG LONG	826,780	0.66
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA AH BOON	815,000	0.65
23	LIM LIENG PIAU	765,600	0.61
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI	748,400	0.60
25	TAM KAI YUEN	700,000	0.56
26	WAN THIAM HUAT	694,600	0.55
27	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN KING TAI @ TAN KHOON HAI (SMART)	630,000	0.50
28	LUM CHEE YUN	600,000	0.48
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HUI LUN (6000201)	500,000	0.40
30	LIM LIENG PIAU	500,000	0.40
	Total	81,203,204	64.61

Analysis of Shareholdings

SUBSTANTIAL SHAREHOLDERS AS AT 21 AUGUST 2023

	Direct Interest		Indirect Interest	
Name of substantial shareholders	No of shares	%	No of shares	%
CHEW WENG KHAK REALTY SDN BHD	26,061,924	20.74	-	-
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	11,034,300	8.78	28,261,924 a / b	22.49
CHEW CHUON GHEE	8,704,000	6.93	-	-
CHEW CHUON JIN	7,898,400	6.28	16,800 c	0.01

DIRECTORS' SHAREHOLDINGS AS AT 21 AUGUST 2023

	Direct Interest		Indirect Interest	
Name of directors	No of shares	%	No of shares	%
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	11,034,300	8.78	32,261,924 a / b	25.67
CHEW CHUON GHEE	8,704,000	6.93	1,180,700 c	0.94
CHEW CHUON JIN	7,898,400	6.28	16,800 c	0.01
CHEW CHUON FANG	6,181,000	4.92	-	-

Notes :

a By virtue of his interest in the shares of the Company (through Chew Weng Khak Realty Sdn Bhd), Dato' Seri Chew Weng Khak @ Chew Weng Kiak is deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

b Indirect interest through his spouse, Datin Seri Tan Ah Nya @ Tan Bee Tiang and/or children, Chew Chun Chia and Chew Pei Gee pursuant to Section 59(11)(c) of the Companies Act 2016 ("Act").

c Indirect interest through his spouse pursuant to Section 59(11)(c) of the Act.

Analysis of Warrantholdings

Class of Securities	:	64,834,000 warrants
Exercise price of warrants	:	RM0.60 for each warrant
Expiry date of warrants	:	20 January 2024
Voting Rights	:	One vote per warrant at any warrantholders' meeting
Number of warrantholders	:	624 holders

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS AS AT 21 AUGUST 2023

No. of Holders	Size of Holdings	No. of Warrants	% of Total Warrantholdings
13	less than 100 warrants	590	#
35	100 to 1,000 warrants	20,980	0.03
307	1,001 to 10,000 warrants	1,448,652	2.23
194	10,001 to 100,000 warrants	7,548,366	11.64
72	100,001 to less than 5% of the total no. of warrants issued	37,159,800	57.32
3	5% and above of the total no. of warrants issued	18,655,612	28.78
624		64,834,000	100.00

Negligible

THIRTY (30) LARGEST WARRANTHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AT AT 21 AUGUST 2023

	Name	No. of Warrants	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW WENG KHAK REALTY SDN. BHD. (SMART)	8,569,912	13.22
2	CHEW WENG KHAK @ CHEW WENG KIAK	5,600,000	8.64
3	CHEW CHUON JIN	4,485,700	6.92
4	OLIVE LIM SWEE LIAN	2,200,000	3.39
5	CHEW WENG KHAK REALTY SDN BHD	2,100,000	3.24
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA ENG HO WA'A @ CHUA ENG WAH	2,035,500	3.14
7	CHEW CHUON FANG	1,827,000	2.82
8	ANG YOOK CHU @ ANG YOKE FONG	1,627,400	2.51
9	CHEW WENG KHAK @ CHEW WENG KIAK	1,400,000	2.16
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW WENG KHAK @ CHEW WENG KIAK	1,400,000	2.16
11	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN KING TAI @ TAN KHOON HAI (SMART)	1,172,900	1.81
12	CHEW CHUON GHEE	1,155,000	1.78

Analysis of Warrantholdings

THIRTY (30) LARGEST WARRANTHOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AT AT 21 AUGUST 2023 (Cont'd)

	Name	No. of Warrants	%
13	VOON SZE LIN	1,085,800	1.67
14	CHEW CHUON FANG	1,050,000	1.62
15	CHEW CHEN HIN	1,031,200	1.59
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHEW CHUON JIN (SMART)	1,000,000	1.54
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GIM LEONG	987,900	1.52
18	PHNUAH FARN FARN	913,100	1.41
19	HEH WUN YEE	797,000	1.23
20	VOON JYE WAH	788,600	1.22
21	IFAST NOMINEES (TEMPATAN) SDN BHD VOON SZE LIN	715,100	1.10
22	CHEW CHUON GHEE	700,000	1.08
23	TAN TIN HWA	699,500	1.08
24	CGS-CIMB NOMINEES (ASING) SDN BHD PIONEER UNITED LIMITED (JS 803)	689,300	1.06
25	SAMSURI BIN DAUD	638,700	0.99
26	BOON KIM YU	589,000	0.91
27	LIM YEE KHAU	580,000	0.89
28	IFAST NOMINEES (TEMPATAN) SDN BHD VOON JYE YNG	505,700	0.78
29	YEOH WEII SYUEN	455,400	0.70
30	TAY KA KEON @ TAY KAH TAIT	454,500	0.70
	Total	47,254,212	72.88

Analysis of Warrantholdings

DIRECTORS' WARRANTHOLDINGS AS AT 21 AUGUST 2023

	Direct Interest		Indirect Interest	
Name of warrantholders	No of warrants	%	No of warrants	%
DATO' SERI CHEW WENG KHAK @ CHEW WENG KIAK	8,400,000	12.96	11,089,912 a / b	17.11
CHEW CHUON JIN	5,485,700	8.46	10,000 b	0.02
CHEW CHUON GHEE	2,002,000	3.09	168,000 b	0.26
CHEW CHUON FANG	2,877,000	4.44	-	-

Notes :

a Indirect interest through Chew Weng Khak Realty Sdn Bhd.

b Indirect interest through his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth (**29th**) Annual General Meeting ("**AGM**") of PENSONIC HOLDINGS BERHAD ("**PENSONIC**" or "**the Company**") will be convened and held at 1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang, Malaysia on **Monday, 30 October 2023** at 2.30 pm for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 May 2023 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who are retiring in accordance with Clause 103 of the Company's Constitution and who, being eligible, offer themselves for re-election:
   (a) Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim — **Ordinary Resolution 1**
   (b) Ong Huey Min — **Ordinary Resolution 2**
   (c) Chew Chuon Fang — **Ordinary Resolution 3**

3. To approve the payment of Directors' fees of up to RM300,000 for the period from the next day of the 29th AGM until the conclusion of the next AGM of the Company in 2024. — **Ordinary Resolution 4**

4. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 May 2024 and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

AS SPECIAL BUSINESS

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

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** — **Ordinary Resolution 6**

   "THAT subject to the Companies Act 2016 ("**the Act**"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of the relevant government or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued share capital (excluding treasury shares) of the Company for the time being.

   THAT the Directors are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

   THAT pursuant to Section 85(1) of the Act to be read together with Clause 65 of the Constitution of the Company, all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("**Pre-emptive Rights**").

   AND THAT should this resolution be passed by the shareholders, this resolution shall have the effect of the shareholders having agreed to irrevocably waive their Pre-emptive Rights pursuant to Section 85(1) of the Act and Clause 65 of the Constitution of the Company in respect of the new shares to be issued and allotted by the Company and the issuance of such new shares of the Company will result in a dilution to their shareholding percentage in the Company. Subsequent to the passing of this resolution, if this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect.

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (Cont'd)**

AND THAT the new shares to be issued shall, upon issuance and allotment, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Ordinary Resolution 7**

"THAT subject to the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") and the approvals of the relevant government or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries ("**the Group**") to enter into recurrent related party transactions with the Mandated Related Parties, particulars of which are set out in the Circular dated 29 September 2023, provided that such transactions are:

(a) recurrent transaction of a revenue or trading nature;
(b) necessary for the day-to-day operations of the Company and/or its subsidiaries;
(c) carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms of the Group and on terms not more favourable to the related parties than those generally available to the public; and
(d) not detrimental to the interests of the minority shareholders of the Company;

AND THAT such authority shall continue to be in force until:

(a) the conclusion of the next AGM of the Company following this AGM where the authority is approved, at which time the authority will lapse unless renewed by a resolution passed at the meeting; or
(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED OF SHARE BUY-BACK")** **Ordinary Resolution 8**

"THAT subject to the Act, the Company's Constitution, the Listing Requirements and the approvals of the relevant government or regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of the Company's shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(a) the aggregate number of ordinary shares which may be purchased by the Company shall not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any point in time of the said purchase(s);
(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained earnings of the Company at the time of purchase; and
(c) the authority conferred by this resolution will be effective immediately upon the passing of this Resolution and shall continue to be in force until:
    (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
    (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
    (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant government or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:
(a) to cancel all the ordinary shares so purchased; or
(b) to retain the ordinary shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
(c) to retain part thereof as treasury shares and cancel the remainder; or
(d) in such other manner as Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed of Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company."

8. **RETENTION OF DATO' TAHIR JALALUDDIN BIN HUSSAIN AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 9**

   "THAT approval be and is hereby given to Dato' Tahir Jalaluddin Bin Hussain, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

9. **RETENTION OF DATO' LELA PAHLAWAN DATO' PADUKA KU NAHAR BIN KU IBRAHIM AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 10**

   "THAT approval be and is hereby given to Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

10. To transact any other business for which due notice shall have been given.

By Order of the Board

Ong Tze-En
MAICSA 7026537 | SSM PC No. 202008003397
Company Secretary
Penang, 29 September 2023

Notes :
Appointment of Proxy

1. A proxy must be of full age. A proxy may but need not be a member. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting, PROVIDED that in the event the member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member.

2. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member is an Exempt Authorized Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each omnibus account it holds. An Exempt Authorized Nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 23 October 2023 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

Explanatory Notes on Ordinary Business:

1. **Ordinary Resolutions 1, 2 and 3**

   The profiles of the retiring Directors are set out under Profile of Directors in the Annual Report 2023. The Board of Directors ("Board") approved the recommendations from the Nomination Committee and is supportive of the re-election of the retiring Directors based on the justifications below. The retiring Directors had abstained from deliberation and decision making on their own eligibility to stand for re-election:

   1.1 **Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim and Ong Huey Min** are Independent Non-Executive Directors ("INEDs") and fulfil the requirements on independence as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Both of them have demonstrated objectivity and commitment through proactive engagements at meetings of the Board and Board Committees (as applicable) held during the financial year by sharing valuable, relevant, independent and impartial insights, views and opinions on issues tabled for discussion. They have exercised due care and carried out their professional duties proficiently and effectively throughout their tenure as INEDs of the Company.

   1.2 **Chew Chuon Fang** is the Group Executive Director. His role involves corporate branding, public relations and marketing strategist. He plays a crucial role in shaping the Company's image and enhancing its public relations efforts. He also oversees several key areas, including Hong Kong, Zhuhai and Thailand operations.

   The retiring Directors do not have any conflict of interest with the Group other than as disclosed in the notes to the financial statements.

2. **Ordinary Resolution 4 is to approve Directors' fees**

   Directors' fees to the Directors have been reviewed by the Remuneration Committee and the Board of the Company. The Directors' fees are in the best interest of the Company and in accordance with the remuneration framework of the Group. The Directors' fees, if passed, will facilitate the payment of Directors' fees to the Directors for the period from the next day of the 29th AGM until the conclusion of the next AGM of the Company in 2024. Details of Directors' fees for the financial year ended 31 May 2023 are enumerated under the Corporate Governance Overview Statement in the Annual Report 2023.

   The amount of Directors' fees payable includes fees payable to Directors as members of Board and Board Committees. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of any additional Director and/or for the formation of additional Board Committees.

Explanatory Notes on Special Business:

1. **Ordinary Resolution 6 is to authorise to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   This Ordinary Resolution, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board to issue and allot ordinary shares up to a maximum of ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 27 October 2022 and which will lapse at the conclusion of the 29th AGM.

   The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions as well as to avoid any delay and cost in convening general meeting to specifically approve such an issuance of shares.

   The waiver of pre-emptive rights pursuant to Section 85(1) of the Act and Clause 65 of the Company's Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

   At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make announcement in respect thereof.

Explanatory Notes on Special Business: (Cont'd)

2. **Ordinary Resolution 7 is to approve Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**
   This Ordinary Resolution, if passed, will allow the Company and/or its subsidiaries to enter into the existing recurrent related party transactions ("RRPT") and additional RRPT under the Proposed Shareholders' Mandate pursuant to the provisions of the Listing Requirements without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.
   Please refer to the Circular to Shareholders dated 29 September 2023 for further information.

3. **Ordinary Resolution 8 is to approve Proposed Renewal of Authority to purchase its own ordinary shares**
   This Ordinary Resolution, if passed, will empower the Directors of the Company to exercise the power of the Company to purchase its own shares. The total number of shares purchased shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being. This authority will, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required to be held, whichever occurs first.

4. **Ordinary Resolution 9 is to retain Dato' Tahir Jalaluddin Bin Hussain as Independent Non-Executive Director ("INED")**
   This Ordinary Resolution, if passed, will allow Dato' Tahir Jalaluddin Bin Hussain to be retained and continue to act as INED of the Company. The Board of Directors had, vide the Nomination Committee, conducted an annual performance evaluation and assessment of Dato' Tahir, who has served as INED of the Company for a cumulative term of more than nine (9) years and recommended him to continue acting as INED of the Company based on the justifications as set out in Corporate Governance Overview Statement in the Annual Report 2023.

5. **Ordinary Resolution 10 is to retain Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim as INED**
   This Ordinary Resolution, if passed, will allow Dato' Lela Pahlawan Dato' Paduka Ku Nahar Bin Ku Ibrahim to be retained and continue to act as INED of the Company. The Board of Directors had, vide the Nomination Committee, conducted an annual performance evaluation and assessment of Dato' Lela Pahlawan, who has served as INED of the Company for a cumulative term of more than nine (9) years and recommended him to continue acting as INED of the Company based on the justifications as set out in Corporate Governance Overview Statement in the Annual Report 2023.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities)

No individual is standing for election as a Director at the forthcoming 29th AGM of the Company.

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FORM OF PROXY

Number of shares held	
CDS Account no.	

PENSONIC®

PENSONIC HOLDINGS BERHAD
Registration No.: 199401014746 (300426-P)
(Incorporated in Malaysia)

I/We ____
(Full name in Block Letters and NRIC No./Passport No./ Registration No.)

of ______________________________ and ______________________________
(Address) (Tel No./Email Address)

being a Member(s) of Pensonic Holdings Berhad (the "Company"), hereby appoint

Full Name (in Block Letters)	NRIC No./Passport No.	No. of Shares
Address	**Email address**	**% of Shareholding**

*and/or failing him/her

Full Name (in Block Letters)	NRIC No./Passport No.	No. of Shares
Address	**Email address**	**% of Shareholding**

or failing him/her, the CHAIRMAN OF THE MEETING as my/our *proxy/proxies to vote for me/us on my/our behalf at the Twenty-Ninth Annual General Meeting ("29th AGM") of the Company, to be convened and held at 1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang, Malaysia on Monday, 30 October 2023 at 2.30 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

ORDINARY RESOLUTION ("OR")	OR1	OR2	OR3	OR4	OR5	OR6	OR7	OR8	OR9	OR10
FOR										
AGAINST										

Dated this day of 2023.

....
Signature of Member(s)/ Common Seal

* Strike out whichever is not desired.

Notes:

1. A proxy must be of full age. A proxy may but need not be a member. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting, PROVIDED that in the event the member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member.
2. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an Exempt Authorized Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each omnibus account it holds. An Exempt Authorized Nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 23 October 2023 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 29th AGM of the Company and any adjournment thereof.

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Affix
Stamp

The Company Secretary
PENSONIC HOLDINGS BERHAD
Registration No.: 199401014746 (300426-P)

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Taman Perindustrian Bukit Minyak,
14100 Simpang Ampat, Penang, Malaysia.

PENANG
143-145, Perak Road,
10150 George Town, Penang.
Tel : 604- 226 9923 / 226 9050

SELANGOR
Lot 11A, Jalan 223 Sec 51A,
46100 Petaling Jaya, Selangor.
Tel : 603- 7954 5200

JOHOR
31, Jalan Ros Merah Satu/1,
Taman Johor Jaya,
81100 Johor Bahru, Johor.

KELANTAN
PT-621 Ground Floor,
Batu 2 Jalan Pengkalan Chepa,
15400 Kota Bahru, Kelantan.

SABAH
Lot 4, Towering Industrial Centre,
88300 Penampang, Kota Kinabalu, Sabah.
Tel. Fax: 6088- 715 519 / 715 730

LABUAN
SU11T/SL05, Wisma Wong
Wo Lo, 87000 Labuan.

PN 7884, Jalan OKK,
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87000 Labuan.

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(Registration No.: 198701003749/162419-M)

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Room No. 802, 8th Floor of Rongshan Postal Building, No.6 Rongqi Dadao, Ronggui Street, Shunde, Foshan, Guangdong Province, China
Tel: 852- 2290 2280

HONG KONG
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SINGAPORE
2 Leng Kee Road, #06-03 Thye Hong Centre Singapore 159086
Tel. Fax: 65- 6472 6504 / 6475 9534

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No D1, Spg 396, Jln Jerudong, Bangunan Perkasa 1, Kampung Sengkurong B, Bg 1321, Brunei Darussalam
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VIETNAM
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Tel. Fax: 679- 339 3111 / 334 0255

SEYCHELLES
P.O.Box 1371, Victoria, Mahe, Seychelles
Tel. Fax: 248- 323 680 / 324 724

TIMOR LESTE
Avenida De Presidente Nicolau Lobato, Bidau, Lecidere, Nain Feto Dili, Timor Leste
Tel: 670- 3311278

MALDIVES
Ma.Elyzium - Buruzumagu Male' 20240 Maldives
Tel: 960- 3009907

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12, Corderie Street, Port Louis, Mauritius.
Tel: 230- 2121563

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6F, Jung Am Building, Eun-cheon-ro 25, Kwan-Ak-gu, Seoul, Korea
Tel: 070- 4185 3645 Fax: 0507- 0326 7040

MYANMAR
No. 15, (6) Ward, Waizayandar Road, South Okkalapa Township, Yangon, Myanmar
Tel: 95- 9750114898

THAILAND
32/20 Moo.3 Bang Khu Rat Bang Bua Thong, Nonthaburi 11110, Thailand
Tel: 6699 989 9252

NEPAL
Sadobato - 15
Lalitpur Nepal

Pensonic Holdings Berhad

Registration No.: 199401014746 (300426-P)

1165, Lorong Perindustrian Bukit Minyak 16, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.

Tel : 604-507 0393 Fax : 604-507 3825 Info@pensonic.com

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