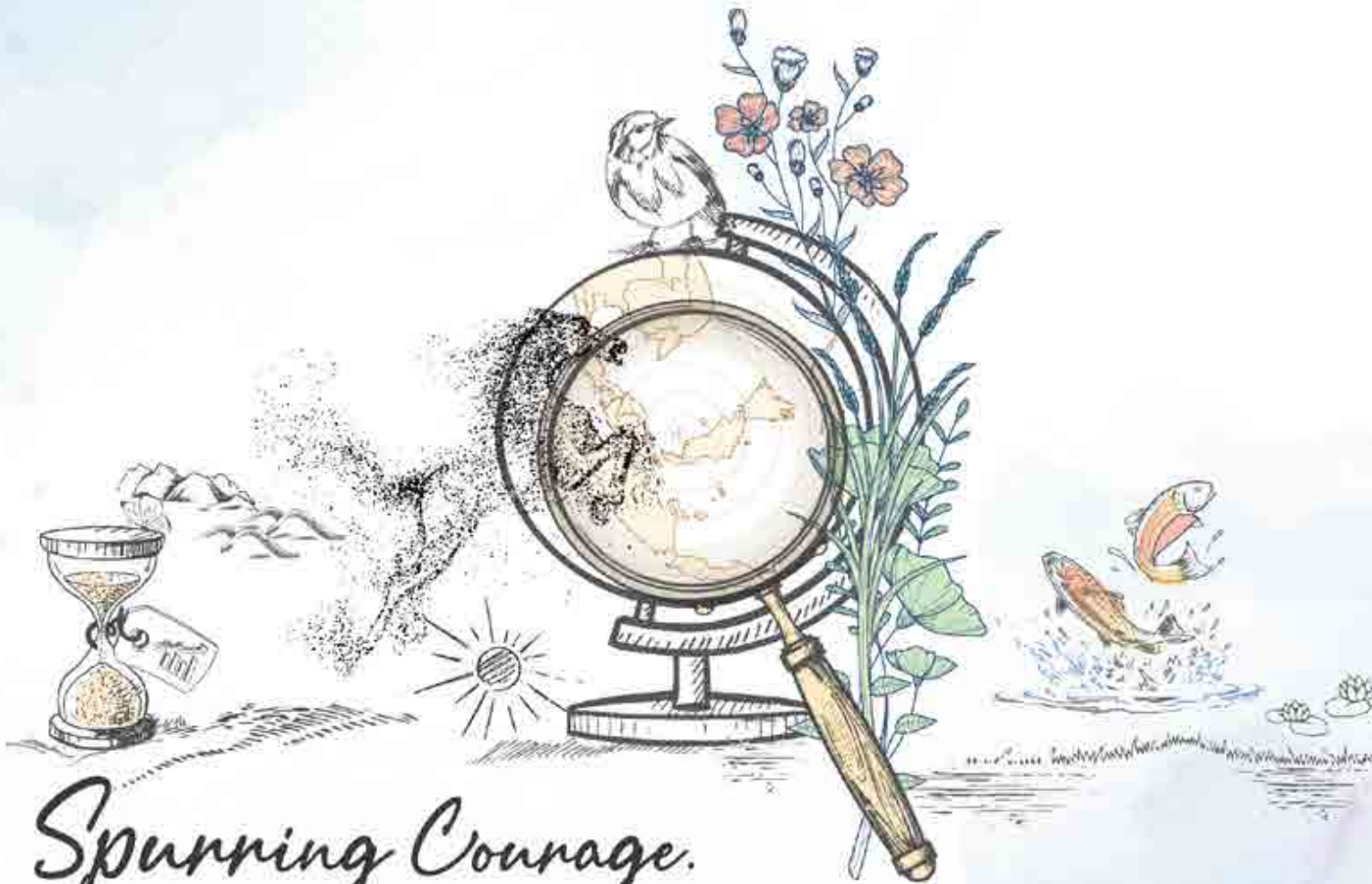




**SUCCESS TRANSFORMER  
CORPORATION BERHAD**

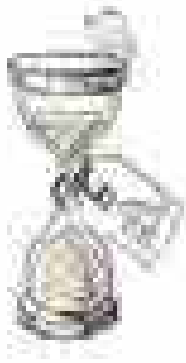
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*Spurring Courage.  
Brimming with Aspiration.*

**2021**  
Annual Report





# Spurring Courage. Brimming with Aspiration.

## FRONT COVER RATIONALE

An hourglass sand timer classically symbolizes the passage of time in the present day and the sands control and keep track of time. Facts or not, time is indeed precious and we need to keep up the momentum. The relentless pace of coronavirus is unstoppable which unceremoniously pervaded every aspect of our lives and businesses. As the current global economy is bewildered by volatility and unpredictability, we seek solace and strength. External circumstances are beyond our control, but we can cultivate our capacity and growth mindset to manifest this inner energy for healing. But how?

This year our tagline 'Spurring Courage. Brimming with Aspiration.' is a self-spiritual journey that implies more self-encouragement and belief. Allow your inner awakening and voice to remind us that we need courage, bravery and aspiration to meet and overcome challenges.

For the cover, the fishes gush forward and performed creative leap out of the water, hoping with optimism that they will reach somewhere better. Culturally, fish symbolizes intelligence, knowledge and transformation.

The horse has always been seen in constant movement, impel, vigor and possess reactive energy to fight alongside the warriors. We reflect this energy field and willpower within ourselves and our businesses. Be agile to adopt digital transformation and stay ahead. Staying relevant and stable is vital for survival. Let's thrive and ride out the storm together in these tough pandemic times. Stay well and safe.



## BACK COVER RATIONALE

The back cover illustrates the unruly global pandemic that has borne the brunt of the disruption on the world economy, business activities, and socio-health. The current connectivity and interdependence with the environment, foreign and domestic commerce, supply chains, and public health have been vulnerable and impacted.

Henceforth, we need immediate change and a need to re-strategise. The Group has swiftly took initiative to go digital and implemented e-commerce as a business development solution.

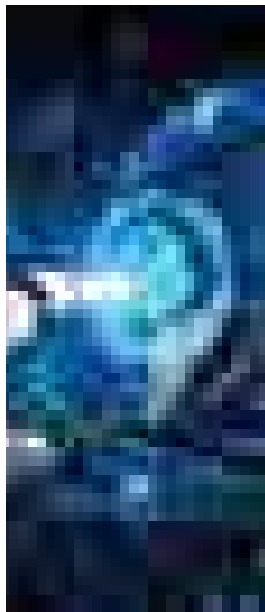
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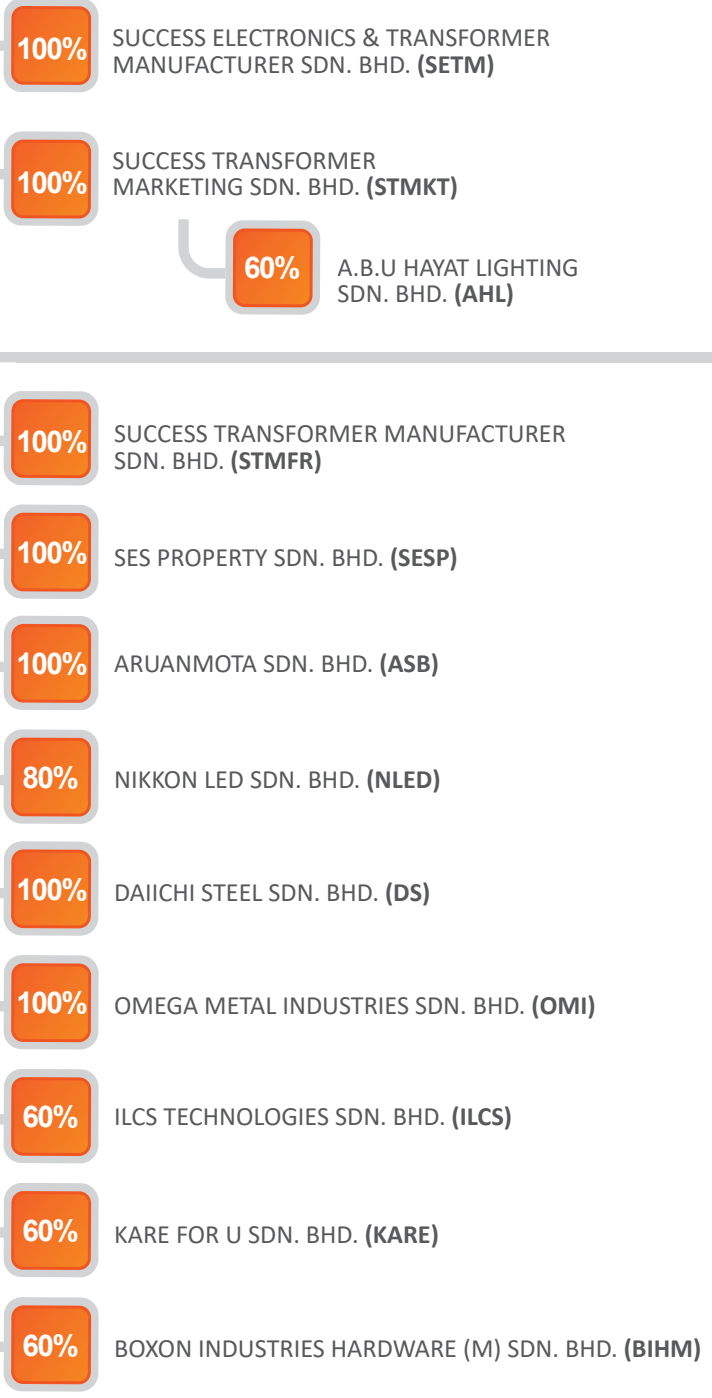
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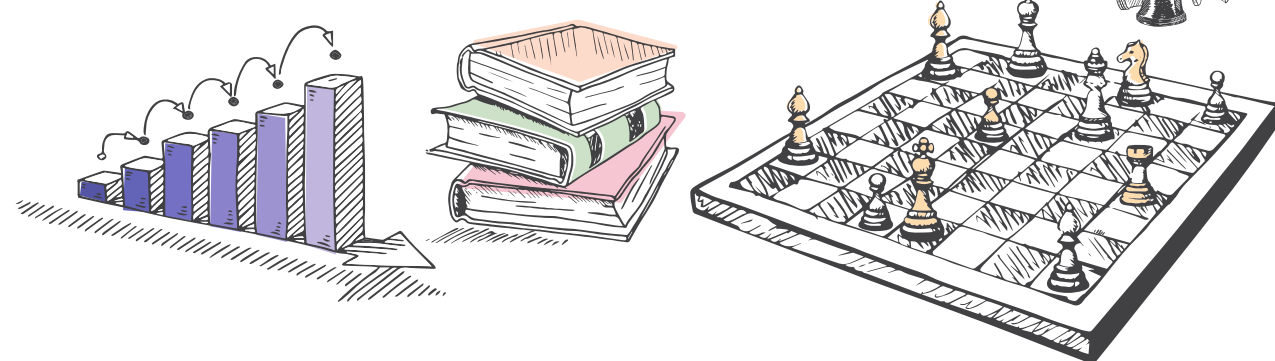
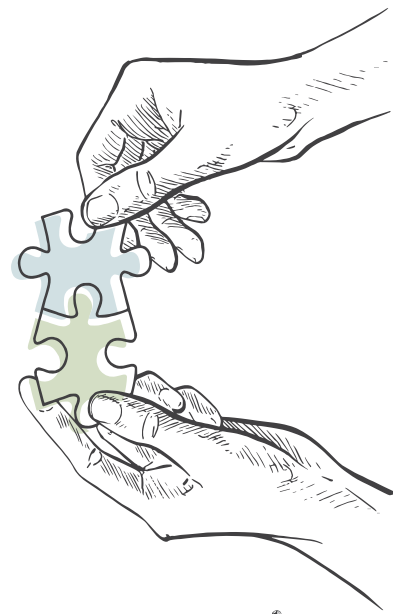
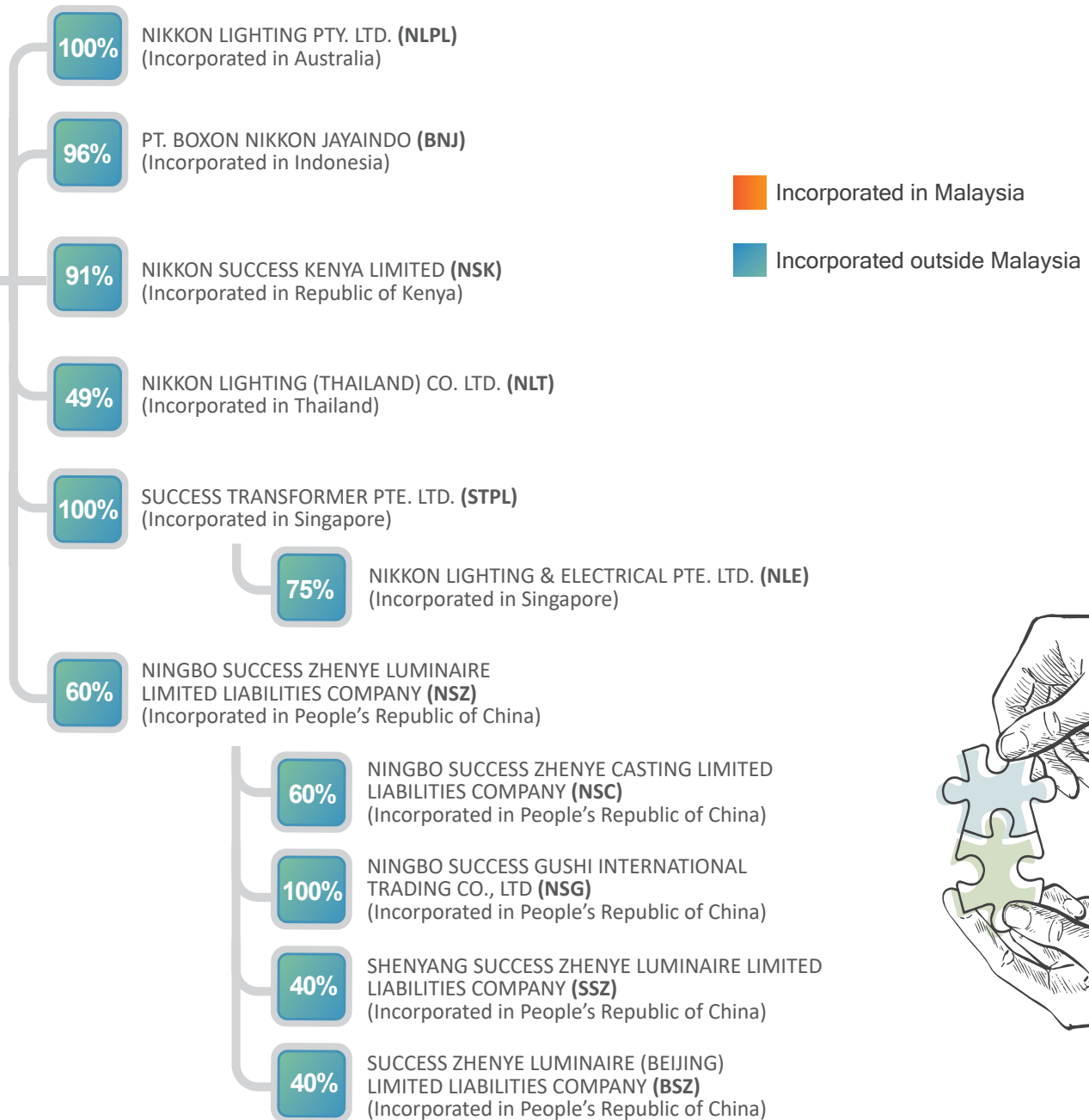


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## BOARD OF DIRECTORS

### Independent Non-Executive Chairman

Datuk Ir. Kamarudin Bin Md Derom  
(Appointed w.e.f. 15 July 2021)

TYT Tun Dato' Seri Utama Ahmad Fuzi  
Bin Haji Abdul Razak  
(Resigned w.e.f. 30 April 2021)

### Managing Director

Tan Ah Bah @ Tan Ah Ping

### Deputy Managing Director

Tan Chung Ling (f)

### Executive Director

Dato' Tan Wei Neng  
Tan Chung Chay (f)

### Independent Non-Executive Director

Chan Foong Ping (f)

### Non-Independent Non-Executive Director

Dato' Yeoh Kim Wah

### Employees' Share Option Scheme Committee

#### Chairman

Chan Foong Ping (f) (Re-designated from member to Chairperson w.e.f. 15 July 2021)

TYT Tun Dato' Seri Utama Ahmad Fuzi  
Bin Haji Abdul Razak  
(Cessation of Office w.e.f. 30 April 2021)

#### Members

Dato' Yeoh Kim Wah  
Tan Chung Ling (f)  
Dato' Tan Wei Neng

### Company Secretaries

Chua Siew Chuan (MAICSA 0777689)  
(SSM PC No.: 201908002648)

Tan Loo Ee (MAICSA 7063694)  
(SSM PC No.: 201908002686)

### Registered Office

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel : +(603) 2084 9000  
Fax: +(603) 2094 9940

### Audit Committee

#### Chairman

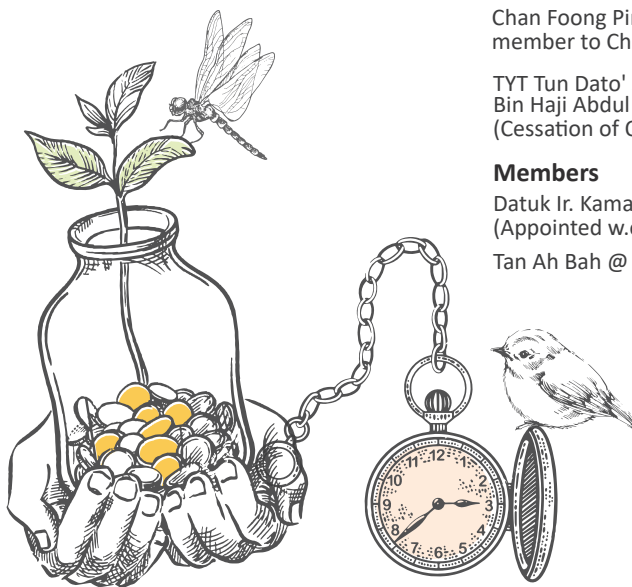
Chan Foong Ping (f)

#### Members

Datuk Ir. Kamarudin Bin Md Derom  
(Appointed w.e.f. 15 July 2021)

Dato' Yeoh Kim Wah

TYT Tun Dato' Seri Utama Ahmad Fuzi  
Bin Haji Abdul Razak  
(Cessation of Office w.e.f. 30 April 2021)



### Corporate Office

No. 3, 5 & 7, Jalan TSB 8  
Taman Industri Sungai Buloh  
47000 Sungai Buloh  
Selangor Darul Ehsan, Malaysia  
Tel : +(603) 6279 2800  
Fax: +(603) 6157 2722 / 2723  
Email: ses@success.com.my  
Website: www.stcgroup.com.my

### External Auditors

Crowe Malaysia PLT  
201906000005  
(LLP 0018817-LCA) & AF 1018  
Chartered Accountants  
Muar Office  
No. 8 (2<sup>nd</sup> Floor), Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1, Jalan Bakri  
84000 Muar, Johor  
Tel : +(606) 952 9939  
Fax: +(606) 952 7328

### Nomination Committee

#### Chairman

Chan Foong Ping (f) (Re-designated from member to Chairperson w.e.f. 15 July 2021)

TYT Tun Dato' Seri Utama Ahmad Fuzi  
Bin Haji Abdul Razak  
(Cessation of Office w.e.f. 30 April 2021)

#### Members

Datuk Ir. Kamarudin Bin Md Derom  
(Appointed w.e.f. 15 July 2021)  
Dato' Yeoh Kim Wah

### Remuneration Committee

#### Chairman

Chan Foong Ping (f) (Re-designated from member to Chairperson w.e.f. 15 July 2021)

TYT Tun Dato' Seri Utama Ahmad Fuzi  
Bin Haji Abdul Razak  
(Cessation of Office w.e.f. 30 April 2021)

#### Members

Datuk Ir. Kamarudin Bin Md Derom  
(Appointed w.e.f. 15 July 2021)  
Tan Ah Bah @ Tan Ah Ping

### Share Registrar

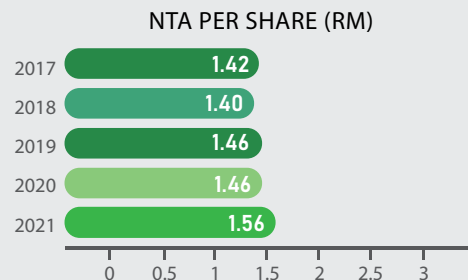
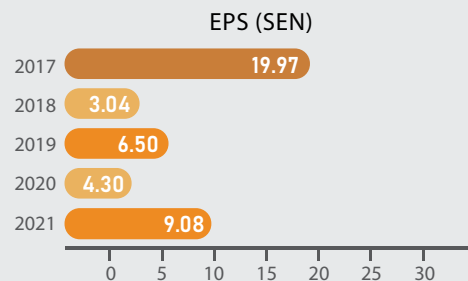
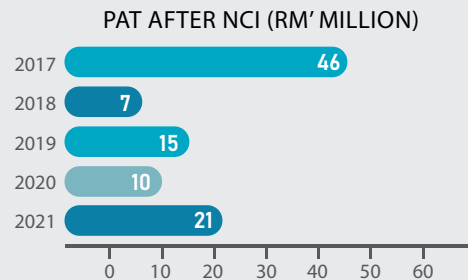
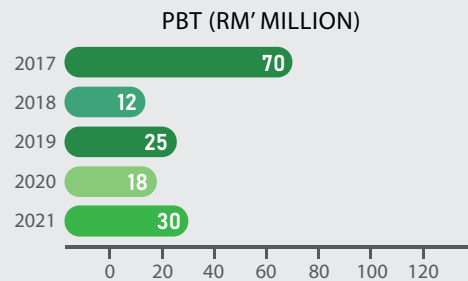
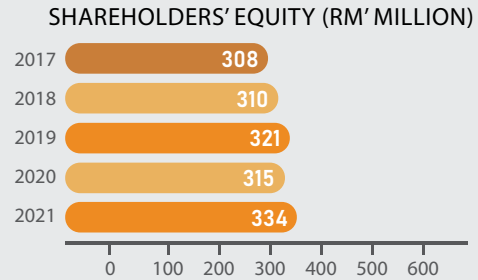
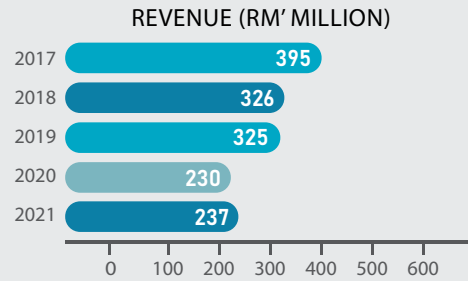
Tricor Investor & Issuing House  
Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan, Malaysia  
Tel : +(603) 2783 9299  
Fax: +(603) 2783 9222

### Principal Bankers

Citibank Berhad  
Standard Chartered Bank Malaysia Berhad  
Hong Leong Bank Berhad  
Public Bank Berhad  
AmBank (M) Berhad  
OCBC Bank (Malaysia) Berhad

### Stock Exchange Listing

Main Market of Bursa Malaysia  
Securities Berhad



# DATUK IR. KAMARUDIN BIN MD DEROM

Chairman

Age: **63**

Nationality:  
**Malaysian**

**Male**

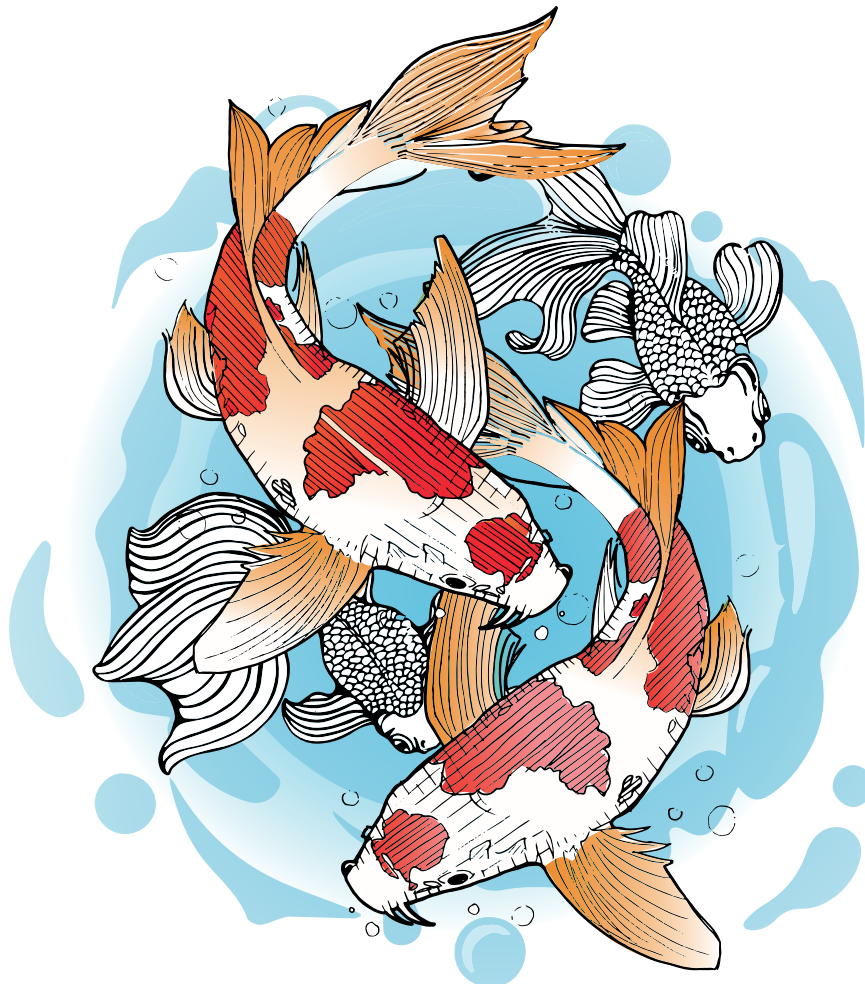
Date appointed  
to Board:  
**15 July 2021**

**D**atuk Ir. Kamarudin Bin Md Derom, male, age 63, a Malaysian. He was appointed to the Board of STC on 15 July 2021 as an Independent Non-Executive Chairman. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He has more than 37 years of extensive leadership and oversight role in corporate management, businesses turnaround, startups, new business development and government liaison. He also served in both multinational environment and domestic ecosystem. He

has relevant experience with Bursa Malaysia Corporate Governance and Securities Requirement. He possesses breadth and depth in Infrastructure, Civil & Environmental Turnkey Projects, Oil & Gas, Energy, Logistic/ Cold Storage business, Commodity Trading role and Manufacturing. He also adopts best practices in Health, Safety and Environment (HSE) policies.

He is a professional engineer registered with the Board of Engineers Malaysia and also a member of The Institution of Engineers, Malaysia (IEM).



# TAN AH BAH @TAN AH PING

Managing Director

**M**r. Tan Ah Bah @ Tan Ah Ping, male, age 70, a Malaysian. He was the founder of STC Group. He was appointed to the Board of STC on 25 October 2004. He is currently the Managing Director of STC and a member of the Remuneration Committee. In 1978, Mr. Tan Ah Bah @ Tan Ah Ping formed Syarikat Success Electronics Trading ("SSET").

In 1990, SETM was incorporated to take over the business activities of SSET and in 1998, he established STMKT to focus on the local marketing activities.

Currently, he is responsible for the overall management, strategic business planning and development, decision making and technical advisory of the STC Group. He also holds the position of Managing Director or Director of most STC's subsidiaries.

He is the father of Ms. Tan Chung Ling, Ms. Tan Chung Chay and Ms. Tan Chung Chiah, who are the Directors and Key Senior Management of STC respectively, and all of whom are deemed as substantial shareholders of STC.

Age: **70**

Nationality:  
**Malaysian**

**Male**

Date appointed  
to Board:

**25 October 2004**

# TAN CHUNG LING

Deputy Managing Director

Age: **44**

Nationality:  
**Malaysian**

**Female**

Date appointed  
to Board:

**17 February 2006**

**M**s. Tan Chung Ling, female, age 44, a Malaysian. She was appointed to the Board of STC as an Alternate Director to Madam Pan Kim Foon (a former director of STC) on 17 February 2006. On 22 July 2015, she was appointed as the Executive Director of STC and re-designated as Deputy Managing Director on 28 July 2017. She is currently a member of ESOS Committee.

In 1999, she obtained her Bachelor of Commerce from Murdoch University, Australia and subsequently in 2001 she obtained her Masters of Electronic Commerce from Curtin University, Australia. Within the same year, she started her career at SETM as International Sales Coordinator.

Subsequently in 2003, she was transferred internally to STMKT and was promoted to Business Development Manager of STMKT in 2004. Currently, she is the Export Director and responsible for business strategic planning, market planning and developing new markets. Subsequently, she was also appointed as a Director of BIHM, AHL, ILCS, NSZ Group and NLT.

She is the daughter of Mr. Tan Ah Bah @ Tan Ah Ping, who is the Managing Director of STC and sister to Ms. Tan Chung Chay and Ms. Tan Chung Chiah who is the Director and Key Senior Management of STC respectively, and all of whom are deemed as substantial shareholders of STC.

## DATO' TAN WEI NENG

Executive Director

**D**ato' Tan Wei Neng, male, age 48, a Malaysian. He was appointed as an Executive Director of STC on 30 November 2015. He is currently a member of ESOS Committee.

Age: **48**

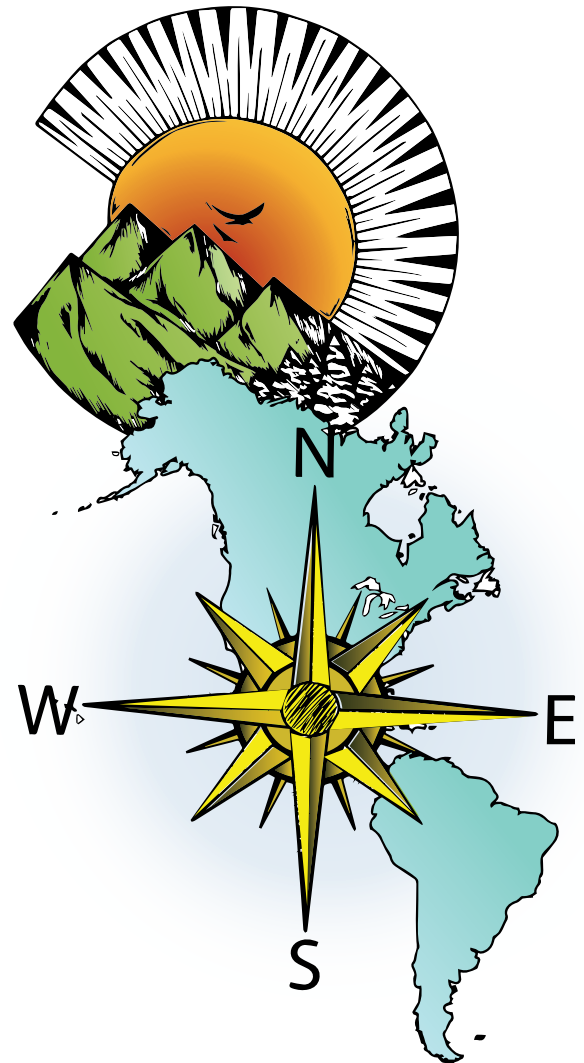
Nationality:  
**Malaysian**

**Male**

Date appointed  
 to Board:  
**30 November  
 2015**

In 1997, he graduated with a Bachelor of Accounting (Honors) Degree from the Northern University of Malaysia. He is a Chartered Accountant and a member of Malaysian Institute of Accountants ("MIA") since 2001. He was appointed as a Director in SETM, AHL, BNJ, STPL and NSZ Group.

He has more than 20 years of financial and general management experiences in a variety of industries. He is also the Chief Operating Officer of STC Group and has spearheaded the entire operations, planning and business development for the Group.



## TAN CHUNG CHAY

Executive Director

**M**s. Tan Chung Chay, female, age 40, a Malaysian. She was appointed as an Executive Director of STC on 28 July 2017. She graduated with a Bachelor of Commerce Degree major in Finance and Marketing from Curtin University of Technology, Australia in 2002. In 2013, she obtained her Master in Business Administration (MBA) in the finance specialization from University of Southern Queensland, Australia.

appointed as a Director of STPL Group. She is the Head of Business Development in charged for ASEAN countries and also plays a key role in developing and penetrating the overseas market.

Age: **40**

Nationality:  
**Malaysian**

**Female**

Date appointed  
 to Board:  
**28 July 2017**

She is the daughter of Mr. Tan Ah Bah @ Tan Ah Ping, who is the Managing Director of STC and sister to Ms. Tan Chung Ling and Ms. Tan Chung Chiah who is the Director and Key Senior Management of STC respectively, and all of whom are deemed as substantial shareholders of STC.

She started her career as Sales Executive at STMKT in 2003 and subsequently promoted as Sales Manager in 2008. In 2011, she was

## CHAN FOONG PING

Independent Non-Executive Director

**M**s. Chan Foong Ping, female, age 50, a Malaysian. She was appointed to the Board on 23 September 2016 as an Independent Non-Executive Director. She is the Chairman of the Audit Committee, Remuneration Committee, Nomination Committee and ESOS Committee.

She obtained her Bachelor of Accountancy from Universiti Putra Malaysia (“UPM”) in 1995. She is a Chartered Accountant and a member of MIA since 1998.

From 2000 to 2011, she had attached to Phillips Food Inc. Group of companies. Her last held position was Executive Director of the subsidiary in Hong Kong where she was responsible for overseeing financial management system of Asia Pacific region. She commenced her career as an Accountant

with a subsidiary of Lion Group in 1998. Prior to that, she has 3 years audit experience with Deloitte Touche Tohmatsu Kuala Lumpur.

In 2011, she was appointed by Resource Holding Management Limited, a public company then listed on the AIM Market of the London Stock Exchange, as Group Finance Director. Since then, she has been actively involved in corporate exercises, merger & acquisition, and corporate development. She was later engaged by Swiss Biological Medicine Group Ltd., a subsidiary of Huapont Life Science Co. Ltd. (Shenzen Exchange) as consultant since 2014 till present.

She currently serves as an Independent Non-Executive Director of Seremban Engineering Berhad.

Age: **50**

Nationality:  
**Malaysian**

**Female**

Date appointed  
to Board:  
**23 September 2016**

## DATO' YEOH KIM WAH

Non-Independent Non-Executive Director

Age: **68**

Nationality:  
**Malaysian**

**Male**

Date appointed  
to Board:  
**7 March 2008**

**D**ato' Yeoh Kim Wah, male, age 68, a Malaysian. He was appointed to the Board of STC on 7 March 2008 as a Non-Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee and ESOS Committee.

He is an entrepreneur with more than 40 years of extensive knowledge and experience in the electrical supplies industry. He was

one of the founders of Syarikat See Wide Letrik Group of Companies, a well-established electrical trading group throughout Malaysia. He is primarily responsible for business development and implementation of marketing strategies of these companies.

Presently, he holds directorships and has business interests in NSK and several other private companies such as Oriental Group of companies and See Wide Industries Sdn. Bhd.

## CHANG POAY HEE

Technical Director

**M**r. Chang Poay Hee, male, age 63, a Malaysian. He finished his tertiary education and is an Electrical Engineer by profession.

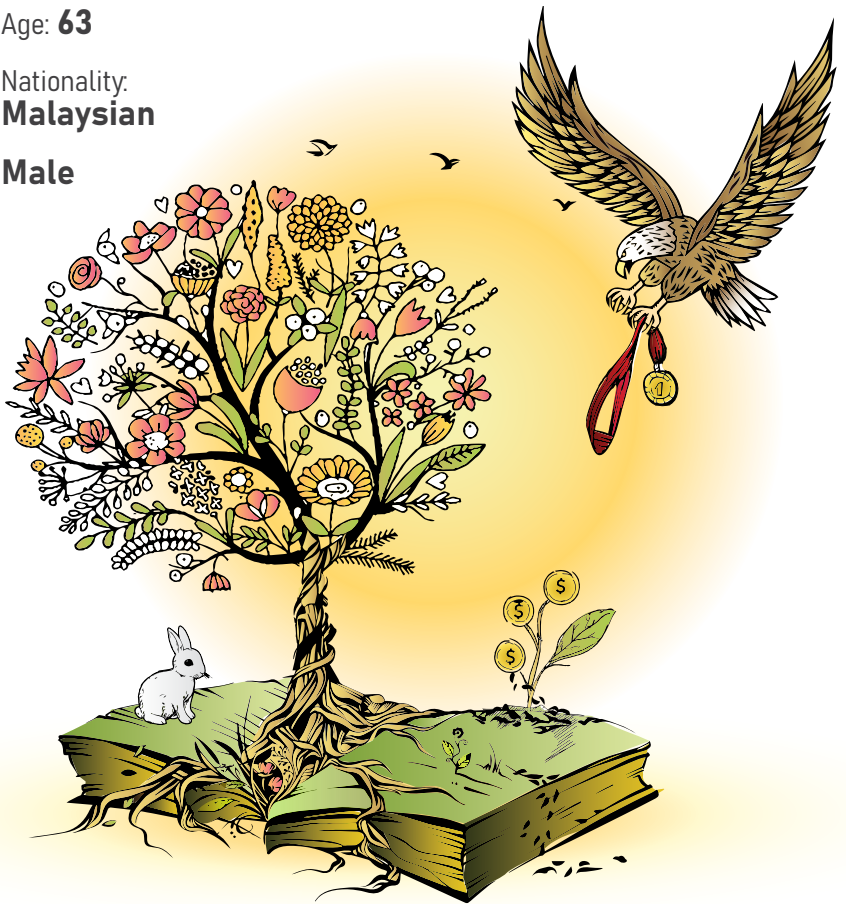
Age: **63**

Nationality:  
**Malaysian**

**Male**

He began his working career in 1988 with Dynacraft Sdn. Bhd., Penang and subsequently with Sumitomo Electric Sintered Components Sdn. Bhd. and USG Malaysia Sdn. Bhd. He was appointed as Technical Manager of SETM in 1995. He was responsible for the designs and the technical support for both the Transformer and Lighting products.

In 2008, he was appointed as Technical Director of SETM and holds the responsibility in overseeing the overall operations particularly in design and manufacturing of the Transformer Division.



## CHANG KAM KUAN

Technical Lighting & Project Sales Director

Age: **45**

Nationality:  
**Malaysian**

**Male**

**M**r. Chang Kam Kuan, male, age 45, a Malaysian. He was appointed as Technical Lighting and Project Sales Director of STC in 2015. His main role as Technical Lighting Director is to oversee the overall functionality of new products' designs, testing, development and productions support. As a Project Sales Director, his responsibilities include planning, coordinating and monitoring various projects and programs to be within their relevant schedules.

His leadership and skill sets enables him to manage both the Project Sales Team and Technical Lighting Team well. He has 19 years of experiences to lead the Technical Lighting Team to greater advancement in technology for the lighting industry. He was also appointed as a Director of ILCS and AHL.

He is the spouse of Ms. Tan Chung Ling, who is the Deputy Managing Director of STC and deemed as substantial shareholder of STC.

## LO CHIEW LIEH

Group Finance Controller

**M**r. Lo Chiew Lieh, male, age 41, a Malaysian. He was appointed as a Finance Manager of STC Group in 2010. Subsequently in 2016, he was promoted as Finance Controller and Chief Risk Officer in the same year. In 2017, he was further promoted as Group Finance Controller. He now holds the responsibility in overseeing financial operation, internal audit and involved in planning, operational and strategic decision making.

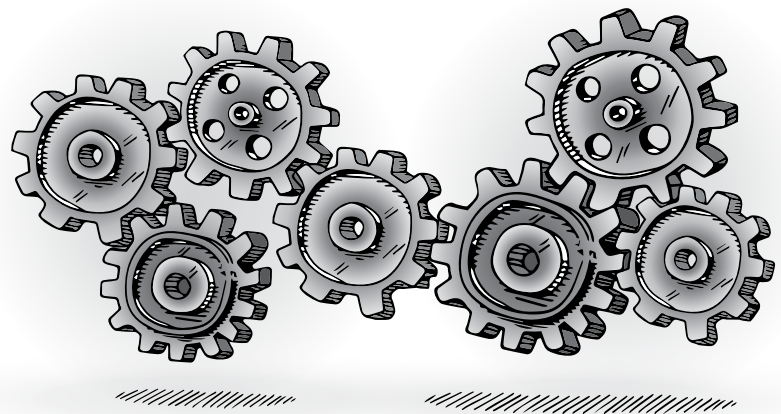
Age: **41**

Nationality:  
**Malaysian**

**Male**

He started his public practice with one of the international accounting firm in 2005. He then left and joined Nirvana Group as an Account Manager for a year. He has more than 10 years of financial and auditing experiences in a variety of industries.

He is a qualified Chartered Accountant from MIA. He graduated with a Bachelor of Accounting Degree from University of Malaya.



## TAN CHUNG CHIAH

Cost Controller

Age: **37**

Nationality:  
**Malaysian**

**Female**

**M**s. Tan Chung Chiah, female, age 37, a Malaysian. She was previously appointed as an Alternate Director of STC to Madam Pan Kim Foon on 21 October 2015 and subsequently ceased on 29 June 2020.

She graduated with a Bachelor of Commerce Degree with Double Majors in Accounting and Finance from Deakin University, Australia in 2007. She is a Certified Practising Accountant by profession. She is a Chartered Accountant and member of MIA since 2017.

She has 6 years of financial and taxation working experiences as a Tax Accountant in Australia before she joined SETM as the Cost Controller in 2013.

As the Cost Controller, she is responsible for the cost management and also overseeing the Group's corporate affairs in STC. She was appointed as director of NSZ which incorporated in People's Republic of China.

She is the daughter of Mr. Tan Ah Bah @ Tan Ah Ping, who is the Managing Director of STC and sister to Ms. Tan Chung Ling and Ms. Tan Chung Chay, who are both the Director of STC and all of whom are deemed as substantial shareholders of STC.



## Other Information

None of the Directors and Key Senior Management have any conflict of interest with the Company. Save for Ms. Chan Foong Ping as disclosed in her profile at page 9, all the Directors and Key Senior Management do not hold any other directorships of public companies and listed issuers. None of the Directors and Key Senior Management have convicted of any offences other than traffic offences within the past five years (if any) and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial year.

## Attendance of Directors at Board Meetings

There were five (5) Board Meetings held during the financial year ended ("FYE") 30 June 2021 and all Directors have attended these meetings except for Datuk Ir. Kamarudin Bin Md Derom who was only appointed to the Board on 15 July 2021 (refer to page 37 for number of meetings attended by each director).



## Overview of Group's Business and Operations

### A. Company Profile

Success Transformer Corporation Berhad ("**Company**" or "**STC**") is principally engaged in the business of investment holdings and the provision of management services. STC was first listed on the Second Board of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 19 January 2005 and was successfully transferred to the Main Board (now known as Main Market) of Bursa Securities on 26 March 2007.

STC through its subsidiaries (collectively referred to as "**Group**"), is primarily engaged in design, manufacturing and distribution of electrical apparatus and industrial lighting. The Group's main production facilities are located in Taman Industri Sungai Buloh and Taman Industri Integrasi Rawang, Selangor Darul Ehsan. The Group also has production facilities located in China.

Over the years, the Group has expanded its business operations and established several in-house brands which included QPS for transformers, NIKKON for LED, HID lightings products and iLCS® (Intelligent Light Control System) for smart solutions system and products.

The Group is rapidly expanding its business growth into global markets. The Group has a large export market which covers over 40 countries in the world with the support from its distributors all across the globe. The Group also has distribution centres in Southeast Asia that further enhance the Group's sales and marketing activities.

## B. Vision and Mission

### Vision

We strive to be a globally recognised brand within the industries in ASEAN, Middle East, Africa and Europe.

### Mission

We are committed to maintain the highest quality in our products while embracing technology to reduce cost and preserve the environment.

## 1. Transformer & Lighting Segment

The Transformer and Lighting segment are carried out mainly by the subsidiary companies as listed below:

### • Manufacturing (major subsidiaries)

**100% | SETM**

Manufacturing of electrical apparatus and industrial lighting.

**60% | NSZ**

Design, manufacturing and trading of industrial light fittings and fixtures.

### • Trading and Distribution

**100% | STPL**

Investment holding and to carry on business of electricians, mechanical engineers of any other of alike nature.

**75% | NLE**

Marketing and distribution of electrical appliances and industrial lighting.

**96% | BNJ**

Wholesale for lighting, mechanical and electrical products, metal enclosure and accessories.

**100% | STMKT**

Distribution of lighting and electrical products.

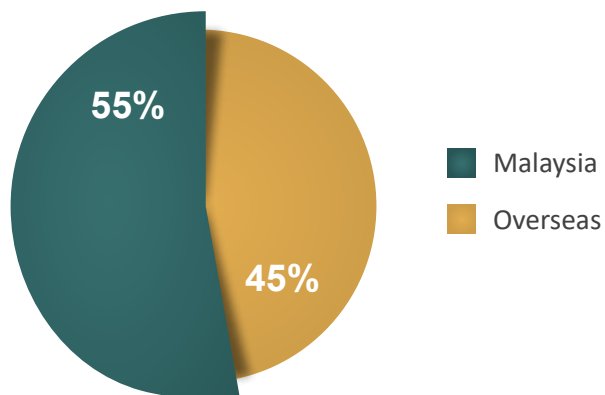
*Remark: The abbreviations above shall refer to corporate structure pages.*



### Revenue by Geographical Area

The breakdown of the revenue by geographical area for Transformer and Lighting segment for the FYE 30 June 2021 is as follows:

Country	% of Total Sales
Malaysia	55%
Overseas	45%



**QPS**<sup>®</sup>

Trusted Brand in Transformer

## Achieve the right stability between RELIABLE, ROBUST & SAFE

Smart Choice in selecting **QPS**<sup>®</sup> as the right power transformer to maximise cost saving and energy efficiency. We support the common goal of sustainable green buildings projects.



Manufacture low voltage transformer up to 2.5MVA



Designed, manufactured & tested in accordance with **INTERNATIONAL STANDARD IEC 61558 & IEC 60076-11** (Comply to CE standard)



Compliance to marine standard such as **ABS, DNV, RMRS, NK, GL & Lloyds**



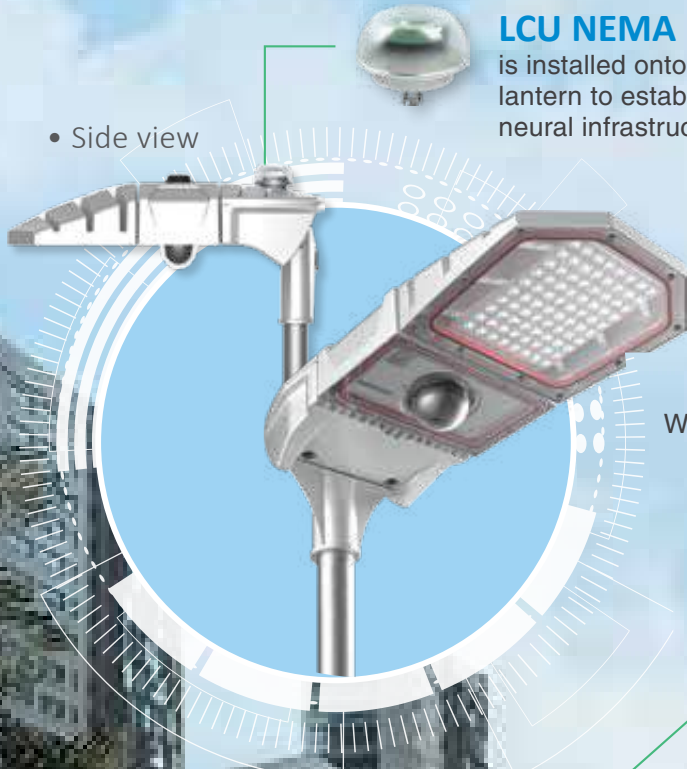
**POWER  
TRANSFORMER**

# NIKKON®

## LCU NEMA

is installed onto smart street lantern to establish a smart city neural infrastructure network.

• Side view



Public Security Management System



Telecommunication Hub



Wireless Smart Parking



Air Quality Monitoring System



Traffic Flow Management & Surveillance System



Visual Intelligence & Analysis



### Optimising Your City with Intelligent Real-Time Monitoring Anytime Anywhere

Our Technology Partner:



Intelligent Light Control System



## Review of Operating Activities

The pandemic has stifled the overseas market and restrained our movements. We urge to rethink and operate within a broader complex economic system. We are keeping abreast of new trends emerging and layout strategies to embark on post-pandemic. The emergence of digitalisation has created a new direction during the pandemic. Therefore, our focus is on fostering brand trust among consumers.

### A. Leadership and Leaders in Shaping Transition, Tomorrow and The Future

This year has set off with an intensifying fear amidst Covid-19. The resurgence of the highly contagious Delta Covid-19 variant which rapidly spread had resulted in the suspension of businesses, slowing down business sales and deteriorated global economic growth. Shuddered by the perplexing situation, leaders were undergone to navigate the crisis into a clearer direction to continue shaping the future of the organisation, people, employees and to meet the future head-on.

Covid-19 pandemic has brought unprecedented challenges to companies, people and society. Nevertheless, the Group adopts remedial measures and manages resilience to bounce back post-pandemic. The Group is gearing up for the future and putting a focused mission and strategic planning in place which requires immediate actions to create a short and long-term succession plan.

The Group is in the state of transience, forever shaping how organisations and teams function in this new normal. It takes the commitment and dedication of management beyond the call of duty to wade through this difficult pandemic era. Leadership qualities, developments and attributes were far more important than ever in leading directions, maneuvering success and surviving the competition.

We empower our team to be courageous, solid and steadfast to prepare their charges for the future. This involves having foresight skills to drive our businesses forward in these challenging times. When a strategy is effectively communicated and executed, it sprinkles desired results.

We believe that inculcating one's capabilities and cultivating growth mindset alongside with quick wit thinking will enable us to strive, thrive and flourish. Let's stay afloat and not abandon hope. The future may paint a very bleak picture but if our action is bold, equip with demystifying strategy, we will shine.

### B. The Ebb and Flow in Local and International Markets

Several phases of Movement Control Order ("MCO") imposed by Malaysia Government and a national total lockdown before entering into the National Recovery Plan ("NPR") have severely affected the local economy.

The Group was affected by the stoppage of business. However, sales of the Group from the local and overseas market have progressively improved as the Group was allowed to continue operating as usual under the approval from Ministry of International Trade and Industry, Malaysia. Accordingly, the Group was able to achieve a better sales performance due to constant demand from the customers of the local market and their participation rates in its local tendered projects. The Group noted that the increase of local demands was mainly due to consumer preferences for better quality product offerings, LED lighting upgrades for energy efficiency, reliability and the implementation of street lighting in newly developed areas.

At the onset of the Covid-19 crisis, it is imperative to be prudent and understand the current business landscape, possible future opportunities and challenges as well as to identify gaps and trends in formulating strategy for reaching the goals of the Group. The Group believes that is a crucial phase that helps to forecast the parameters of success for any organisation alike.

On the other hand, the economy has suffered a great deal of upheaval and held back global activity as movement and trade inflicted by Covid-19. For our international market, which has seriously impacted owing to restrictions on travels and further delayed existing projects. Thus far, our sales team has constantly endeavoured to stay connected to loyal customers via video conference call and e-mail. The global business experience has changed and the organisation is committed to adapting the new normal and will explore how different marketing platforms can be applied to further improve. Our goal is not only to maintain the sales experience but also to deliver value and make the entire experience more compelling.

Therefore, redesigning conscientious strategy and evaluate prospects should encompass regional cultural nuances, motivation, the involvement of the right people and familiarity with global movements and disruptions. Our leaders regularly conduct rotation assignments, cross-country project analysis, country-specific short training and sessions on experiential learning. To achieve this, we need to be forward-thinking to foster creativity and spur innovation, experimenting with new solutions while we still can.

### **C. Brand Reach and Enabling Expansion through E-Commerce**

Branding is one of the most valuable marketing assets and a strategy that produces imminent results over months, years and decades. Covid-19 has accelerated the demands of online retail business and a smooth buying experience journey for consumers. The changes in the external environment surrounding the retail industry have greatly altered and had compelled many companies to shift their sales activities to online platforms in order to stay relevant in this new retail environment intricacy.

The Group has changed its marketing processes by deploying digitally talented and skilled employees to manage several e-commerce platforms and the marketplace. The Group has an experienced team to move this effort forward by creating a permanent account with Shopee and Lazada Malaysia. Additionally, the official online store 'Success' has been created. Furthermore, we are exploring and utilising various marketplace platforms to enable more direct interactions with buyers and could potentially create additional sales opportunities.

On top of that, we manage sales campaigns occasionally to improve our brand reach through influencer marketing and Facebook paid advertising. This involved creating great content to deliver the right message across the right channel. Our team devotes their significant time to maximise social media presence by posting informative content, launching new products, creating upcoming contests and participating in local marketplace campaigns. We work assiduously to reach new potential customers and generate new leads.

### **D. Extensive Planning for New Market Segment**

In this new Covid-19 era, many people choose to stay at home feeling safe and refreshed. While more time spending at home, there are more demands for an improved and comfortable lifestyle. These days, sophisticated consumers choose to buy products that satisfy them at numerous levels including function, quality, price and status. During Covid-19 pandemic, numerous companies are deferring marketing plans or postponed launches. Despite these circumstances, the Group has shown the audacity in developing a comprehensive strategic plan for a new product segment.

This year, the Group has planned and make coordinated effort to debut new products segment to the market. This segmentation serves as a catalyst to propel our business towards sustainable long-term profit. The Group will continue to explore new products and carry out feasible market analysis and identify potential markets. We are actively building a new customer base by running new campaigns and share this across the social media channels we are active in. The Group is convinced that its efforts will produce measurable results.

## **Risk Management**

The Group is exposed to competition risk, credit risk, operation risk and foreign currency exchange risk. We have adopted a risk management framework to identify, evaluate and manage the significant risks faced by the Group as disclosed in the Statement on Risk Management and Internal Control on page 49.

## **Dividends**

An interim tax-exempt single-tier dividend of RM0.01 per ordinary share amounting to RM2,279,703 in respect of the financial year ended 30 June 2021 was declared on 11 November 2020 and paid on 7 December 2020 to the shareholders whose names appeared in the Company's Record of Depositors on 26 November 2020.

Whilst the Company does not have a dividend policy, the Group maintains a track record of dividend distribution for the past years. The dividend payment will depend on a number of factors, including amongst others, the earnings, capital commitments, general financial conditions, distributable reserves and other factors to be considered by the Board.

The Board will continue strive to deliver favourable results and reward its shareholder for the continuing support.

## Outlook and Prospect

STC remains upbeat on the resumption of economic activity on a broader scale following to the ease of Covid-19 restrictions across the local and global regions. We anticipate that there will be a rebound in sales for the next financial year, which is subject to the uncertainties of the global economy outlook arising from other aspects of the Covid-19 pandemic.

The global industrial lighting market growth is largely driven by the on-going demand for replacement of conventional lighting systems in the developed economies, alongside with the need to develop an international modern infrastructure. On the other hand, the market is experiencing a transition trend whereby consumer preference has changed from the need of old lighting technology to new energy-efficient and intelligent lightings control system.

In conjunction with the global movement to set up smart cities and to curb climate change, it is believed that the reduction of electricity consumption with new lightings technologies will help to reduce carbon emissions. The Group believes that its comprehensive "Nikkon" products portfolio and innovative "iLCS" smart lightings system, will benefits from the rising trend.

Electrical efficiency plays an important role in the specification and selection of distributor of transformers in the race of curbing carbon emissions. High-efficiency transformers can reduce energy consumption and carbon footprint as well as increasing the useful life of transformers. With the increasing demand for data centres in line with the higher adoption of IoT (Internet of Things) and Industrial 4.0 projects being aggressively implemented, this in turn will lead to higher demand for transformers. STC has an established brand of QPS and offers a comprehensive range of green series low-voltage transformer, definitely will remain its competitive advantage and growth depending on the scale and speed in implementation of the data centres and Industrial 4.0.

Therefore, the Group believes that the financial performance for the financial year ending 30 June 2022 would remain satisfactory.



## SUSTAINABILITY STATEMENT

STC is a transformer and industrial lighting provider based in Malaysia which has the responsibility to pursue the sustainability criteria and agenda by integrating economic, environmental and social aspects. The Group will manage all matters pertaining to business and sustainability issues. The Group works with experienced stakeholders proactively to ensure that our business stay ahead, remains competent and achieves satisfying financial results while sustaining the long-term interests of stakeholders. We are exploring new methods and opportunities, searching and collaborating with interested parties, business partners, regulators and authorities, non-governmental organisations and responsible communities to work together to reach the common goal of sustainability.

The Group has a duty to advocate and integrate sustainable development in day-to-day business operations and prepare sustainability statement for inclusion in the Annual Report. Sustainability is embedded in our corporate culture at STC and sustainability issues concerning the economy, environment and society will be identified. We continue to maintain sustainable practices, adopt environmental awareness and view our capability in contributing to the national economy. We aim to generate revenue and achieve a good balance sheet for the Group while upholding high ethical standards when conducting business. We remain committed to ensuring that business sustainability is an integral part of our corporate culture.

## GOVERNANCE STRUCTURE

The Board of Directors (“**Board**”) acknowledges the importance of operating its business ethically and responsibly. The Board seeks to balance good economic performance and create value for their shareholders in the long-term growth. The Board has the obligation to protect the environment through its business operating activities by ensuring that the said activities do not negatively impact local communities and the environment. In references to this matter, the Board has taken necessary actions and steps to ensure that the commitment to good governance is instilled in our culture in view of achieving purpose together.

Although there is no Sustainability Committee, the Risk Management Committee (“**RMC**”) which comprised the Management and Directors of STC, are responsible in managing sustainability matters in the organisation. The RMC will report to the Audit Committee on any sustainability matters. The Board has the ultimate responsibility of promoting and embedding the concept of sustainable development within the Group. Among others, its responsibilities include overseeing the following:-

- Stakeholders engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

Moving forward, the Board is responsible for the Group's robust performance and market development to achieve a steady financial return in the coming years. In the meantime, the Group will continue to lay out its effective and viable strategy plan progressively for the years ahead.

## SCOPE OF DISCLOSURE

Our Group is focusing on three (3) areas of sustainability practices – Economic, Environmental and Social. Based on these categories, we will thoroughly manage any relevant issues affecting the Group's operations and preventive measures will be formulated and put in place to mitigate the identified risks.

This sustainability report highlights our strenuous efforts to conduct business in a responsible and sustainable manner for the Group located in Malaysia throughout the FYE 30 June 2021.

## MATERIALITY ASSESSMENT

Material topics that are relevant to the Group are dependent on its degree of influence on stakeholders' decisions and the significance of economic, environmental and social impact to the Group's business. In identifying the material sustainability topics and its scope and boundary for reporting, internal stakeholders including the key management personnel and directors were invited to provide their views and perspectives.

During the material assessment process, internal stakeholders were invited to provide their views and perspectives to identify potential material topics related to economic, environmental and social.

After identifying potential material topics, internal stakeholders were asked to rank each of the potential material topics according to the significance of the impact of the Group and the importance to the stakeholders.

### MATERIALITY ASSESSMENT (CONT'D)

Based on the materiality assessment, the Group had identified the following sustainability priorities as disclosed in page 24 to 28 during the FYE 30 June 2021:

ECONOMIC	ENVIRONMENTAL	SOCIAL
		
<ul style="list-style-type: none"> <li>• Supply Chain Risk Management Strategy</li> <li>• Focusing on Customer-Centric Needs</li> <li>• Centralisation of Workers and Resources</li> <li>• Prudent Financial Management</li> <li>• Digital Strategies and Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing Workplace Hygiene and Safety Measure</li> <li>• Ensuring Compliance of Standard Operating Procedures</li> <li>• Sustainability Effort by Going Green</li> </ul>	<ul style="list-style-type: none"> <li>• Upskilling and Reskilling</li> <li>• Occupational Health and Safety Commitment</li> <li>• Code of Conduct and Ethics</li> <li>• National Covid-19 Immunisation Programme</li> <li>• Fostering Employee Connection</li> </ul>

### STAKEHOLDERS ENGAGEMENT

The Group interacts responsibly with stakeholders in several ways to establish and maintain the business relationship. We engage with stakeholders to negotiate their participation and reach a common ground for the entire tender project. We analyse, make informed assessments and decisions when dealing with vendors while suppliers are accountable for ensuring the safety and quality of the products. Our business activities conform to local laws and regulations set by regulatory bodies. In addition, we embrace environmental consciousness and believe in giving back to society through community events.

The table below indicates engagement with our stakeholders and their areas of interest.

STAKEHOLDERS	AREAS OF INTERESTS	METHODS OF ENGAGEMENT
Investors / Stakeholders	<ul style="list-style-type: none"> <li>• Group’s financial performance</li> <li>• Business strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual reports</li> <li>• Company’s website</li> <li>• Announcement</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Efficient complaints resolution</li> <li>• Customer relationship management</li> <li>• Product safety and security</li> <li>• Service quality</li> <li>• Pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Regular client meeting</li> <li>• Feedback sessions</li> <li>• Community and networking events</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Career development programme</li> <li>• Benefit and remuneration</li> <li>• Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Management meeting / discussion</li> <li>• Staff performance appraisals</li> <li>• Circulations of internal policies</li> <li>• Training</li> <li>• Employment contract</li> <li>• Health and safety in light of Covid-19 pandemic</li> </ul>

## STAKEHOLDERS ENGAGEMENT (CONT'D)

STAKEHOLDERS	AREAS OF INTERESTS	METHODS OF ENGAGEMENT
Suppliers and Vendors	<ul style="list-style-type: none"> <li>• Payment schedule</li> <li>• Pricing services</li> <li>• Green sourcing material</li> <li>• Fair procurement system</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation and performance reviews</li> <li>• Contract negotiation</li> <li>• Vendor registration</li> </ul>
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Governance compliance</li> <li>• Labour practices</li> <li>• Environmental management and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection or audit by local authorities</li> <li>• Compliance with Bursa Securities's requirements</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>• Social issues</li> <li>• Impact of business operations</li> <li>• Environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Community events</li> <li>• Corporate Social Responsibility (CSR) programmes</li> </ul>

### 1. ECONOMIC

The Group is leading on the right path to continuously strategise and optimised its operational costs to manage long-term economic growth and sustainability. We choose a prudence approach in the management of resources and expenditures. We strive to stay and remain relevant during challenging times and keep exploring new opportunities. We work towards our goal of being progressively competitive across e-commerce platforms. As such, we believe it will improve our sales growth over time.

#### A. Supply Chain Risk Management Strategy

The Covid-19 pandemic has posed significant challenges for supply chains globally. Lockdowns in many countries have resulted in a temporary slowdown in the flow of raw materials and finished goods, disrupting the manufacturing and logistics sector. The Covid-19 pandemic has also caused unforeseen vulnerabilities as the Group endures raw materials shortages due to Covid-19. This contagious environment has accelerated and magnified existing problems in the supply chain.

Following serious disruptions from Covid-19, the supply chain ecosystem is exposed to multiple risks, including delays in shipments. Notwithstanding the above, the Group ought to find an alternate solution to it. The Group managed to mitigate this risk by having an effective inventory system, an experienced work team in dealing with logistics arrangements and expanding raw material sources to manufacture the finished goods. It allows us to fulfil our responsibility to produce the best quality for our customers while maintaining reliability, trust and confidence in business relations. Besides, we are engaging vendors who have a reputation for delivering high quality products, packaging, customer care and ethics.

#### B. Focusing on Customer-Centric Needs

Nowadays, it has become a common trend behaviour for customers to place their orders via the online marketplace. Accordingly, there is an increased demand for a seamless and expeditious purchase and delivery experience. Hence, customers are more willing to purchase the products from a dynamic company that meets their delivery expectations in the shortest time possible. At the basic level, a customer would expect that orders placed, would be fulfilled quickly, delivered on time and without compromises on quality. The Group strives to meet client satisfaction in all these crucial aspects.

The Group has invested in a modern and integrated enterprise resource planning (ERP) system that automatically gathers data, synchronises products simultaneously in the different marketplace and manages inventory updates in a convenient manner. It enables us to analyse customer buying patterns, market demands and product popularity. Moreover, we consistently provide better solutions which is the essence to retain customer loyalty.

### C. Centralisation of Workers and Resources

This year, the Group has carefully planned, measured and optimised its workforce, which is undoubtedly the most important tangible asset of the organisation. The Group has reallocated numerous workers, assets, equipment, and resources from its headquarters to another factory to centralise and unify the workers in the same place. In this respect, the Group believes that centralisation will facilitate better workforce planning, create a seamless workflow for the assembly line, as well as reduce round-trip transportation and administrative costs. With a centralised management structure, the Group can maintain coherent levels of operational efficiency and productivity through reliable workflow processes.

### D. Prudent Financial Management

In the face of a challenging business environment and dampened market conditions, prudent financial management has been one of the factors anchoring the Group's resilience during this global adversity. This approach, which includes financial discipline and appropriate implementation of cost optimisation initiatives, has facilitated the Group in addressing unprecedented challenges amidst the Covid-19 pandemic. Vigilant and prudent management, coupled with affirmative decisions has also enabled the Group to retain its capital and liquidity to ensure the sustainability of business in this 'new normal' environment.

### E. Digital Strategies and Initiatives

The ongoing Covid-19 pandemic and the ever-present possibility of the new wave of infections are causing challenges and dilemmas to businesses across the nation. Accordingly, more and more companies have succumbed to the global economic downturn induced by the Covid-19 pandemic. Following these unprecedented events, there has been a significant shift in the market which consequently resulted in a rapid sector migration, putting the focus on the digital technology sector. The Group is responding to these dramatic shifts by advancing towards digitalisation through the integration of digital technologies that permeate the areas of sales and marketing. The Group aims to continuously create value and grow rapidly under digital marketing initiatives while diversifying on various platforms. Apart from digital evolution and diversification, the ability to seize opportunities is another critical factor for growth and success.

## 2. ENVIRONMENTAL

The Group places great importance on the daily safety and health of employees in light of the current situation of the Covid-19. We focus on heightening workplace hygiene and embracing environmental awareness in pursuit of sustainability. All relevant matters related to environmental issues and concerns will be identified, addressed and examined by the Group. The Group continues to stay up-to-date with the current regulations in the industry.

### A. Increasing Workplace Hygiene and Safety Measure

The Group is constantly taking proactive measures to protect workplaces against the novel coronavirus. Maintaining good hygiene remains top priority for the organisation, ensuring employees' health and safety. Emergency Response Team has been established to be in-charge and monitor the employees to obey standard operating procedure ("SOP") to protect all employees across our offices, manufacturing facilities and warehouses.

The Group also implemented measures to monitor the health of employees everyday before entering the company premises, conducting Covid-19 screening tests for symptomatic employees. We perform daily routine sanitation processes for the common and public areas. All measures implemented by the Group to contain the spread of the virus are supported by educating and communicating with employees to help them protect themselves against Covid-19.

### B. Ensuring Compliance of Standard Operating Procedures

The Group follows SOP strictly as instructed by the Ministry of Health and the Ministry of International Trade and Industry, Malaysia ("MITI"). The Group takes precautionary measures to prevent the transmission of the Covid-19 in the workplace. Scanning of MySejahtera app's Check-In, hand sanitisation and wearing of masks are mandatory for all visitors and employees upon entering our premises. On the other hand, employees are required to maintain a physical distance of at least one meter. Frequent hand-washing and disinfection with alcohol-based hand sanitisers are encouraged. We require employees who have developed symptoms to seek medical attention, stay at home and self-quarantine.

The Group is closely monitoring employees' health and well-being. The Group also ensures that its operations are entirely compliant with SOP and that all regulations set forth by authorities are followed at all times.

## 2. ENVIRONMENTAL (CONT'D)

### C. Sustainability Effort by Going Green

The Group fully endorses the 3R practice as the fundamental elements of the waste management hierarchy, which stands for Reduce, Reuse, and Recycle. The Group recognises that effectively segregating waste means that less waste goes to landfills, creating less impact on the environment.

The Group avoids purchasing laminated paper to allow recyclability, including sourced paper pulp from sustainably managed forests. Besides, we recycle and re-use packaging material and pallets from suppliers, hence less waste is generated. Additionally, we choose to reduce ink usage by reducing the printed surface. We provide information to customers on the recyclability of packaging materials and choose to recycle instead of discarding them for end-of-life processing.

For the production line, the design development was taken into account to facilitate production by reducing the number of parts, thus minimising waste. In terms of performance, our eco-friendly LED lighting and our intelligent ILCS lighting are designed to enhance the energy efficiency of the products which contribute to good environmental impact.

## 3. SOCIAL

We believe employees with diverse knowledge and a mix of talent, competencies and attributes will bring our business to a greater height. Harnessing the right skills of employees protects the sustainability of the Group's business, in the long run will lead to future success. We emphasise nurturing the right skills, leadership, attitude and mindset of the employees to meet challenges and achieve common goals. Communicating our expectations inspires employees to strengthen their confidence and deliver value to the organisation.

### A. Upskilling and Reskilling

In the rise of technology, the rapidly changing business landscape, growing surge of e-commerce and diverse skillset will continuously bring about changes in the work process. To bridge the gap, upskilling and reskilling employees are equally important. Upskilling is the essential element to progress, advance and propel the company forward. The Group had organised various training programs to allow employees to enhance their existing existing skill sets and generate value added to the Group.

TYPE OF TRAINING	MONTH AND YEAR
Sustainable Approach to Waste Management - Utilizing 4R and Clean Technology	August 2020
Malaysia Tax Budget - A Budget for the New Normal	November 2020
Digital Marketing	December 2020
Regional Comprehensive Economic Partnership	December 2020
KPI for New Norms	December 2020
Measurement System Analysis	December 2020
Potential Failure Mode and Effect Analysis	January 2021
Employment Act 1955. Contract for Services VS Contract of Services, First Schedule (paragraph 1)	June 2021

We trust that honing one's skills is vital to sustainable business growth and success. We have recorded a total of 1,266 training hours for our employees during the FYE 30 June 2021. In this respect, we believe that our employees are properly trained and equipped with relevant knowledge, technical analysis and problem-solving skills which enabled them to execute strategic and effective planning.

## Enhancing Operational Efficiency while Increasing the Safety and Health of Employees



### B. Occupational Health & Safety Commitment

The Group prioritises the importance of maintaining a safe working environment for all employees. The Group committed and evaluated all safety aspects to prevent injuries and accidents from occurring in the workplace. Hence, respective leaders performed and conducted relevant training to minimise any occupational risk. Operators and technicians follow clear instructions for the proper handling of heavy tools, electrical and materials. Moreover, the chemicals and hazardous substances are appropriately stored and labelled. The Group also performs routine maintenance on machinery and equipment to ensure that the workflow process is safe and smooth. The below table indicates the following training courses that were organised throughout the year.

TYPE OF TRAINING	MONTH AND YEAR	NUMBER OF EMPLOYEE
Safety Training Topics	October 2020	1
Covid-19 Awareness	January 2021	235
Course For Certified Environmental Professionals In The Operation Of Industrial Effluent Treatment Systems (Physical Chemical Processes)	January 2021	1
Unsafe Act, Unsafe Condition and Job Safety Analysis	February 2021	21
Pengurusan Covid-19 ditempat kerja	February 2021	8
Noise Risk Assessment & Familiarization of New Regulation On Noise Exposure 2019	June 2021	1

### C. Code of Conduct and Ethics

The code of conduct and ethics lays out the appropriate professional conduct and ethical standards. The Group prevents the misuse of power which includes fraud by influence, financial corruption avoidance and prohibits bribery for personal gains in an organisation. All management and employees obey stringent rules set out in the Group's anti-bribery and corruption policy at all times. The Board steers to embed oneself with professionalism, dignity, integrity and upholds their highest moral standard when conducting business reporting, dealings and agreements. The Board, senior management and employees adhere strictly to fair business practices in the day-to-day operations of the Group throughout their tenure as well as dismiss any unlawful acts.

### D. National Covid-19 Immunisation Programme

The Group took initiatives by enrolling in the Public-Private Partnership Covid-19 Industry Immunisation Programme ("PIKAS") for their employees coordinated by the MITI. It is consistent with the government efforts and focused on expediting workforce-based immunisation programme in the manufacturing sectors. It aimed to achieve herd immunity to protect people and societies, the welfare of employees in the workplace and help expedite Malaysia's economic recovery. On 26 July and 16 August 2021, employees had received their first and second doses of vaccines at the Malaysia International Trade and Exhibition Centre through the PIKAS programme. The acceleration of the vaccination for the public and private sectors will ensure economic sustainability and the well-being of our community, thereby saving more lives in the shortest time possible.

### E. Fostering Employee Connection

To maintain the Group's business sustenance and agility to succeed in its endeavours, the employees must be in good health and fit to accomplish their work. The health of our employees is the key determining factor to ensure continuous workplace productivity and efficiency. When employees feel safe, they are quicker to adapt and stay ahead of the competition. Fostering good communication with employees is essential to building trust and ensuring an effective team-oriented environment. We focus on enhanced employee performance, overall attitude, behaviour and morale. Throughout the year, the Group shows gratitude and values their diligence, dedication and commitment. Every employees' contribution is valuable to us.

- The Group extends its appreciation by providing free meals and food freebies, transportation allowance and discounts on the purchase of in-house products. The Group is pleased and thanked them for their great deal of effort, work spirit, hard work and perseverance.
- The Group provides employees with clinical and medical coverage that enables them to access hospital physicians, specialists and general practitioners in an affordable environment. It can reduce their financial burden and allow them to focus on recovery. This will ensure continual productivity and employee satisfaction.
- The Group prioritises employees' general health state and well-being. The Group has also organised RTK-Ag (antigen rapid test kit) screening for symptomatic employees in the workplace to prevent the spread of the virus. Rapid testing is an essential screening tool to help protect our employees, customers and the community where we work and live.

## Conclusion

Our business operations underpin our commitment to economic, social and environmental sustainability. We are committed to this sustainability path and ingrained in our business practice which will be a priority across the organisation in the future. We strive to constantly stay updated by regularly reviewing our strategy, framework as well as making informed decisions. Furthermore, we will also take action to create values for our shareholders and contribute to societal improvement. Nevertheless, global warming, climate change, water crisis, renewable energy and resources, deforestation and soil pollution continue to be a part of the global discussions that are worth taking note of. So, do our part to save the planet.

The Board of Directors acknowledges the relevance of setting up and sustaining a good corporate governance structure within the Company and its subsidiaries and associates (“Group” or “STC Group”). Steadfast in discharging its responsibilities to safeguard and increase shareholders’ value and the Group’s financial performance, the Board is committed to ensure that the principles and best practices of the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) are implemented. The Board has also acknowledged the latest recommendations of the Malaysian Code on Corporate Governance which came into effect on 28 April 2021.

The Corporate Governance Overview Statement (“CG Statement”) provides a summary of the corporate governance practices of the Company during the financial year ended (“FYE”) 30 June 2021 with reference to the three key principles of good corporate practices as set out in the MCCG 2017. This CG Statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirement”) and it is to be read together with the Company’s Corporate Governance Report (“CG Report”) for the FYE 30 June 2021 which is available on Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com) and Company’s website at [www.stcgroup.com.my](http://www.stcgroup.com.my).

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG 2017 and any departures thereof during the FYE 30 June 2021. The Board is satisfied that the Company has substantially complied with the MCCG 2017 throughout the FYE 30 June 2021 save for the exceptions which are fully described in the CG Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Board is responsible for the overall governance and conduct of the Group’s strategic plan, including its implementation, and is accountable for the performance of the Group.

The Board assumes the following duties and responsibilities:

- Review and adopt a strategic plan for the Company, addressing the sustainability of the Company’s business policies and performance and ensure they fit in with the Company’s overall business strategy
- Overseeing the conduct of the Company’s business
- Identifying principal risks faced by the Group and ensuring the implementation of appropriate systems to manage and mitigate these risks
- Succession planning, including appointing and training, replacing Directors
- Overseeing the development and implementation of a shareholder communication policy, and
- Reviewing the adequacy and integrity of the Group’s internal control management information system

To assist in the discharge of its duties, the Board has established Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Employees’ Share Option Scheme (“ESOS”) Committee to examine specific issues within their respective terms of reference as approved by the Board and to report their recommendations to the Board. The ultimate responsibility for decision making, however, lies with the Board.



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

### Chairman

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role.

In particular, the Chairman assumes the following duties and responsibilities:

- Lead the Board in establishing and monitoring good corporate governance practices in the Company;
- Lead the Board and ensure effectiveness in all aspects of its role;
- Ensure an efficient organisation and conduct of the Board's function and meetings;
- Facilitate the effective contribution of all Directors at Board meetings;
- Chair Board meetings and encourages active participation and allowing dissenting views to be freely expressed and discussed;
- Chair general meetings of the Company and provides clarification on issues that may be raised by the shareholders;
- Promote constructive and respectful relations between Directors, and between the Board and Management of STC; and
- Ensure effective communication with shareholders and relevant stakeholders.

### Separation of Positions of the Chairman and Managing Director

The Chairman and the Managing Director are held by two different individuals. From 1 July 2020 up to 30 April 2021, the Board was led by the former Independent Non-Executive Chairman, TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak. On 15 July 2021, the Board appointed a new Independent Non-Executive Chairman, Datuk Ir Kamarudin Bin Md Derom who would continue to lead the Board with focusing on governance and compliance in place of TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak who resigned on 30 April 2021. On the other hand, the Managing Director, Tan Ah Bah @ Tan Ah Ping, is managing the business and operations of the Company and implements the Board's decisions and policies. There is clear division of responsibilities between the Chairman and Managing Director to engender accountability and facilitate the division of responsibility, such that no individual has unfettered powers over decision making. The Chairman is responsible in ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meeting to ensure that contribution by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The Managing Director, supported by the Senior Management team, implements the Group's strategic plan, policies and decision adopted by the Board and oversees the operations and business development of the STC Group.

### Independent Non-Executive Directors

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interest, not only of the Group, but also of shareholders, employees, customers, suppliers and many other stakeholders in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interest of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

### Board Committee(s)

The Board has established and is supported by the following Board Committees which consist of Independent Non-Executive Directors to provide independent oversight of management and to ensure that there are appropriate checks and balances in discharging its oversight function:

- a) Audit Committee ("AC")
- b) Nomination Committee ("NC")
- c) Remuneration Committee ("RC")
- d) ESOS Committee ("EC")

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Committee(s) (Cont'd)**

The Board Committees have their roles and functions, written terms of reference and authorities defined. The Board reviews the terms of reference of the Board Committees annually to ensure their relevance.

The Board may form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency.

Notwithstanding the above, the ultimate responsibility for decision making and oversight still lies with the Board.

***Audit Committee***

The duties and responsibilities of the AC includes but not limited to the following:

- To carry out an annual evaluation of the performance of the External Auditors pursuant to the External Auditors Assessment Policy;
- To consider and recommend the appointment of the External Auditors, the audit fees and any question of resignation or dismissal;
- To review the quarterly results and year ended financial statements, prior to the approval by the Board;
- To convene meetings with the external auditors, the internal auditors or both excluding the attendance of other Directors and employees of the Group, whenever deemed necessary;
- To do the following in relation to the Internal Audit Function:
  - o To review the adequacy of the scope, function, competency and resources of the internal audit function, and that it has the necessary authority to carry out its works;
  - o To review the Internal Audit results and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - o To review the appointment or re-appointment of the Internal Auditors, the audit fee and questions of resignation or dismissal; and
  - o To review the annual Internal Control Statement to be published in the Annual Report of the Company.
- To review the related parties' transactions and conflict of interest situations that may arise within the Company or the Group including transaction, procedure or course of conduct that raises a question of management integrity;
- To review the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Code of Conduct, directions and guidelines established by the relevant regulatory bodies;
- To identify and direct any special project or investigate and to report on any issue or concern in regard to the Management of the Group;
- To review the annual budgeting of the Group and to recommend to the Board for approval.
- To consider other topics as defined by the Board; and
- To undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Committee (Cont'd)*****Nomination Committee***

The duties and responsibilities of the NC are as follows:

- To identify and recommend to the Board suitable nominees for appointment to the Board and Board Committees;
- To facilitate and organises the effectiveness assessment for the Board, the Board Committees, each individual Directors and the Company Secretaries on an ongoing basis;
- To review regularly the board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- To consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer or any other senior executive or any Director or shareholder;
- To recommend to the Board, Directors to fill the seats on Board Committees;
- To assist the Board in its annual review of its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board;
- To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation;
- To assess the independence of the Independent Directors annually; and
- To review the fulfilment of Director's training, and disclose details in the Annual Report as appropriate.
- To monitor the Company's performance in meeting the standards and policies outlined in the Diversity policy.

***Remuneration Committee***

The duties and responsibilities of the RC are as follows:

- To consider and recommend to the Board the remuneration framework for Directors, including Executive Chairman;
- To provide the remuneration packages needed to attract, retain and motivate Directors of the quality required to manage the business of the Group successfully; and
- To review the Board and Senior Management remuneration policy annually with due consideration on relevant factors.

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

### *ESOS Committee*

The Board has been authorised and empowered to give effect to the establishment of an ESOS of up to 15% of the total number of issued shares of STC (excluding treasury shares) at any point in time during the duration of the ESOS for the eligible employees and Directors of STC and its subsidiary companies.

The EC is currently headed by Chan Foong Ping, and comprising 3 members namely, Dato' Tan Wei Neng, Dato' Yeoh Kim Wah and Tan Chung Ling.

The duties and responsibilities of the EC are as follows:

- To administer the ESOS in accordance with the provisions of the By-Laws of the ESOS by doing all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which it may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company;
- To exercise its power to correct any defect, omission, or reconcile any inconsistency in the ESOS or in any agreement providing for an ESOS in a manner and to the extent it shall deem necessary to expedite and make the ESOS fully effective; and
- To recommend to the Board any modification, variation and/or amendment of the By-Laws of the ESOS as it its discretion think fit at any time and from time to time.

### **Board Charter**

There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hand. In discharging its duties, the Board is guided by its Board Charter which outlines the authorities, delegations, responsibilities of the Board, and other matters that are specifically reserved for the Board.

Significant matters requiring deliberation and approval from the Board are also clearly defined in the Board Charter as matters reserved for the Board for consideration and approval during the Board meetings. The key matters reserved for the Board's approval, amongst other matters, include corporate plan and programme, material acquisitions and disposals, material investments, major agreements/contracts, changes to the management and control structure and compliance with relevant laws and regulations. In addition, the authorisation requirements delegated to the Management are incorporated in the key business processes and stated in the Group's policies and procedures.

The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board and by other officers to whom the management function is properly delegated by the Managing Director. The Management provides the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.

In line with Practice 2.1 of the MCCG 2017, the Board Charter is available on the Company's website at [www.stcgroup.com.my/policy/policy-procedure](http://www.stcgroup.com.my/policy/policy-procedure).

### **Code of Conduct**

The Board has established and adopted a Code of Conduct, covering Business Ethics, workplace safety and employees' personal conduct for all employees of the Company as well as all of its subsidiary and associate companies. The Code of Conduct provides guidance for Directors and all employees of the Group regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment. The Board would periodically review the Code of Conduct and a copy of the Code of Conduct is available on the Company's website at <http://www.stcgroup.com.my/policy/policy-procedure>.



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

### **Whistle Blowing Policy and Procedure**

The Board has established a Whistle Blowing Policy and Procedure to foster an environment where integrity and ethical behaviour are maintained and any illegal acts or failure to comply with regulatory requirements that are taking place may be exposed. The Whistle Blowing Policy and Procedure provides a mechanism for employees, stakeholders and other interested parties to confidentially bring to the attention of the AC any concerns related to matters covered by the Group Code of Conduct, legal issues and accounting or audit matters.

The Whistle Blowing Policy and Procedure is available on the Company's website <http://www.stcgroup.com.my/policy/policy-procedure>.

### **Anti-Bribery and Corruption Policy**

The Company adopts the Anti-Bribery and Corruption Policy ("Policy") which governs the prevention of corruption and unethical practices within the Group pursuant to the Listing Requirements and Subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The purpose of the Policy is to set out the Company's responsibilities including the employees, officers and directors of the Group to observe and uphold the Company's position against corruption and bribery. The Policy will provide information and guidance on how the Company expects the employees to conduct themselves, recognise bribery and corruption and to set out the procedure on how to raise concerns on breached of the Policy.

The Policy is published on the company website at <http://www.stcgroup.com.my/policy/policy-procedure>.

### **Sustainability of Business**

The Board is mindful of the importance of business sustainability and, in conducting the Group's business. As such, the impact of the Group's business on the environmental, social and governance ("ESG") aspects is taken into consideration when conducting business. The Board will incorporate ESG aspect while formalising the company's strategies on promoting its sustainability.

### **Access to Information and Advice**

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Besides that, the Board may also obtain independent professional advice if so required in furtherance of their duty at the Company's expense upon approval from the Board. In addition, the Board is regularly updated and advised by the Company Secretary who is qualified and competent on statutory and regulatory requirements in carrying out its roles and responsibilities.

The Management provides the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate. Every possible effort will be made to ensure that the Board papers to be tabled at a Board meeting will be made available in a good time to all the Directors who are attending the Board meeting regardless of the location.

### **Assignment of Authority and Responsibility**

Directors may delegate their powers as they consider it appropriate through appropriate manual of delegations or manual of authorities. However, ultimate responsibility for strategy and control rests with the Directors as guided by the Managing Director.

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

### Company Secretaries

The Board is supported by two (2) suitably qualified and competent company secretaries. The Board receives regular advices, updates and notifications from the Company Secretaries to ensure compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries attend all the Board and Board Committee meetings and ensure that all meetings are properly convened and all deliberations and decisions are properly minute and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

### Board Meeting and Meeting Materials

In order to discharge the Board's responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

The notice of meetings and agenda are send to the Directors electronically at least one week in advance and Board meeting papers are delivered to the Directors electronically at least five business days prior to Board meeting. This enables the Directors to prior peruse the matters to be deliberated upon, and if necessary, further information are provided at the meeting for deliberation and informed decision making. External advisors may be invited to attend Board meetings to provide further details, clarifications and/or advise the Board as and when required on matters to be deliberated.

### Board Composition

The Board composition of the Company represents a mix of knowledge, skills and expertise which assist the Board in effectively discharging its stewardship and responsibilities.

As at the date of the Annual Report, the Board has seven (7) members comprising one (1) Independent Non-Executive Chairman, one (1) Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director, and four (4) Executive Directors (including the Managing Director and Deputy Managing Director). This composition complies with Paragraph 15.02 of the Listing Requirements whereby the Company requires at least two (2) or one-third (1/3) of the Board, whichever is the higher, are independent directors. The Board noted that Practices 4.1 of the MCCG 2017 has recommended for at least half of the Board members to be independent directors.

The Board through its NC conducts an annual review of its sizes and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals.

Based on the review of the Board's composition and assessment of individual Directors during the FYE 30 June 2021, the Board is satisfied that the Independent Directors are able to exercise independent and objective judgement and act in the best interests of the Company even though they do not form at least half of the Board members. Therefore, the lack of at least half of Independent Directors on the Board did not jeopardise the independence of Board deliberations and all decisions were made in the best interests of the Company.

The Profile of each director is presented on page 6 to 9.

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

The Board recognises that board diversity is an essential element contributing to the sustainable development, makes prudent business sense and promote better corporate governance of the Company and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity. The Company had on 12 October 2021 established a Diversity Policy to formalise its diversity approach as above. The Board is satisfied with the current composition of its members and is of the view that with the current mix of skills, knowledge, experience and strength enable the Board to discharge its duties effectively and in a competent manner.

The Diversity Policy is available on the Company's website at <http://www.stcgroup.com.my/policy/policy-procedure>.

As at the date of this Annual Report, the diversity of the Board in the gender and age distribution falling within the respective age group is as follows:-

	Gender	Age Group (Years)				
		36-40	41-45	46-50	61-65	66 and above
Number of Directors	Male	-	-	1	1	2
	Female	1	1	1	-	-

Presently, there are three (3) women Directors on the Board, representing 43% of the Board.

**Time Commitment**

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year and additional meetings are convened as and when necessary. The Board obtains the commitment from Directors to devote sufficient time and effort to carry out their responsibilities at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to hold 5 directorships in listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

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

### Time Commitment (Cont'd)

During the financial year under review, the number of Board of Directors' meeting attended by each director is as follows:

Name of Directors	No. of Meetings Attended
TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak ( <i>resigned w.e.f. 30 April 2021</i> )	4/4
Tan Ah Bah @ Tan Ah Ping	5/5
Tan Chung Ling	5/5
Dato' Tan Wei Neng	5/5
Tan Chung Chay	5/5
Chan Foong Ping	5/5
Dato' Yeoh Kim Wah	5/5

### Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors will continue to attend other relevant training programmes as appropriate, to further enhance their skills and knowledge and fully equip themselves to effectively discharge their duties. The training programmes attended by the Directors are as follows:

Name of Directors	Training Programme
Tan Chung Ling	Webinar on Regional Comprehensive Economic Partnership (RCEP)
Dato' Tan Wei Neng	Kursus Integriti dan Kod Etika Kontraktor Pengurusan Bisnes Malaysia Tax Budget 2021: A Budget for the New Normal? Webinar on Regional Comprehensive Economic Partnership (RCEP)
Chan Foong Ping	Implementing Amendments in the Malaysian Code on Corporate Governance Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting Virtual Talk: Risk, Strategy and Governance – How Integrated Thinking Can Support Boards in Creating Long-Term Value MIA Webinar Series: Pre & Post IPO Rules and Key Updates to Listing Fraud Risk Management Workshop
Tan Chung Chay	Webinar on Regional Comprehensive Economic Partnership (RCEP)

During the FYE 30 June 2021, five (5) out of seven (7) of the Directors of the Company had attended appropriate training/ seminar/briefing programmes to update and enhance their knowledge to enable them to discharge their duties and responsibilities more effectively as Directors and to keep abreast of the development in the marketplace.

Mr. Tan Ah Bah @ Mr. Tan Ah Ping and Dato' Yeoh Kim Wah did not attend any structured training programmes during the financial year under review. However, they have continuously kept themselves abreast of the relevant changes and developments in the regulatory requirements, laws and accounting standards through the updates from by the Company Secretaries as well as briefings by the External Auditors respectively.

The Company Secretaries will circulate the relevant statutory and regulatory requirement from time to time for the Board's reference and briefs the Board on the updates, where applicable. External Auditors also brief the Board on Malaysian Financial Reporting Standards that affect the Group's financial statement for the year under review.

The Board will on continuing basis evaluate and determine the training needed of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Review of Candidates Proposed for Appointment as Directors and Appointments to the Board**

The objective of the NC is to ensure that there is a formal and transparent procedure for appointment of new directors and appraisal of directors for recommendation to the Board. However, the Board has the final decision on appointments after considering the recommendations of the NC. The members of the NC are as follows:

Name	Designation	Directorship
Chan Foong Ping <i>(Re-designated from member to Chairperson on 15 July 2021)</i>	Chairperson	Independent Non-Executive Director
TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak <i>(Ceased of Office on 30 April 2021)</i>	Chairman	Independent Non-Executive Chairman
Datuk Ir. Kamarudin Bin Md Derom <i>(Appointed on 15 July 2021)</i>	Member	Independent Non-Executive Chairman
Dato'Yeoh Kim Wah	Member	Non-Independent Non-Executive Director

The NC operates under its terms of reference and had one (1) meeting during the FYE 30 June 2021.

The composition, authority as well as the duties and responsibilities of the NC are set out under its terms of reference, which is available on the Company's website at [www.stcgroup.com.my](http://www.stcgroup.com.my).

The NC's criteria to be used in the appointment process shall refer to the Diversity Policy of the Company, which was largely focused on ensuring a good mix of skill, experience and strength in the qualities necessary for the Board to discharge its responsibilities in an effective and competent manner. Diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. Diversity criteria reviewed by the NC include experience, skills, competence, race, gender, culture and nationality.

Other factors considered by the NC include the candidates' ability to commit sufficient time and energy to the Group's matters and the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism.

The Company maintains a formal and transparent procedure for the appointment of new Directors. The NC is delegated the role of screening and conducting an initial selection upon the recommendation by the existing Directors, Senior Management staff, major shareholder and/or external introductions, before making a recommendation to the Board. The NC evaluates the nominees' ability as well as taking into account the mix of skills, competencies, experience and other qualities to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.

**Review of the Audit Committee**

Pursuant to Paragraph 15.20 of the Listing Requirements, the NC reviewed the term of office and performance of the AC and all of its members and was satisfied that the AC and all of its members have carried out their duties in accordance with its terms of reference during the financial year under review.

An evaluation exercise of the AC was carried out by the NC to assess the effectiveness of each of the AC members, including the evaluation on the AC as a whole, assessing the individual AC members' skills and competencies, their meeting administration and conduct, their contribution and interaction, quality of input and understanding of roles and responsibilities as an AC member.

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

### Board and Board Committee Assessment

The NC carries out Board effectiveness assessment, including the assessments on Board Committees and individual Director. The effectiveness of the Board is assessed based on the areas of Board mix/diversity, composition and governance, quality of information and decision-making and Boardroom activities. The effectiveness of the Board Committees is assessed in terms of composition and governance, meeting administration and conduct, skills and competencies, and roles and responsibilities.

The Directors' assessments are intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board. Furthermore, the assessments are also meant to examine the ability of the Directors to provide input in meetings and their ability to demonstrate high level of integrity in decision making.

The Board assessment has been carried out by the NC on 12 October 2021 via the AC evaluation questionnaire, AC members' self and peer evaluation, Board members' self and peer evaluation form, Independent Directors' self-assessment checklist, Independent Directors' evaluation form, Board' evaluation form, Board and Board Committee evaluation forms.

### Re-election of Directors

In accordance with the Constitution of the Company, all directors shall retire from office once in every three (3) years but shall be eligible for re-election and one-third (1/3) of the directors shall retire from office and be eligible for re-election at each Annual General Meeting ("AGM").

Newly appointed directors during the financial year shall hold office until the next following AGM and shall then be eligible for re-election. This requirement has been adhered to by the Board members in AGM.

The NC is responsible for recommending to the Board those Directors who are eligible to stand for re-election.

### Tenure of Independent Director

The retention of Independent Directors who have served a cumulative term of nine (9) years shall be subject to annual shareholders' approval in line with Practice 4.2 of the MCCG 2017. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years.

The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgment during Board deliberations and decision making.

As at the date of this CG Statement, none of the Independent Directors has served the Board for more than nine (9) years.



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

### Remuneration Policies and Procedures

The objective of the RC is to recommend the remuneration framework of Executive Directors of the Board. The remunerations and entitlements of the Non-Executive Directors including the Non-Executive Chairman shall be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on their individual remuneration.

The RC had one (1) meeting during the FYE 30 June 2021. The meeting was attended by all the RC members.

The RC comprises of two (2) Non-Executive Directors and one (1) Executive Directors as follow:

Name	Designation	Directorship
Chan Foong Ping <i>(Re-designated from member to Chairperson on 15 July 2021)</i>	Chairperson	Independent Non-Executive Director
TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak <i>(Ceased of Office on 30 April 2021)</i>	Chairman	Independent Non-Executive Chairman
Tan Ah Bah @ Tan Ah Ping	Member	Managing Director
Datuk Ir. Kamarudin Bin Md Derom <i>(Appointed on 15 July 2021)</i>	Member	Independent Non-Executive Chairman

The RC adopts the principles recommended by the MCG 2017 in determining the directors' remuneration, whereby, the remuneration of the Executive Directors is designed to link rewards to the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. The RC reviews the Board remuneration policy annually, considering various factors including the Non-Executive Directors' fiduciary duties, time commitments expected of Non-Executive Directors and Board Committee members and the Company's performance as well as the market condition. The Directors' fees are subject to the approval of the shareholders of the Company at AGMs.

The composition, authority as well as the duties and responsibilities of the RC are set out in its terms of reference which is available at the Company's website at [www.stcgroup.com.my](http://www.stcgroup.com.my).

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

### Remuneration Policies and Procedures (Cont'd)

The number of Directors of the Company whose income falls within the following bands are set out as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM 1 to RM 50,000	-	-
RM 50,001 to RM 100,000	-	3
RM 650,001 to RM 700,000	1	-
RM 800,001 to RM 850,000	1	-
RM 850,001 to RM 900,000	1	-
RM 1,750,001 to RM 1,800,000	1	-

The aggregate remuneration paid or payable to all Directors are further categorised into the following components:

Group	Fees* RM'000	Salaries & other emoluments RM'000	Employees share option scheme expenses RM'000	Benefits in kind RM'000	Total RM'000
Executive	17	4,096	22	51	4,186
Non-executive	208	9	-	-	217

Company	Fees* RM'000	Salaries & other emoluments RM'000	Employees share option scheme expenses RM'000	Benefits in kind RM'000	Total RM'000
Executive	-	1,541	22	20	1,583
Non-executive	208	9	-	-	217

\* Subject to the approval of shareholders

The above disclosure includes the remuneration paid to Directors who had received his remuneration from her capacity as Executive Director or Directors of the subsidiaries of STC.

In respect of the non-disclosure of detailed remuneration of each director, the Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented in this CG Statement.

### Remuneration of Key Senior Management

The remuneration of Key Senior Management is based on policies and procedures recommended by the RC, which is then approved by the Board. This is in line with Practice 6.2 of MCCG 2017.

Although the MCCG 2017 provides that the Company should disclose the detailed remuneration of the top Senior Management on the named basis, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the Senior Management due to the sensitivity of their remuneration package, privacy, competition and issue of staff poaching.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

The AC of the Company comprises exclusively Non-Executive Directors and majority all of whom are Independent Non-Executive Directors. The members are as follow:

Name	Designation	Directorship
Chan Foong Ping	Chairperson	Independent Non-Executive Director
Dato' Yeoh Kim Wah	Member	Non-Independent Non-Executive Director
Datuk Ir. Kamarudin Bin Md Derom (Appointed on 15 July 2021)	Member	Independent Non-Executive Chairman
TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak (Ceased of office on 30 April 2021)	Member	Independent Non-Executive Chairman

The AC Chairman is currently led by Ms Chan Foong Ping and she is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the AC are set out in its terms of reference and a copy is available on the Company's website at [www.stcgroup.com.my](http://www.stcgroup.com.my).

The members of the AC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the terms of reference of the AC. In addition, the AC members are literate in financials and are able to understand, analyse and challenge matters under purview of the AC including the financial reporting process.

The Board is assisted by the AC to oversee the Group's and Company's financial reporting process and the quality of financial reporting, as well as ensuring that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standard.

In presenting the annual audited financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's and Company's financial performance and prospects and ensure that the financial statements reviewed and recommended by the AC for Board's approval are prepared in accordance with the provisions of the Companies Act 2016, the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to present a true and fair view of the financial position, financial performance and cash flows of the Group and of the Company.

### Assessment of External Auditor

The Board, via the AC, maintains a formal and transparent relationship with the Group's External Auditors in seeking valuable professional advice and in ensuring the financial statements, annual reports and such others reports requiring the professional viewpoint from the Group's External Auditors are in compliance with Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board in Malaysia and other relevant standards, laws or regulations stipulated by various law makers. The AC meets up with the External Auditors at least twice a year to review audit plans and exchange views on issues requiring attention. There is no any significant issue raised by External Auditor during the financial year under review.

The AC reviewed the External Auditors' Audit Plan outlining their scope of work and proposed fees for the statutory audit and review of the Statement of Risk Management and Internal Control. The AC further resolved to recommend the proposed fees to the Board for approval.

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

### Assessment of External Auditor (Cont'd)

The AC carries out an annual review of the performance of the External Auditors, including assessment of their independence in performing their obligations, adequacy of experience and resources of the firm and the professional staff assigned to the audit. Based on the annual evaluation of their performance and audit fees, the AC was satisfied with the External Auditors' technical competency and independence for 2021. With that, the AC further recommended to the Board the reappointment of the External Auditors for the financial year ending 30 June 2022.

In assessing the independence of External Auditors, the AC required written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The External Auditors provided written assurance to the AC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement.

### Internal Auditor Function

The Board has an overall responsibility for maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investment. As the system of internal controls is designed to mitigate rather than eliminate the likelihood of errors or fraud, the system can only provide reasonable assurance against material misstatement or loss.

The internal audit function is essential to assist the Board in obtaining the assurance of the system of internal control maintained by the management.

To achieve this objective, Internal Audit Function was set up within the Company to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by the management and/or the Board within the Group. The internal audit function is independent of the activities audited by them. The internal auditors review and assess the Group's system of internal control and report to the AC.

The Internal Auditors adopts a risk-based approach in developing its audit plan to address the essential auditable areas of the Group based on their risk profiles. The audit focuses on high risk areas to ascertain the adequacy and effectiveness of internal controls. The results of the audit reviews, recommendations as well as management's responses and action plans were brought to the attention of AC at scheduled meetings. The management has to ensure that all recommended remedial actions were executed to rectify the highlighted shortcomings within a reasonable time frame. Any other significant issues would also be highlighted by AC to the Board on a quarterly basis.

The main function of Internal Auditors is to conduct operational reviews on selected key business areas and processes of the Group.

The main activity and assignment undertaken by the Internal Audit Function during the financial year under review include the following:

- (i) Review of plant & machineries management (i.e, Transformer Department) of Success Electronics & Transformer Manufacturer Sdn Bhd; and
- (ii) Review of goods return process for supplier of Success Electronics & Transformer Manufacturer Sdn Bhd.

All audit works for the internal audit function during the financial year under review were conducted in-house. Generally, the internal audit function will perform routine audit and reviews on operating business units within the Group. However, the overseas audit scheduled for the financial year under review have been postponed indefinitely due to travel restrictions imposed by the Government of Malaysia to contain the spread of Covid-19 pandemic.

The findings of the Internal Audit Function were communicated to the Management for the necessary corrective action and being followed up and reported to AC accordingly.

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

### Risk Management and Internal Control

The Board acknowledges that risk management is an integral part of the Group business operations. It is an ongoing process which involves different levels of management to identify, evaluate, monitor, manage and mitigate the risks that may affect the achievement of the Group's business and corporate objectives.

The Board has an overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. There is an on-going process for the Board to identify, evaluate and manage significant risks faced by the Group on a regular basis for the financial year under review. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. In pursuing to these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control incorporates, inter-alia, risk management, financial, operational and compliance controls as well as the governance process.

The Company has established the Risk Management Committee (RMC), which is tasked to develop and maintain an effective risk management system for the Group. It reviews matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. The RMC reports to the AC, which dedicates separate time for discussion of this subject. Significant issues related to risk management and internal controls are highlighted to the Board. The RMC also conducts follow-up reviews on audit recommendations raised in previous audit reports to ensure the recommendations are implemented accordingly with the necessary corrective and preventive actions.

The RMC comprises the following members:

Members	Designation
Tan Chung Ling	Chairlady
Lo Chiow Lieh	Chief Risk Officer
Dato' Tan Wei Neng	Steering Committee
Tan Chung Chiah	Steering Committee
Tan Chung Chay	Steering Committee
Chang Kam Kuan	Steering Committee
Chua Shee Hiang	Steering Committee
Lim Wei Yuen	Steering Committee

The details of the risk management framework are disclosed in the Statement on Risk Management and Internal Control of this annual report on Page 49 to 52.

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

### Communication with Stakeholders

The Board is aware of the need to formalise internal corporate disclosure policies and procedures not only to comply with the disclosure requirements set out in the Listing Requirements, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders. Amongst the policies is to upload its announcements to the regulators, the Board Charter, rights of shareholders and Annual Report on the Company's website timely.

Various contact details are provided on the Company's website to address queries from customers, shareholders and other stakeholders.

The Board values dialogue with investors as a means of effective communication that enables the Board and management to convey information about the STC Group's performance, corporate directions and other matters affecting shareholders' interests. Such information is disseminated through various disclosures and announcements made to the Bursa Securities covering quarterly financial results, audited financial statements and annual reports. This information is also accessible by the public through Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

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

### Communication with Stakeholders (Cont'd)

In addition, the Company's website at [www.stcgroup.com.my](http://www.stcgroup.com.my) provides information on the Group's business, corporate development and announcements made to Bursa Securities. Other information relevant to shareholders and investors such as annual reports, circulars and quarterly reports are available for download from Bursa Securities' website through the Company's website.

### Conduct of General Meetings

The Company's AGM continues to serve as a principal forum for dialogue and interaction with shareholders. The Notice of AGM is available to the shareholders at least twenty-eight (28) days prior to the AGM to enable shareholders to consider the resolutions that will be discussed and decided at the AGM. Proposed resolutions for special business included in the notice of AGM will be accompanied by an explanatory statement to facilitate shareholders' understanding and evaluation of issues involved. The Notice of AGM which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.

All Directors, Senior Management and the External Auditors will attend the general meetings. During the general meetings, shareholders are encouraged to participate in discussions and given sufficient time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seek approval from members and proxies on the resolutions. All Directors and the chair of every Board Committees, as well as Senior Management, where appropriate will provide feedbacks, answers and clarifications to the queries raised by the shareholders during the general meetings.

Pursuant to Paragraph 8.29A of the Listing Requirements, a public listed company must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. The Company had conducted its voting on all resolutions at the 16th AGM held on 8 December 2020 by polling in line with the requirement of the Listing Requirements of Bursa Securities. An independent scrutineer was also appointed to scrutinise the polling process.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against for each separate resolution where appropriate. The outcome of the AGM will be announced to Bursa Securities on the same meeting day.

In view of the current Covid-19 pandemic, the Company is taking the necessary safety precautions and preventive measures in complying with directives issued by the Malaysian Ministry of Health. The forthcoming 17th AGM of the Company will be conducted entirely through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). Shareholders who register for remote participants for the forthcoming AGM will be able to submit their questions during the AGM. Shareholders are encouraged to use the RPV to participate and vote remotely at the forthcoming AGM.

## COMPLIANCE STATEMENT

Save as disclosed above and in the CG Report, the Board is satisfied that throughout the FYE 30 June 2021, the Company has applied the principles and recommendations of the corporate governance set out in the MCCG 2017, where necessary and appropriate.

This CG Statement was approved by the Board on 12 October 2021.

## 1. COMPOSITION OF AUDIT COMMITTEE

*Chairperson*

**Chan Foong Ping**

*(Independent Non-Executive Director)*

*Members*

**TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak** *(Ceased w.e.f 30 April 2021)*

*(Independent Non-Executive Chairman)*

**Datuk Ir. Kamarudin Bin Md Derom** *(Appointed w.e.f 15 July 2021)*

*(Independent Non-Executive Chairman)*

**Dato' Yeoh Kim Wah**

*(Non-Independent Non-Executive Director)*

The Chairperson of the Audit Committee ("**AC**"), Madam Chan Foong Ping, is a member of the Malaysian Institute of Accountants. Therefore, the Company complies with Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

Following the cessation of TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak as a member of the AC on 30 April 2021, the composition of the AC does not comply with Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main LR of Bursa Securities and the Company is required to fill in the vacancy within three (3) months from the cessation date.

On 15 July 2021, YBhg. Datuk Ir. Kamarudin Bin Md Derom has been appointed as an additional member of the AC. Arising thereof, the current composition of the AC, as at the date of this AC Report, is in compliance with Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main LR of Bursa Securities.

## 2. TERMS OF REFERENCE

The terms of reference ("**TOR**") of the AC is available for download on the Company's website at [www.stcgroup.com.my](http://www.stcgroup.com.my).

## 3. FREQUENCY OF MEETINGS

Meetings shall be conducted not less than four (4) times annually. In order to form quorum for the meeting, the majority of the members' present must be Independent Directors. Other meetings may be held as and when required. However, the AC should meet with the external auditors without the presence of the executive directors, at least twice a year.

## 4. AC MEETING ATTENDANCE

The AC had conducted four (4) meetings for the FYE 30 June 2021. Details of attendance of the Directors at AC Meetings held during the financial year are as follows:-

<b>Name of Directors</b>	<b>No. of Meetings Attended</b>
Chan Foong Ping	4/4
TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak <i>(Ceased on 30 April 2021)</i>	4/4
Dato' Yeoh Kim Wah	4/4
Datuk Ir. Kamarudin Bun Md Derom <i>(Appointed on 15 July 2021 )</i>	N/A

## 5. SUMMARY OF WORK

During the financial year and up to the date of AC Report, the AC had carried out the following works:

### Activities with Regards to External Audit:

- Reviewed the audited financial statements;

## 5. SUMMARY OF WORK (CONT'D)

### Activities with Regards to External Audit (Cont'd):

- Reviewed the comments from external auditors in relation to audit and accounting issues arising from the audit;
- Reviewed and endorsed the audit plan and strategy for the financial year 2021 to ensure that their scope of work adequately covers the activities of the Group and Company;
- Reviewed with the External Auditors, the Statement of Risk Management and Internal Control for inclusion in the Company's Annual Report;
- Assessed and considered the suitability and independence of the external auditors by assessing, among others, the adequacy of their technical expertise, experience, skills, independence and objectivity as well as the quality of communication, obtaining affirmation from the external auditors, Messrs Crowe Malaysia PLT, that they and their network firms, engagement partner and audit team's independence, integrity and objectivity comply with the relevant ethical requirements;
- Considered the nomination of external auditors for recommendation to the Board for re-appointment; and
- Convened meeting with external auditors without the attendance of other directors or employees.

### Activities with Regards to Internal Audit:

- Reviewed the internal audit plan, findings and reports;
- Discussed and recommended the internal audit (or "IA") reports together with the recommendations and Management's responses as tabled by the internal auditors for the Board's notation;
- Assessed and reviewed the internal audit function for its adequacy and independency;
- Reviewed the performance and competency of the internal auditors; and
- Reviewed the recurrent related party transactions and control procedures for these transactions in the shareholder mandate.

### Activities with Regards to Financial Statement:

- Reviewed the quarterly financial results of the Group and announcements before recommending the same to the Board for consideration and/or approval prior to the release to Bursa Securities;
- Reviewed the annual Audited Financial Statements of the Company and the Group for the FYE 30 June 2021, together with the External Auditors, before recommending the same to the Board for approval;
- Reviewed the annual budgeting of the Group for FYE 30 June 2021 and to recommend to the Board for approval;
- Reviewed the Company and the Group's compliance with the Listing Requirements, Malaysia Finance Reporting Standards and other relevant legal and regulatory requirements; and
- Reviewed the impact of changes in accounting policies and adoption of new accounting standards, together with significant matters highlighted in the financial statements.

### Activities with Regards to Internal Control and Risk Management:

- Reviewed and monitored principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommended additional course(s) of action to mitigate such risks;
- Monitored and communicated the risk assessment results to the Board on a quarterly basis;
- Assessed the actual and potential impact of any failure or weakness of the internal controls in place; and
- Facilitated the establishment of the risk management framework and reviewed adequacy and effectiveness thereof from time to time.

## 5. SUMMARY OF WORK (CONT'D)

### Other Activities:

- Reviewed the disclosure statements on Corporate Governance, AC Report and the Statement on Risk Management and Internal Control and recommend for adoption to the Board;
- Reviewed its TOR periodically and recommended to the Board on revision, if necessary;
- Review related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or code of conduct that may raise concern or question or Management's integrity;
- Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance 2017. The Board has also acknowledged the latest recommendations of the Malaysian Code on Corporate Governance which came into effect on 28 April 2021;
- Discussed summary of assessment on the performance and effectiveness of AC and its members made by the Nominating Committee.

## 6. INTERNAL AUDIT FUNCTION

The internal audit function is essential to assist the Board in obtaining the assurance of the system of internal control maintained by the management.

To achieve this objective, Internal Audit function was set up within the Company to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by the management and/or the Board within the Group.

The Internal Audit Function adopts a risk-based approach in developing its audit plan to address the essential auditable areas of the Group based on their risk profiles. The audit focuses on high risk areas to ensure that an adequate action plan is in place to enhance the internal controls. The results of the audit reviews, recommendations as well as management's responses and action plans were brought to the attention of AC at scheduled meetings. The management has to ensure that all recommended remedial actions were executed to rectify the highlighted shortcomings within a reasonable time frame. Any other significant issues would also be highlighted by AC to the Board on a quarterly basis.

The Internal Audit function is independent of the activities audited by them. The Internal Audit function consists of 2 independent associates and is headed by Ms.Cindy Low Shin Yi .

The main activity and assignment undertaken by the Internal Audit function during the financial year under review include the following:

- (i) Review of plant & machineries management (i.e., Transformer Department) of Success Electronics & Transformer Manufacturer Sdn Bhd; and
- (ii) Review of goods return process for supplier of Success Electronics & Transformer Manufacturer Sdn Bhd.

All audit works for the internal audit function during the financial year under review were conducted in-house. Generally, the internal audit function will perform routine audit and reviews on operating business units within the Group. However, the overseas audit scheduled for the financial year under review have been postponed indefinitely due to travel restrictions imposed by the Government of Malaysia to contain the spread of Covid-19 pandemic.

The findings of the Internal Audit function were communicated to the Management for the necessary corrective action and being followed up and reported to AC accordingly.

This AC Report was approved by the Board on 12 October 2021.

## INTRODUCTION

The Board of Directors of Success Transformer Corporation Berhad (“**STC**” or “**Company**”) (“**Board**”) has the pleasure of presenting its Statement on Risk Management and Internal Control in accordance to Paragraph 15.26 (b) and Practice Note 9 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). This Statement on Risk Management and Internal Control highlights the nature and scope of risk management and internal control of STC and its subsidiaries (“**Group**”) during the financial year under review.

## BOARD RESPONSIBILITY

Aspiring to uphold the highest ethical values, the Board is committed to building a sound system of internal control. Besides its responsibility for Group’s risk management, the Board also review the adequacy and effectiveness of these systems to safeguard shareholders’ investment and the Group’s assets. The Board reviews the system of risk management and internal control according to the guidelines for directors on internal control, the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers. Despite reasonable efforts, there is no absolute guarantee against material misstatement or loss. It shall be noted that these systems are designed to manage, rather than eliminate risk of failure in reaching the Group’s business objectives.

This Statement on Risk Management and Internal Control has not dealt with the associate entities as the Company does not have full management over them. However, the Group’s interest is served through representations on the Board of the associate entities.

## THE SYSTEM OF INTERNAL CONTROL

The principal elements of the Group’s system of internal controls are summarised as follows:

1. A documented hierarchical organisation structure defining the line of management responsibility, authority and appropriate reporting structure in order to enhance the internal control system of the Company’s various operations;
2. Internal policies, procedures and manuals are updated from time to time to ensure that it maintains its effectiveness and continues to support the Company’s business activities at all times as the Company continues to grow. These policies, procedures and manual are further strengthened with the implementation of ISO9001:2015 Quality Management System covering major operating subsidiary companies of the Group;
3. Financial results and management information are provided to the Audit Committee (“**AC**”) and the Board on a quarterly basis for review. These reviews help the AC and the Board members to complement its understanding of the risk management in the Group;
4. An annual budgeting process where key performance indicators for each business units are set, and reviewed by the Board and AC. Performance is monitored regularly and a reporting system highlights significant variances against budgets for investigation and follow-up by management of respective business units;
5. Management and operational meetings are held to monitor and review the operational performance and changes in the business environments. These meetings are led by Executive Directors and attended by the Management;
6. Significant corporate matters and its status discussed at the management meetings are brought to the Board meetings for further deliberation and review by the Board members;
7. Scheduled meeting such as Sales, Marketing and Operational meeting to review sales performance, formulate sales strategies, update on market information and operating related discussion are held monthly; and
8. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Comprehensive and rigorous guidelines on employment, performance appraisal, training and retention of employees are in place to ensure that employees of the Company are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively. Trainings and development programs are provided as part of the management succession plan for selected staff to further enhance their skill and capability.

## RISK MANAGEMENT FRAMEWORK

The Board regards risk management processes as an integral part of the business operations. The Board acknowledges its responsibility to put in place an on-going process for identifying, evaluating and managing the significant risks faced by the Group.

The Group's risk management initiative includes delegating the responsibilities of identifying and managing risk to the respective Head of each business units. The Group also has set-up an operation level Risk Management Committee ("**RMC**"), which comprised of the Directors and management of the Company, to discuss and evaluate those significant risks identified and the corresponding internal controls implemented by the head of each business units. There are also formalised processes for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies. The RMC will report to the AC periodically whether those significant risks identified are properly monitored, managed, and mitigated to an acceptable level.

Within the framework, there is an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the management and Board levels.

Up to the date of this Statement on Risk Management and Internal Control, the RMC met twice (2) during the financial year under review wherein discussions were on the key principal risks faced by the Group and the action plans proposed to mitigate the risk identified and present report to AC.

The management of the significant risks identified for the financial year ended 30 June ("**FYE**") 2021 are outlined below:

### Competition Risk

The market is currently flooded with competitors selling similar products, coupled with the sluggish economy and soft spending power of businesses, the competition risk has been rising in recent years. Therefore, the Group has identified various strategies:

- To stay relevant in a competitive environment by innovating new products;
- To produce high quality yet affordable products with quick turnaround time; and
- To seize new opportunities by leveraging our strengths and infrastructure.

### Credit Risk

Credit risk arises from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flows and funding. The Group minimises such exposures by assessing the creditworthiness of potential customers, close monitoring of collections and overdue debts, and effective credit utilisation to keep leverage at a comfortable level.

### Foreign Currency Exchange Risk

The Company is directly exposed to foreign exchange fluctuations as the cost of raw materials and imported goods are denominated in foreign currencies. As such, the foreign exchange may have material effects to the costing of our products.

For imported goods, foreign currency exchange risk is partially managed through a natural hedge between revenue and purchases in the same currencies. Management has started hedging the remaining un-hedged portion to mitigate currency risk on cash flow earnings.

## RISK MANAGEMENT FRAMEWORK (CONT'D)

### Operational Risk

Operational risk arises from the execution of a company's business including risks of systems and equipment failure, overcapacity situations and disease risks. The Group adheres to policies, procedures, quality controls and best practices to ensure that all systems and equipment are functional. To manage overcapacity issues, the Group constantly reviews its business plans and seeks alternative uses for excess capacity. On the other hand, the Group has also implemented various attractive remuneration schemes to attract and retain its skilled workforce to meet existing and future needs.

The Group has implemented several mitigation measures to contain the outbreak Covid-19 outbreak. In particular, the Group's Safety and Health committee, together with Human Resource Department, have established Safe at Work procedure that are mandatory for all staff to follow. The procedures were prepared based on the guidelines introduced by the Malaysian National Security Council and the Ministry of Health of Malaysia that includes, amongst others, the followings:

- (i) practice social distancing measures;
- (ii) regular sanitization in the work place;
- (iii) distribution of personal protection equipment such as masks and hand sanitisers to staff; and
- (iv) perform self-antigen test check on regular basis.

In additions, to promote the idea of herd immunisations of all Malaysian, the Company had taken the initiative in spreading the awareness as well as encouraging all staff to register for vaccination. Currently, the Group has achieved 100% staff vaccinated rate.

## REVIEW OF ADEQUACY AND EFFECTIVENESS

The review of adequacy and effectiveness of the Group's risk management and internal controls have been conducted in-house by the Group's Internal Audit function, who reports directly to the AC. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The resulting reports from the reviews undertaken are presented to the AC at its regular meetings for review, discussion, and direct actions on matters pertaining to reports, which among other matters include findings relating to the adequacy and effectiveness of the internal control system of the Group. The findings of the Internal Auditor function were communicated to the Management for the necessary corrective action and being followed up and reported to AC accordingly.

## INTERNAL AUDIT FUNCTION

The Internal Audit function is independent and has no involvement in the operations of the Group. It was set up within the Company to assist the Board in obtaining the assurance of the system of internal control maintained by the management. The Internal Audit function report directly to the AC in providing assurances that the internal control system of the business units is effective and adequate. The internal audit adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business units of the Group. These plans are presented and approved by the AC annually. The cost of internal audit function for the FYE 2021 was RM 56,679.

## ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND GROUP FINANCE CONTROLLER

The Board has received assurance from the Managing Director and Group Finance Controller that the Group's risk management and internal control systems are adequate and operating effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

The Managing Director also reports to the Board on significant changes in the business and the external environment which affects the operations. Financial information, key performance and risk indicators are also reported on a quarterly basis to the Board.

## **REVIEW OF STATEMENT BY EXTERNAL AUDITOR**

In accordance with the Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported that nothing has come to their attention that causes them to believe that contents of this Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

## **CONCLUSION**

The Board considers that the risk management framework is adequate, but will still be subject to continuous improvement, taking into consideration better practices and the changing business environment, where appropriate. The Board is committed to maintain a sound system of internal control and will strive for continuous improvement where necessary, to further enhance the Group's system of internal control.

This Statement was approved by the Board on 12 October 2021.

## 1. Audit and Non-Audit Fees

The audit and non-audit fees incurred to the external auditors by the Group and the Company for the FYE 30 June 2021 are as follows:

	Group	Company
Audit Fees (RM)	296,312	75,000
Non-Audit Fees (RM)	23,000	23,000

## 2. Material Contracts

Other than the related party transactions as disclosed in Note 43 to the financial statements, there were no material contracts entered into by the Company and its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the FYE 30 June 2021 or entered into since the end of the previous financial year.

## 3. Utilisation of Proceeds from Corporate Proposals

- (a) The Company has issued 1,533,700 ordinary shares under the ESOS for a cash consideration of RM828,198 during the FYE 30 June 2021. The proceeds arising from the exercise of the share options pursuant to the ESOS were utilised for working capital purposes.

## 4. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the 16th AGM of the Company held on 8 December 2020, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries ("Group") to enter into recurrent related party transactions ("RRPT") of a revenue or trading nature with related parties ("Shareholders' Mandate").

In compliance with Paragraph 10.9 of MMLR, the detail and aggregate value of RRPT entered into between the Group with the related parties during the FYE 30 June 2021 pursuant to the Shareholders' Mandate were as follows:-

No	Companies in the Group	Related Party	Nature of the transactions	Actual value transacted up during the FYE 30 June 2021 RM	Interested Director(s)/ Major Shareholders and/or Person(s) Connected
1.	Ningbo Success Zhenye Luminaire Limited Liabilities Company ("NSZ")	Ninghai Juncheng Lighting Factory Co. Ltd ("Juncheng")	Purchase of light hardware, plastic product, mould, electrical spare parts, casting and other raw materials from Juncheng by NSZ, for the use of manufacturing of industrial lights fittings products	1,964	Gu Zhen Wu <sup>(i)</sup> Zhou Jie Di <sup>(i)</sup>
2.	NSZ	Ninghai Shengfeng Rubber Factory Co Ltd ("Shengfeng")	Purchase of plastic product, mould and other raw materials from Shengfeng by NSZ, for the use of manufacturing of industrial lights fittings products.	401,587	Gu Zhen Wu <sup>(i)</sup> Zhou Jie Di <sup>(i)</sup>

#### 4. Recurrent Related Party Transactions of a Revenue or Trading Nature (CONT'D)

In compliance with Paragraph 10.9 of MMLR, the detail and aggregate value of RRPT entered into between the Group with the related parties during the FYE 30 June 2021 pursuant to the Shareholders' Mandate were as follows:- (Cont'd)

No	Companies in the Group	Related Party	Nature of the transactions	Actual value transacted up during the FYE 30 June 2021 RM	Interested Director(s)/ Major Shareholders and/or Person(s) Connected
1.	NSZ	Zhenyu Electric Factory Co. Ltd ("Zhenyu")	Purchase of light, hardware and electrical parts, mould and other raw materials from Zhenyu by NSZ, for the use of manufacturing of industrial lights fittings products and processing fee charged by Zhenyu to NSZ	798,869	Gu Zhen Wu <sup>(i)</sup> Zhou Jie Di <sup>(i)</sup>

##### Nature of the relationships

(i) Gu Zhen Wu and Zhou Jie Di are directors of NSZ and have indirect shareholdings of 40% in NSZ. They are the close family members to the shareholders of Juncheng, Shengfeng and Zhenyu.

#### 5. ESOS

The ESOS which was approved by the shareholders at the Extraordinary General Meeting held on 2 July 2018 and governed by the ESOS By-Laws, is the only share option scheme in existence during the financial year. The ESOS would be in force for a period of five (5) years commencing from the date of implementation on 3 July 2018.

A total of 6,771,200 ESOS options were granted to the eligible employees and an executive director of the Company at RM0.54 per ESOS options offered, of which the balance of 40% are exercisable into new ordinary shares with immediate effect on 27 December 2020. A total of 1,533,700 ESOS options were exercised during the FYE 30 June 2021.

The total number of ESOS options granted, exercised or vested and outstanding since its commencement up to 30 June 2021 are set out in the table below:-

Descriptions	Number of ESOS options as at 30 June 2021	
	Grand total	Director
(a) Granted	6,771,200	232,700
(b) Exercised	2,778,600	69,800
(c) Outstanding	3,992,600	162,900

Percentage of ESOS options applicable to Directors and Senior Management under the ESOS are as follows:

Director and Senior Management	During the financial year (%)	Since commencement up to 30 June 2021
(a) Aggregate maximum allocation	50.00%	50.00%
(b) Actual granted	-	13.42%

No ESOS options were granted to the Non-Executive Directors.



## FINANCIAL STATEMENTS

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 6(a) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	Group RM	Company RM
Profit after tax for the financial year	22,647,123	6,050,433
<b>Attributable to :</b>		
Owners of the Company	20,738,763	6,050,433
Non-controlling interests	1,908,360	-
	22,647,123	6,050,433

## DIVIDENDS

Dividends paid or declared by the Company since 30 June 2020 are as follows:-

- (i) An interim tax-exempt single-tier dividend of RM0.01 per ordinary share amounting to RM2,279,703 in respect of the financial year ended 30 June 2021 was declared on 11 November 2020 and paid on 7 December 2020 to the shareholders whose names appeared in the Company's Record of Depositors on 26 November 2020.

The directors do not recommend any final dividend in respect of the financial year ended 30 June 2021.

An interim tax-exempt single-tier dividend of RM0.018 per ordinary share amounting to RM4,121,191 in respect of the financial year ended 30 June 2022 was declared on 12 October 2021 and to be paid on 18 November 2021 to the shareholders whose names appeared in the Company's Record of Depositors on 28 October 2021.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM72,017,538 to RM73,148,940 by way of:-
  - (i) an issuance of 1,533,700 new ordinary shares from the exercise of options under the Company's Employees' Share Option Scheme at the exercise prices as disclosed in Note 25(c) to the financial statements which amounted to RM1,131,402.

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

- (b) there were no issues of debentures by the Company.

## TREASURY SHARES

During the financial year, the Company purchased 2,621,400 of its issued ordinary shares from the open market at an average price of RM0.5922 per share. The total consideration paid for the purchase was RM1,552,437 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 June 2021, the Company held as treasury shares a total of 22,471,354 of its 251,276,800 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM15,201,007.

The details on the treasury shares are disclosed in Note 24 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employees' Share Option Scheme.

## EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 2 July 2018. The ESOS is to be in force for a period of 5 years effective from 3 July 2018.

The details of the ESOS are disclosed in Note 25(c) to the financial statements.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## **CONTINGENT AND OTHER LIABILITIES**

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

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

No contingent or other liability of the Group and of the Company 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 when they fall due.

## **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 32 and 47 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## **HOLDING COMPANY**

The Company is a subsidiary of Omega Attraction Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

## **DIRECTORS**

The name of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Ah Bah @ Tan Ah Ping

Tan Chung Ling

TYT Tun Dato' Seri Utama Ahmad Fuzi Bin Haji Abdul Razak *(Resigned on 30.04.2021)*

Chan Foong Ping

Datuk Ir. Kamarudin Bin Md. Derom *(Appointed on 15.07.2021)*

Dato' Yeoh Kim Wah

Dato' Tan Wei Neng

Tan Chung Chay

**DIRECTORS (CONT'D)**

The name of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Andrea Toppan  
 Anthony Hubert Kearney  
 Chang Kam Kuan  
 Chang Poay Hee  
 Cheng Lai Lai  
 Gu Yulong  
 Gu Zhen Wu  
 Lim Chia Nguan  
 Miswan Bin Kamid  
 Muhamad Wizan Bin Sulaiman  
 Ong Ngok Chong  
 Ong Yee Wah (Resigned on 27.09.2021)  
 Paolo Toppan  
 Samsul Baharin Bin Bidin  
 See Boon Chun  
 Tan Chee Ming  
 Tan Kong Chian  
 Tan Siew Gek  
 Tong Ming Fui  
 Tong Ming Jun  
 Zhou Jie Di

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares or options over unissued shares of the Company and its related corporations during the financial year are as follows:-

**The Company**

		Number of Ordinary Shares			
		Balance at 01.07.2020	Bought	Sold	Balance at 30.06.2021
Tan Ah Bah @ Tan Ah Ping	– Direct	209,300	-	-	209,300
	– Indirect <sup>(1)</sup>	105,742,428	-	-	105,742,428
Tan Chung Ling	– Direct	154,980	-	-	154,980
	– Indirect <sup>(2)</sup>	105,796,748	-	-	105,796,748
Dato' Yeoh Kim Wah	– Direct	1,292,100	-	-	1,292,100
Dato' Tan Wei Neng	– Direct	90,200	-	-	90,200
	– Indirect <sup>(3)</sup>	69,100	-	-	69,100
Tan Chung Chay	– Indirect <sup>(2)</sup>	105,796,748	-	-	105,796,748

		Number of Options under ESOS		Balance at 30.06.2021	
		Balance at 01.07.2020	Granted		Exercised
Dato' Tan Wei Neng		162,900	-	-	162,900

## DIRECTORS' INTERESTS (CONT'D)

### Holding Company - Omega Attraction Sdn. Bhd. ("OASB")

	Balance at 01.07.2020	Number of Ordinary Shares		Balance at 30.06.2021
		Bought	Sold	
Tan Ah Bah @ Tan Ah Ping – Direct	51,000	-	-	51,000
– Indirect <sup>(4)</sup>	49,000	-	-	49,000
Tan Chung Ling – Indirect <sup>(5)</sup>	100,000	-	-	100,000
Tan Chung Chay – Indirect <sup>(5)</sup>	100,000	-	-	100,000

#### Notes:

- <sup>(1)</sup> Deemed interest by virtue of his wife, Pan Kim Foon's and his direct interests in OASB, as well as his wife and his daughter, Tan Chung Ling's direct interests in the Company.
- <sup>(2)</sup> Deemed interest by virtue of her parents, Tan Ah Bah @ Tan Ah Ping's and Pan Kim Foon's direct interests in OASB, and her parents' direct interests in the Company.
- <sup>(3)</sup> Deemed interest by virtue of his wife, Datin Chew Yoke Ying's direct interest in the Company.
- <sup>(4)</sup> Deemed interest by virtue of his wife, Pan Kim Foon's direct interest in OASB.
- <sup>(5)</sup> Deemed interest by virtue of her parents, Tan Ah Bah @ Tan Ah Ping and Pan Kim Foon's direct interest in OASB.

By virtue of their shareholdings in OASB and the Company, Tan Ah Bah @ Tan Ah Ping, Tan Chung Ling and Tan Chung Chay are deemed to have interests in shares of the Company and its related corporations during the financial year to the extent that OASB has an interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares or option over unissued shares of the company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 43 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 34 to the financial statements.

## INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and officers of the Group were RM7,100,000 and RM21,114 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## **SUBSIDIARIES**

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

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 47 to the financial statements.

## **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 48 to the financial statements.

## **AUDITORS**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 33 to the financial statements.

Signed in accordance with a resolution of the directors dated 12 October 2021.

**TAN AH BAH @ TAN AH PING**

**TAN CHUNG LING**

**STATEMENT BY DIRECTORS****PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Tan Ah Bah @ Tan Ah Ping and Tan Chung Ling, being two of the directors of Success Transformer Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on page 67 to 155 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 30 June 2021 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the director dated 12 October 2021.

**TAN AH BAH @ TAN AH PING**

**TAN CHUNG LING**

**STATUTORY DECLARATION****PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016**

I, Lo Chiow Lieh, being the officer primarily responsible for the financial management of Success Transformer Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 67 to 155 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 abovementioned  
Lo Chiow Lieh, NRIC Number: 800511-04-5151  
at Kuala Lumpur in the Federal Territory  
on this 12 October 2021

**Lo Chiow Lieh**  
MIA 32657  
Chartered Accountant

Before me:

**Sabrina Binti Syd Mohammed Sebir (No. W748)**

Commissioner for Oaths

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Success Transformer Corporation Berhad (“the Company”) and its subsidiaries (“the Group”), which comprise the statements of financial position of the Group and of the Company as at 30 June 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 155.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

#### **Carrying Value of Inventory**

Refer to Note 16 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group held significant inventories with carrying amount of RM84,712,715 as at 30 June 2021.</p> <p>The carrying value of inventories is stated at the lower of cost and net realisable value.</p> <p>According to the Group’s inventory write-down policy, the Group determines the amount of write-down for slow moving or obsolete inventories based upon the age of the slow moving inventories.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Comparing the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down.</li> <li>• Performing test on the inventory ageing report to ensure inventories were grouped into the appropriate age bracket.</li> <li>• Reviewing the accuracy of the write-down of inventories by matching the quantum of write-down to the corresponding age profile of inventories according to the group policy.</li> </ul>

## Key Audit Matters (Cont'd)

### Recoverability of Receivables

Refer to Note 17 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>We focused on this area because the Group carries significant amount of RM62,500,590 as at financial year end.</p> <p>There is judgement in the identification of doubtful debts and assumptions used in the making of impairment losses.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Tested the reliability and accuracy of ageing report.</li> <li>• Assessed the reasonableness of impairment losses provided by management.</li> <li>• Evaluated the sufficiency and reasonableness of impairment provided by the management.</li> <li>• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.</li> <li>• Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.</li> </ul>

## 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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the other sections of the 2021 Annual Report, which is expected to be made available to us after that date.

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

## **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 MATTERS**

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

**CROWE MALAYSIA PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**NG KIM HIAN**  
02506/04/2023 J  
Chartered Accountant

Muar, Johor Darul Takzim  
Date: 12 October 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Investment in subsidiaries	6	-	-	73,181,170	63,332,858
Investment in associates	7	441,583	349,127	-	-
Property, plant and equipment	8	68,553,084	66,862,421	-	-
Intangible asset	9	-	-	-	-
Investment properties	10	31,431,498	29,992,307	-	-
Right-of-use assets	11	9,777,849	10,635,460	-	-
Goodwill on consolidation	12	-	-	-	-
Amount due from subsidiaries	13	-	-	31,378	4,041,126
Amount due from a related party	14	2,378,481	2,522,540	-	-
Deferred tax assets	15	509,198	617,928	-	-
		113,091,693	110,979,783	73,212,548	67,373,984
<b>Current Assets</b>					
Inventories	16	84,712,715	103,447,135	-	-
Trade receivables	17	62,500,590	55,004,363	-	-
Other receivables, deposits and prepayments	18	9,826,424	7,133,243	3,589	3,589
Contract assets	19	560,961	1,084,064	-	-
Amount due from subsidiaries	13	-	-	11,364,442	19,571,883
Amount due from associates	20	902,010	1,066,849	-	-
Amount due from related parties	14	194,084	221,009	-	-
Short-term investments	21	90,217,028	54,197,882	-	-
Current tax assets		9,453,310	9,945,502	300,238	247,615
Dividend receivable		-	-	1,092,760	1,452,721
Deposits with licensed banks	22	1,166,956	166,650	-	-
Cash and bank balances		24,385,564	30,360,923	986,605	517,143
		283,919,642	262,627,620	13,747,634	21,792,951
<b>TOTAL ASSETS</b>		<b>397,011,335</b>	<b>373,607,403</b>	<b>86,960,182</b>	<b>89,166,935</b>

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	23	73,148,940	72,017,538	73,148,940	72,017,538
Treasury shares	24	(15,201,007)	(13,648,570)	(15,201,007)	(13,648,570)
Reserves	25	275,655,647	256,261,768	26,112,569	22,513,822
<b>Equity Attributable to Owners of the Company</b>		<b>333,603,580</b>	<b>314,630,736</b>	<b>84,060,502</b>	<b>80,882,790</b>
<b>Non-Controlling Interests</b>	6(g)	23,486,262	21,766,588	-	-
<b>TOTAL EQUITY</b>		<b>357,089,842</b>	<b>336,397,324</b>	<b>84,060,502</b>	<b>80,882,790</b>
<b>Non-Current Liabilities</b>					
Lease liabilities	26	334,739	238,343	-	-
Loans and borrowings	27	962,777	1,309,432	-	-
Deferred tax liabilities	15	1,739,481	1,169,689	-	-
		3,036,997	2,717,464	-	-
<b>Current Liabilities</b>					
Trade payables	28	20,913,886	18,065,065	-	-
Other payables and accruals	29	12,671,146	13,366,530	139,335	245,250
Contract liabilities	19	1,007,914	-	-	-
Amount due to subsidiaries	13	-	-	2,760,345	8,038,895
Amount due to related parties	14	701,622	910,435	-	-
Lease liabilities	26	1,210,918	1,599,005	-	-
Loans and borrowings	27	355,022	344,928	-	-
Current tax liabilities		23,988	206,652	-	-
		36,884,496	34,492,615	2,899,680	8,284,145
<b>TOTAL LIABILITIES</b>		<b>39,921,493</b>	<b>37,210,079</b>	<b>2,899,680</b>	<b>8,284,145</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>397,011,335</b>	<b>373,607,403</b>	<b>86,960,182</b>	<b>89,166,935</b>

The annexed notes form an integral part of these financial statements.

SUCCESS TRANSFORMER CORPORATION BERHAD

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CONTINUING OPERATIONS</b>					
REVENUE	30	237,062,831	222,973,356	9,499,589	5,285,410
COST OF SALES		(164,020,528)	(160,605,218)	-	-
GROSS PROFIT		73,042,303	62,368,138	9,499,589	5,285,410
OTHER INCOME		3,141,873	10,221,215	5,024	157,059
SELLING AND DISTRIBUTION EXPENSES		(12,320,806)	(16,261,398)	-	-
ADMINISTRATIVE EXPENSES		(30,194,109)	(33,372,132)	(2,664,023)	(2,469,655)
OTHER EXPENSES		(3,068,350)	(2,927,315)	(1,314,830)	(585,922)
PROFIT FROM OPERATIONS		30,600,911	20,028,508	5,525,760	2,386,892
FINANCE COSTS	31	(250,735)	(486,371)	(7,683)	(73,841)
NET (IMPAIRMENT LOSSES)/GAIN ON FINANCIAL ASSETS	32	(3,123)	(1,140,493)	725,526	(404,630)
SHARE OF PROFIT/(LOSS) OF EQUITY ACCOUNTED ASSOCIATES, NET OF TAX		69,851	(56,246)	-	-
PROFIT BEFORE TAX	33	30,416,904	18,345,398	6,243,603	1,908,421
INCOME TAX EXPENSE	36	(7,769,781)	(5,067,100)	(193,170)	(371,646)
PROFIT AFTER TAX ROM CONTINUING OPERATIONS		22,647,123	13,278,298	6,050,433	1,536,775
<b>DISCONTINUED OPERATIONS</b>					
LOSS AFTER TAX FROM DISCONTINUED OPERATIONS	37	-	(359,905)	-	-
PROFIT AFTER TAX		22,647,123	12,918,393	6,050,433	1,536,775
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		2,567,716	212,633	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		25,214,839	13,131,026	6,050,433	1,536,775

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:-</b>					
Owners of the Company:-					
– continuing operations		20,738,763	10,213,036	6,050,433	1,536,775
– discontinued operations		-	(196,586)	-	-
		20,738,763	10,016,450	6,050,433	1,536,775
Non-controlling interests:-					
– continuing operations		1,908,360	3,065,262	-	-
– discontinued operations		-	(163,319)	-	-
		22,647,123	12,918,393	6,050,433	1,536,775
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-</b>					
Owners of the Company:-					
– continuing operations		22,438,323	10,761,406	6,050,433	1,536,775
– discontinued operations		-	(196,586)	-	-
		22,438,323	10,564,820	6,050,433	1,536,775
Non-controlling interests:-					
– continuing operations		2,776,516	2,729,525	-	-
– discontinued operations		-	(163,319)	-	-
		25,214,839	13,131,026	6,050,433	1,536,775
<b>EARNINGS PER ORDINARY SHARE (SEN)</b>					
Basic:-	38				
– continuing operations		9.08	4.38		
– discontinued operations		-	(0.08)		
Diluted:-	38				
– continuing operations		9.05	4.35		
– discontinued operations		-	(0.08)		

The annexed notes form an integral part of these financial statements.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Group	Note	Non-Distributable			Employees Share Option Reserve		Distributable		Attributable to Owners of the Company		Non-Controlling Interests	Total Equity
		Share Capital	Treasury Shares	Translation Reserve	Capital Reserve	RM	RM	Retained Profits	RM	RM		
<b>At 1 July 2020</b>		72,017,538	(13,648,570)	3,474,355	14,288,147	786,846	237,712,420	314,630,736	21,766,588	336,397,324		
Profit after tax for the financial year		-	-	-	-	-	20,738,763	20,738,763	1,908,360	22,647,123		
Foreign currency translation differences for foreign operations		-	-	1,699,560	-	-	-	1,699,560	868,156	2,567,716		
<b>Total comprehensive income for the financial year</b>		-	-	1,699,560	-	-	20,738,763	22,438,323	2,776,516	25,214,839		
<b>Contributions by and distributions to owners of the Company:</b>												
Purchase of treasury shares	24	-	(1,552,437)	-	-	-	-	(1,552,437)	-	(1,552,437)		
Employees' share options granted		-	-	-	-	131,221	-	131,221	-	131,221		
Employees' share options exercised	25	1,131,402	-	-	-	(303,204)	-	828,198	-	828,198		
Dividends to owners of the Company – by Company	41	-	-	-	-	-	(2,279,703)	(2,279,703)	-	(2,279,703)		
Changes in ownership interest in subsidiary that do not result in a loss of control		-	-	-	-	-	-	-	(1,385,600)	(1,385,600)		
<b>Total transactions with owners of the Company</b>		1,131,402	(1,552,437)	-	-	-	(592,758)	(592,758)	328,758	(264,000)		
<b>At 30 June 2021</b>		73,148,940	(15,201,007)	5,173,915	14,288,147	614,863	255,578,722	333,603,580	23,486,262	357,089,842		

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

Group	Note	Non-Distributable				Distributable		Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
		Share Capital	Treasury Shares	Translation Reserve	Capital Reserve	Employees Share Option Reserve	Retained Profits			
		RM	RM	RM	RM	RM	RM	RM	RM	
<b>At 1 July 2019</b>		71,514,519	(9,880,003)	2,925,985	7,789,739	456,795	247,968,213	320,775,248	28,227,288	349,002,536
Profit after tax for the financial year		-	-	-	-	-	10,016,450	10,016,450	2,901,943	12,918,393
Foreign currency translation differences for foreign operations		-	-	548,370	-	-	-	548,370	(335,737)	212,633
<b>Total comprehensive income for the financial year</b>		-	-	548,370	-	-	10,016,450	10,564,820	2,566,206	13,131,026
<b>Contributions by and distributions to owners of the Company:</b>										
Arising from bonus shares issue of subsidiary		-	-	-	6,498,408	-	(6,498,408)	-	-	-
Purchase of treasury shares	24	-	(3,768,567)	-	-	-	-	(3,768,567)	-	(3,768,567)
Employees' share options granted		-	-	-	-	407,496	-	407,496	-	407,496
Employees' share options exercised	25	503,019	-	-	-	(77,445)	-	425,574	-	425,574
Dividends to owners of the Company		-	-	-	-	-	(13,389,535)	(13,389,535)	-	(13,389,535)
- by Company	41	-	-	-	-	-	-	-	-	-
- by subsidiary to non-controlling interests		-	-	-	-	-	-	-	(2,421,600)	(2,421,600)
Capital reduction by a subsidiary		-	-	-	-	-	-	-	(280,000)	(280,000)
Disposal of a subsidiary		-	-	-	-	-	-	-	(6,743,325)	(6,743,325)
Changes in ownership interest in subsidiary that do not result in a loss of control		-	-	-	-	-	(384,300)	(384,300)	418,019	33,719
<b>Total transactions with owners of the Company</b>		503,019	(3,768,567)	-	6,498,408	330,051	(20,272,243)	(16,709,332)	(9,026,906)	(25,736,238)
<b>At 30 June 2020</b>		72,017,538	(13,648,570)	3,474,355	14,288,147	786,846	237,712,420	314,630,736	21,766,588	336,397,324

The annexed notes form an integral part of these financial statements.

Company	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Employees' Share Options Reserve RM	Distributable Retained Profits RM	Total Equity RM
<b>At 1 July 2020</b>		72,017,538	(13,648,570)	786,846	21,726,976	80,882,790
Profit after tax for the financial year		-	-	-	6,050,433	6,050,433
<b>Total comprehensive income for the financial year</b>		-	-	-	6,050,433	6,050,433
<b>Contributions by and distributions to owners of the Company:</b>						
Purchase of treasury shares	24	-	(1,552,437)	-	-	(1,552,437)
Employees' share options granted		-	-	131,221	-	131,221
Employees' share options exercised	25	1,131,402	-	(303,204)	-	828,198
Dividends to owners of the Company	41	-	-	-	(2,279,703)	(2,279,703)
<b>Total transactions with owners of the Company</b>		1,131,402	(1,552,437)	(171,983)	(2,279,703)	(2,872,721)
<b>At 30 June 2021</b>		73,148,940	(15,201,007)	614,863	25,497,706	84,060,502

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**STATEMENTS OF CHANGES IN EQUITY**  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

ANNUAL REPORT 2021

Company	Note	Non-Distributable			Distributable		Total Equity RM
		Share Capital RM	Treasury Shares RM	Employees' Share Options Reserve RM	Retained Profits RM		
<b>At 1 July 2019</b>		71,514,519	(9,880,003)	456,795	33,579,736	95,671,047	
Profit after tax for the financial year		-	-	-	1,536,775	1,536,775	
<b>Total comprehensive income for the financial year</b>		-	-	-	1,536,775	1,536,775	
<b>Contributions by and distributions to owners of the Company:</b>							
Purchase of treasury shares	24	-	(3,768,567)	-	-	(3,768,567)	
Employees' share options granted		-	-	407,496	-	407,496	
Employees' share options exercised	25	503,019	-	(77,445)	-	425,574	
Dividends to owners of the Company	41	-	-	-	(13,389,535)	(13,389,535)	
<b>Total transactions with owners of the Company</b>		503,019	(3,768,567)	330,051	(13,389,535)	(16,325,032)	
<b>At 30 June 2020</b>		72,017,538	(13,648,570)	786,846	21,726,976	80,882,790	

The annexed notes form an integral part of these financial statements.

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax:-					
– continuing operations		30,416,904	18,345,398	6,243,603	1,908,421
– discontinued operations		-	(359,905)	-	-
Adjustments for:-					
Amortisation of intangible asset		-	118,951	-	-
Bad debts written off		17,428	294,183	-	-
Depreciation of investment properties		221,012	266,374	-	-
Depreciation of property, plant and equipment		7,324,478	8,130,361	-	-
Depreciation of right-of-use assets		2,600,542	1,859,183	-	-
Gain on lease modification		(12,445)	-	-	-
Gain on disposal of a subsidiary		-	(6,090,472)	-	(6)
Gain on disposal of investment property		(147,848)	-	-	-
Gain on disposal of property, plant and equipment		(39,997)	(69,692)	-	-
Impairment loss:-					
– investment in subsidiaries		-	-	1,307,493	562,306
– property, plant and equipment		272,314	152,043	-	-
– intangible asset		-	277,554	-	-
– investment properties		138,086	-	-	-
– receivables		308,557	874,938	-	-
Property, plant and equipment written off		62,622	2,776	-	-
Reversal of:-					
– allowance for impairment loss of receivables		(305,434)	(139,075)	(725,526)	-
– impairment loss in subsidiary		-	-	-	(27,423)
– write down of inventories		(1,914,046)	-	-	-
Share of (gain)/loss of associates		(69,851)	56,246	-	-
Share option to employees		131,221	407,496	39,416	22,604
Unrealised loss on foreign exchange		899,161	1,064,001	1,100	-
Waiver of debts		-	(4,790)	-	-
Write down of inventories		622,843	2,849,885	-	-
Write off of amount due from:-					
– related party		6,237	23,616	6,237	23,616
Dividend income		-	-	(7,328,400)	(3,625,320)
Interest expense		184,940	604,297	-	-
Interest income		(1,446,723)	(1,328,448)	-	(129,331)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>39,270,001</b>	<b>27,334,920</b>	<b>(456,077)</b>	<b>(1,265,133)</b>
<b>Changes in Working Capital</b>					
Inventories		20,025,623	(485,822)	-	-
Contract assets		1,531,017	1,704,727	-	-
Trade and other receivables, deposits and prepayments		(10,145,526)	8,340,793	12,936,478	(9,900,041)
Trade and other payables and accruals		1,792,372	(1,675,205)	(5,384,465)	516,879
<b>CASH FROM OPERATIONS</b>		<b>52,473,487</b>	<b>35,219,413</b>	<b>7,095,936</b>	<b>(10,648,295)</b>
Dividend received		-	-	7,495,191	1,810,499
Interest paid		(11,440)	(15,548)	-	-
Interest received		1,446,723	1,328,448	-	129,331
<b>CARRIED FORWARD</b>		<b>53,908,770</b>	<b>36,532,313</b>	<b>14,591,127</b>	<b>(8,708,465)</b>

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**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

ANNUAL REPORT 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>BROUGHT FORWARD</b>		53,908,770	36,532,313	14,591,127	(8,708,465)
Tax paid		(7,138,630)	(11,057,686)	(52,623)	(324,357)
Tax refund		336,554	7,990,130	-	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		47,106,694	33,464,757	14,538,504	(9,032,822)
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Addition of investment in existing subsidiary		(264,000)	33,719	(11,064,000)	(387,777)
Addition of intangible asset		-	(396,505)	-	-
Addition of right-of-use asset	42(a)	-	180,000	-	-
Disposal of a subsidiary, net of cash and cash equivalents disposed of	40	-	27,090,273	-	25,770,402
Net decrease/(increase) in deposit pledged		149,695	(41,284)	-	-
(Payment for)/proceeds from capital reduction		-	(280,000)	-	420,000
Proceeds from disposal of investment property		978,209	-	-	-
Proceeds from disposal of property, plant and equipment		60,381	378,642	-	-
Purchase of investment properties		(2,628,650)	-	-	-
Purchase of property, plant and equipment	42(a)	(8,454,259)	(5,162,481)	-	-
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		(10,158,624)	21,802,364	(11,064,000)	25,802,625
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>					
Dividends paid by the Company		(2,279,703)	(13,389,535)	(2,279,703)	(13,389,535)
Dividends paid by subsidiaries to non-controlling interests		(1,385,600)	(2,421,600)	-	-
Drawdown from term loans	42(b)	-	6,000,000	-	-
Interest paid	42(b)	(173,500)	(588,749)	-	-
Net movement in revolving credit facility	42(b)	-	(992,204)	-	-
Net movement in trade bills	42(b)	-	(1,568,132)	-	-
Repayment of lease liabilities	42(b)	(2,471,924)	(1,696,357)	-	-
Repayment of hire purchase payables	42(b)	-	(117,643)	-	-
Repayment of term loans	42(b)	(345,749)	(7,157,595)	-	-
Proceeds from exercise of employees' share option		828,198	425,574	828,198	425,574
Purchase of treasury shares		(1,552,437)	(3,768,567)	(1,552,437)	(3,768,567)
<b>NET CASH FOR FINANCING ACTIVITIES</b>		(7,380,715)	(25,274,808)	(3,003,942)	(16,732,528)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		29,567,355	29,992,313	470,562	37,275
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>		1,626,432	320,642	(1,100)	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		84,558,805	54,245,850	517,143	479,868
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	42(d)	115,752,592	84,558,805	986,605	517,143

The annexed notes form an integral part of these financial statements.

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 7, Menara Milenium, Jalan Damanlela,  
 Pusat Bandar Damansara,  
 Damansara Heights,  
 50490 Kuala Lumpur  
 Wilayah Persekutuan  
 Malaysia

Principal place of business : No. 3, 5 & 7, Jalan TSB 8  
 Taman Industri Sungai Buloh  
 47000 Sungai Buloh  
 Selangor Darul Ehsan

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 October 2021.

## 2. HOLDING COMPANY

The Company is a subsidiary of Omega Attraction Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

## 3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 6(a) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 4. BASIS OF PREPARATION

The financial statements of the Group are prepared under historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendment to MFRS 16 : Covid-19-Related Rent Concessions

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

#### 4. BASIS OF PREPARATION (CONT'D)

- 4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective date</b>
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

##### 5.1 Critical Accounting Estimates and Judgements

The outbreak of the Covid-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the Covid-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.1 Critical Accounting Estimates and Judgements (Cont'd)

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

#### **(a) Impairment of Property, Plant and Equipment**

The Group determines whether its property, plant and equipment are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 8 to the financial statements.

#### **(b) Write Down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 16 to the financial statements.

#### **(c) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables (other than inter-company balances) and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales including changes in the customer payment profile in response to the Covid-19 pandemic and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 14, 17, 19 and 20 to the financial statements.

#### **(d) Impairment of Inter-company Receivables**

The loss allowances for inter-company receivables are based on assumptions about risk of default and expected loss rates. It also requires the Company to assess whether there is a significant increase in credit risk of the inter-company receivables at the reporting date. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of Covid-19 pandemic. The carrying amounts of inter-company receivables as at the reporting date are disclosed in Note 13 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.1 Critical Accounting Estimates and Judgements (Cont'd)

##### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

##### **(a) Classification between Investment Properties and Owner-occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

##### **(b) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases, the Group first determines 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.

#### 5.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.2 Basis of Consolidation (Cont'd)

#### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent considerations arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

#### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.3 Functional and Foreign Currencies

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition (1 January 2011) which are treated as assets and liabilities of the Company and are not retranslated.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operations and are recognised in other comprehensive income.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.4 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interests, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair values through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

#### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)****5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****5.4 Financial Instruments (Cont'd)****(a) Financial Assets (Cont'd)***Debt Instruments (Cont'd)***(ii) Fair Value through Other Comprehensive Income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

**(iii) Fair Value through Profit or Loss**

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

**(b) Financial Liabilities****(i) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognised directly in other comprehensive income and is not subsequently reclassified to profit or loss upon the derecognition of the financial liability.

**(ii) Other Financial Liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.4 Financial Instruments (Cont'd)

#### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

#### (d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.4 Financial Instruments (Cont'd)

#### (e) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

### 5.5 Investment in Subsidiaries

Investments in subsidiaries including the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 5.6 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate made up to 30 June 2021. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial assets in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.7 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Factory and shoplot buildings	5 to 50 years
Plant and machinery	2 to 20 years
Motor vehicles	5 to 10 years
Office equipment, furniture and fittings	2 to 10 years

Capital work-in-progress included in property, plant and equipment is not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.8 Investment Properties

Investment properties are properties which are owned or right-of-use asset held 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 which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. Freehold land is not depreciated whilst leasehold land is amortised over its lease period of 74 to 99 years. The principal annual rates used for buildings are 2% per annum.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

### 5.9 Intangible Assets

Intangible assets that are acquired separately by the Company which have finite useful lives, are initially measured at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

License for use of software platform	2.5 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.10 Leases

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

### 5.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on first-in-first-out and weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.12 Contract Costs

#### (a) Incremental Costs of Obtaining a Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

#### (b) Costs to Fulfill a Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

### 5.13 Contract Asset and Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 5.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### 5.15 Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 Impairment

#### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets (other than inter-company balances) using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The carrying values of assets, other than those to which MFRS 136: Impairment of Assets does not apply, are reviewed at each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less cost to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)****5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****5.17 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be 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 interest expense in profit or loss.

**5.18 Employee Benefits****(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

**(c) Share-based Payment Transactions**

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employees' share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

Upon expiry of the share option, the employees' share option reserve is transferred to retained profits.

When the share options are exercised, the employees' share option reserve is transferred to share capital if new ordinary shares are issued, or to treasury shares if the share options are satisfied by the reissuance of treasury shares.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.19 Income Taxes

#### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary difference other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

### 5.20 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 5.21 Earnings per Ordinary Share

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and share options granted to employees.

#### 5.22 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 that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

#### 5.23 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.24 Revenue from Contracts with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group 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 that asset.

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

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

#### (a) Sale of Transformer, Lighting Products and Process Equipment

Revenue from sale of transformer, lighting products and process equipment is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (b) Rendering of Services

Revenue from providing maintenance and shutdown services is recognised over time in the period in which the services are rendered. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

#### (c) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.25 Revenue from Other Sources and Other Operating Income

**(a) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

**(b) Dividend Income**

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

**(c) Rental Income**

Rental income is accounted for on a straight-line method over the lease term.

**(d) Management Fee Income**

Management fee income from subsidiaries is recognised on accrual basis.

**(e) Government Grants**

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate for. These grants are presented as other income in profit or loss or a deduction in reporting the related expenses in profit or loss.

Grants that compensate the Group for the costs of an asset are recognised in profit or loss on a systematic basis over the expected life of the related asset.

## 6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
<b>At Cost</b>		
<b>Unquoted shares</b>		
At 1 July	70,091,199	69,738,530
Addition	11,064,000	387,777
Share options granted to employees of subsidiaries	91,805	384,892
Capital reduction	-	(420,000)
At 30 June	81,247,004	70,091,199
<b>Quoted Shares</b>		
At 1 July	-	31,718,980
Disposal of a subsidiary	-	(31,718,980)
At 30 June	-	-
	81,247,004	70,091,199
<b>Less : Accumulated Impairment Losses</b>		
At 1 July	6,758,341	12,172,042
Addition	1,307,493	562,306
Disposal of a subsidiary	-	(5,948,584)
Reversal	-	(27,423)
At 30 June	8,065,834	6,758,341
<b>Carrying Amount</b>		
At 30 June	73,181,170	63,332,858
<b>Represented by:-</b>		
Unquoted shares in Malaysia	69,028,907	58,113,700
Unquoted shares outside Malaysia	4,152,263	5,219,158
	73,181,170	63,332,858

During the financial year, the Company has carried out a review of its investments in certain subsidiaries that had been persistently making losses. A total impairment loss of RM1,307,493 (2020: RM562,306) was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:-

Name of subsidiaries	Principal place of business/ Country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2021	2020	
Success Electronics & Transformer Manufacturer Sdn. Bhd. ("SETM")	Malaysia	100%	100%	Manufacture of electrical apparatus and industrial lighting.
Success Transformer Marketing Sdn. Bhd. ("STMKT")	Malaysia	100%	100%	Trading, sales and marketing of electrical apparatus and industrial lighting.
Success Transformer Manufacturer Sdn. Bhd. ("STM")	Malaysia	100%	100%	Investment holding.
SES Property Sdn. Bhd. ("SESP")	Malaysia	100%	100%	Property investment holding.
Aruanmota Sdn. Bhd. ("ASB")	Malaysia	100%	100%	Property investment holding.
Nikkon LED Sdn. Bhd. ("NLED")	Malaysia	80%	80%	Manufacturing of LED lighting.
Daiichi Steel Sdn. Bhd. ("DS")	Malaysia	100%	95%	Manufacture of metal products focusing on metal stamping parts.
Omega Metal Industries Sdn. Bhd. ("OMI")	Malaysia	100%	95%	Manufacture of metal products focusing on metal casing.
ILCS Technologies Sdn. Bhd. ("ILCS")	Malaysia	60%	60%	Trading, sales and marketing of electrical apparatus, lighting and related products.
Nikkon Lighting Pty. Ltd. ("NLPL")	Australia	100%	100%	Marketing and distributing of electrical apparatus and industrial lighting and ceased business operation during the year.
Success Transformer Pte. Ltd. ("STPL") #	Singapore	100%	100%	Investment holding and to carry on business of electricians, mechanical engineers of any other of alike nature.
Boxon Industries Hardware (M) Sdn. Bhd. ("BIH")	Malaysia	60%	60%	Ceased business operation.
Ningbo Success Zhenye Luminaire Limited Liabilities Company ("NSZ") #	People's Republic of China	60%	60%	Design, manufacture and trading of industrial light fittings and fixtures.

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2021	2020	
Nikkon Success Kenya Limited ("NSK")	Republic of Kenya	91%	91%	Marketing and distributing of electrical apparatus and industrial lighting and ceased business operation during the year.
Nikkon Lighting (Thailand) Co., Ltd. ("NLT") #	Thailand	49% ^	49% ^	Distribution of lighting and electrical products.
PT. Boxon Nikkon Jayaindo ("BNJ") #	Indonesia	96%	96%	Wholesale for lighting, mechanical and electrical products, metal enclosure and accessories.
<b>Subsidiary of STMKT</b>				
A.B.U Hayat Lighting Sdn. Bhd. ("AHL")	Malaysia	60%	60%	Provision of general consultancy and contractor services relating to electrical and electronics and to engage in trading, sales and marketing of electrical apparatus and industrial lighting.
<b>Subsidiaries of NSZ</b>				
Ningbo Success Zhenye Casting Limited Liabilities Company ("NSC") #	People's Republic of China	60%	60%	Aluminium die-casting, light fittings assembly and mould.
Ningbo Success Gushi International Trading Co. Ltd ("NSG") #	People's Republic of China	100%	100%	Trading of industrial light fittings and fixtures.
<b>Subsidiary of STPL</b>				
Nikkon Lighting & Electrical Pte. Ltd. ("NLE") #	Singapore	75%	75%	Marketing and distribution of electrical appliances and industrial lighting.
<b>Subsidiary of BIH</b>				
Boxon Industries Hardware (JB) Sdn. Bhd. ("BIHJ") (Note (d))	Malaysia	-	100%	Ceased business operations.

# Audited by firms other than Crowe Malaysia PLT.

^ In accordance with the Memorandum of Articles of Association of NLT, one voting right is attached to every one ordinary share and one voting right is attached to every ten preferred shares. Based on existing total issued and paid-up share capital of NLT of 9,800 ordinary shares of THB 100 each and 10,200 preferred shares of THB 100 each, the total voting rights are 10,820 comprising 9,800 voting rights for ordinary shares and 1,020 voting rights for preferred shares. Success Transformer Corporation Berhad ("STC") holds 9,800 ordinary shares which carry with them 9,800 voting rights or 90.6% of the total voting rights in NLT. As STC has control over NLT, the account of NLT is consolidated into the Group's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) On 30 September 2020, the Company subscribed an additional 10,800,000 ordinary share in SES Property Sdn. Bhd. ("SESP") at an issue price of RM1 each in the capital of SESP for cash by way of offsetting amount due from SESP of RM10,800,000.
- (c) On 1 October 2020, the Company acquired additional 5% equity interest in Omega Metal Industries Sdn. Bhd. ("OMI") from its non-controlling interest for a cash consideration of RM174,000. Following, the completion of the acquisition, OMI became a wholly-owned subsidiary of the Company.
- (d) On 2 November 2020, the Company's dormant indirect subsidiary, Boxon Industries Hardware (JB) Sdn. Bhd. ("BIHJB") was being strike off.
- (e) On 4 December 2020, the Company acquired additional 5% equity interest in Daichi Steel Sdn. Bhd. ("DS") from its non-controlling interest for a cash consideration of RM90,000. Following the completion of the acquisition, DS became a wholly-owned subsidiary of the Company.
- (f) In the last financial year, the following transactions occurred:-
- (i) On 31 July 2019, BIH disposed its entire 50% equity interest in BNJ, comprising 138,000 ordinary shares to the Company for a cash consideration of RM387,777; and 12,000 ordinary shares to a director of the Company, Tan Chung Ling for a cash consideration of RM33,720. Subsequent to the completion of the disposal, BNJ became a 96% direct owned subsidiary of the Company.
- (ii) On 3 September 2019, the Company entered into Sale and Purchase Agreement ("SPA") with MIE Industrial Sdn. Bhd. ("MIE") to dispose entire 65% equity interest in a subsidiary, namely, Seremban Engineering Berhad ("SEB"), comprising 52,000,000 ordinary shares for a total cash consideration of RM26,000,000 ("Disposal"). The Disposal was completed on even date.
- SEB is belonged to the Group's Process Equipment reportable segment and the disposal decision is consistent with the Group's strategy to focus on the growth of its existing transformer and industrial lighting business. Subsequent to the Disposal, SEB ceased to be a subsidiary of the Company.
- (iii) On 3 December 2019, BIH, a 60% owned subsidiary of the Company, reduced its issued and paid-up share capital from RM2,000,000 to RM1,300,000 and that such reduction be effected by cancelling 700,000 ordinary issued shares that are in excess of the needs of BIH. The credit of RM700,000 arising there from has been returned to shareholders in proportion to their shareholdings of BIH.
- (g) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		Group	
	2021 %	2020 %	2021 RM	2020 RM
NSZ	40	40	17,977,325	17,132,554
Other individually immaterial subsidiaries	-	-	5,508,937	4,634,034
			<u>23,486,262</u>	<u>21,766,588</u>

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (h) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	2021 RM	NSZ	2020 RM
<b>At 30 June</b>			
Non-current assets	14,265,982		13,191,956
Current assets	52,325,013		48,509,474
Current liabilities	(21,647,682)		(18,870,045)
Net assets	44,943,313		42,831,385
<b>Financial year ended 30 June</b>			
Revenue	87,478,242		84,740,207
Profit and total comprehensive income for the financial year	2,815,629		6,861,853
Total comprehensive income attributable to non-controlling interests	1,126,252		2,744,741
Dividends paid to non-controlling interests	1,285,600		2,421,600
Net cash flows from operating activities	6,391,131		7,955,479
Net cash flows for investing activities	(2,231,928)		(2,591,139)
Net cash flows for financing activities	(3,167,000)		(6,043,000)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 7. INVESTMENT IN ASSOCIATES

	Group	
	2021 RM	2020 RM
<b>At Carrying Amount</b>		
At 1 July	349,127	403,198
Share of post-acquisition profit/(loss)	69,851	(56,246)
Exchange differences	22,605	2,175
At 30 June	441,583	349,127
<b>Represented by:-</b>		
Unquoted shares outside Malaysia	441,583	349,127

(a) Details of the associates are as follows:-

Name of associates	Principal place of business/ Country of incorporation	Percentage of ownership		Principle activities
		2021	2020	
Shenyang Success Zhenye Luminaire Limited Liabilities Company ("SSZ") *	People's Republic of China	40%	40%	Sales of lighting, plastics, glasses, molds, electric and electronic equipments and parts.
Success Zhenye Luminaire Beijing Limited Liabilities Company ("BSZ") *	People's Republic of China	40%	40%	Sales of lighting and decorative materials.

\* Not a legal requirement to be audited.

(b) The summarised unaudited financial information has not been presented as all associates are not individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

8. PROPERTY, PLANT AND EQUIPMENT

Group – 2021	Freehold land RM	Leasehold land RM	Factory and shoplot buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
<b>At Cost</b>							
At 1 July 2020	9,891,028	42,431,687	58,037,415	7,551,478	9,347,792	-	127,259,400
Additions	-	101,610	4,413,234	-	332,495	3,338,825	8,186,164
Transfer from right-of-use assets (Note 11)	-	-	-	634,126	-	-	634,126
Disposals	-	-	(192,964)	(84,825)	(20,633)	-	(298,422)
Write off	-	-	(244,150)	-	-	-	(244,150)
Exchange differences	-	158,230	1,657,213	90,700	93,121	-	1,999,264
At 30 June 2021	9,891,028	42,691,527	63,670,748	8,191,479	9,752,775	3,338,825	137,536,382
<b>Less : Accumulated Depreciation</b>							
At 1 July 2020	-	8,884,658	39,021,751	4,333,491	7,466,741	-	59,706,641
Charge for the financial year	-	1,041,719	4,920,282	686,807	675,670	-	7,324,478
Transfer from right-of-use assets (Note 11)	-	-	-	195,521	-	-	195,521
Disposals	-	-	(174,058)	(84,825)	(19,155)	-	(278,038)
Write off	-	-	(181,528)	-	-	-	(181,528)
Exchange differences	-	73,306	1,061,133	49,887	69,246	-	1,253,572
At 30 June 2021	-	9,999,683	44,647,580	5,180,881	8,192,502	-	68,020,646
<b>Less : Impairment Loss</b>							
At 1 July 2020	-	152,043	483,873	-	54,422	-	690,338
Addition	-	-	262,231	-	10,083	-	272,314
At 30 June 2021	-	152,043	746,104	-	64,505	-	962,652
<b>Carrying Amount</b>							
At 30 June 2021	9,891,028	32,539,801	18,277,064	3,010,598	1,495,768	3,338,825	68,553,084

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

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

Group – 2020	Freehold land RM	Factory and shoplot buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Total RM
<b>At Cost</b>						
At 1 July 2019	18,872,285	64,672,672	68,773,176	10,022,112	12,311,639	174,651,884
Additions	-	669,909	3,483,264	631,058	438,083	5,222,314
Disposals	-	-	(110,824)	(822,738)	(138,912)	(1,072,474)
Disposal of a subsidiary	(8,981,257)	(22,958,253)	(14,063,469)	(2,297,471)	(2,953,455)	(51,253,905)
Write off	-	-	(191,074)	-	(322,195)	(513,269)
Exchange differences	-	47,359	146,342	18,517	12,632	224,850
At 30 June 2020	9,891,028	42,431,687	58,037,415	7,551,478	9,347,792	127,259,400
<b>Less : Accumulated Depreciation</b>						
At 1 July 2019	-	11,413,696	44,944,357	5,778,684	8,908,461	71,045,198
Charge for the financial year	-	1,251,906	4,884,715	704,132	1,289,608	8,130,361
Disposals	-	-	(40,496)	(556,708)	(138,081)	(735,285)
Disposal of a subsidiary	-	(3,793,504)	(10,665,088)	(1,609,836)	(2,283,619)	(18,352,047)
Write off	-	-	(191,074)	-	(319,419)	(510,493)
Exchange differences	-	12,560	89,337	17,219	9,791	128,907
At 30 June 2020	-	8,884,658	39,021,751	4,333,491	7,466,741	59,706,641
<b>Less : Impairment Loss</b>						
At 1 July 2019	-	412,382	512,112	-	54,422	978,916
Addition	-	152,043	-	-	-	152,043
Disposals	-	-	(28,239)	-	-	(28,239)
Disposal of a subsidiary	-	(412,382)	-	-	-	(412,382)
At 30 June 2020	-	152,043	483,873	-	54,422	690,338
<b>Carrying Amount</b>						
At 30 June 2020	9,891,028	33,394,986	18,531,791	3,217,987	1,826,629	66,862,421

## 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The following property, plant and equipment of the Group are charged against banking facilities granted to the Group (Note 27):-

	Group 2021 RM	2020 RM
<b>At Carrying Amount</b>		
Freehold land	9,421,027	9,421,027
Factory and shophot buildings	27,442,858	27,934,755
	36,863,885	37,355,782

- (b) Included in plant and machinery of the Group with carrying amount of RM1,903,894 (2020: RM2,199,967) are held in trust by supplier.

- (c) There is no property, plant and equipment in the Company throughout the current and previous financial year.

## 9. INTANGIBLE ASSET

	Group 2021 RM	2020 RM
<b><u>License for software platform</u></b>		
<b>At Cost</b>		
At 1 July	396,505	-
Additions	-	396,505
At 30 June	396,505	396,505
<b>Less : Accumulated Depreciation</b>		
At 1 July	118,951	-
Charge for the financial year	-	118,951
At 30 June	118,951	118,951
<b>Less : Impairment losses</b>		
At 1 July	277,554	-
Addition	-	277,554
At 30 June	277,554	277,554
<b>Carrying Amount</b>		
At 30 June	-	-

There is no intangible asset in the Company throughout the current and previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 10. INVESTMENT PROPERTIES

	Group	
	2021 RM	2020 RM
<b>At Cost</b>		
At 1 July	31,495,118	48,811,953
Additions	2,628,650	-
Disposal	(860,672)	-
Disposal of a subsidiary	-	(17,316,835)
At 30 June	33,263,096	31,495,118
<b>Less : Accumulated Depreciation</b>		
At 1 July	1,502,811	2,046,219
Charge for the financial year	221,012	266,374
Disposal	(30,311)	-
Disposal of a subsidiary	-	(809,782)
At 30 June	1,693,512	1,502,811
<b>Less : Impairment losses</b>		
At 1 July	-	343,856
Addition	138,086	-
Disposal of a subsidiary	-	(343,856)
At 30 June	138,086	-
<b>Carrying Amount</b>		
At 30 June	31,431,498	29,992,307
<b>Fair Value</b>		
At 30 June	59,591,898	52,756,656

(a) The investment properties of the Group comprise commercial building under construction amounting to RM2,628,650 (2020: NIL).

(b) The investment properties of the Group are leased under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 2 years.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	Group	
	2021 RM	2020 RM
Within 1 year	27,000	78,600
Within 1 and 2 years	-	25,700
	27,000	104,300

## 10. INVESTMENT PROPERTIES (CONT'D)

- (c) Investment properties of the Group with carrying amount of RM991,976 (2020: RM1,009,551) are charged against banking facilities granted to the Group (Note 27).
- (d) The fair values hierarchy profile of the Group's investment properties not carried at fair value are analysed as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2021</b>				
Investment properties	-	-	59,591,898	59,591,898
<b>2020</b>				
Investment properties	-	3,600,093	49,156,563	52,756,656

- (i) The level 2 fair value of the investment properties are arrived at by reference to recent market evidence of transaction prices for similar properties on a price per square foot basis without any adjustment.
- (ii) The level 3 fair value of the investment properties are arrived at by reference to market evidence of transaction prices for similar properties in the vicinity and are recommended by the directors. The most significant input into this valuation approach is the price per square foot of comparable properties.
- (e) Rental income and direct operating expenses arising from investment properties during the financial year are as follows:-

	2021 RM	2020 RM
Rental income	140,100	165,600
Direct operating expenses		
– generating rental income	225,012	225,605
– non-generating rental income	164,880	173,142

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 10. INVESTMENT PROPERTIES (CONT'D)

- (f) The carrying amount of investment properties held by the Group as at the end of the reporting period are as follows:-

Name of Property	Description	Tenure of Land	Group	
			2021 RM	2020 RM
Bandar Sunway, Petaling Jaya, Selangor	1 unit of 1 1/2 storey light industrial terrace factory	99 years lease expiring on 28 December 2096 (75 years remaining)	663,097	673,321
Mukim Ulu Yam	Industrial land	Freehold	5,340,513	5,340,513
Bandar Kundang Selangor	Agricultural land	99 years lease expiring on 3 November 2108 (87 years remaining)	5,800,897	5,867,960
Taman Industri, Sg. Buloh, Selangor	2 units of 1 1/2 storey terrace factory	99 years lease expiring on 24 March 2091 (70 years remaining)	1,785,475	1,817,540
Mukim Pasir Panjang	Agricultural land	Freehold	6,294,399	6,294,399
Pekan Subang, Selangor	3 pieces of leasehold land	99 years lease expiring on 18 July 2111 (90 years remaining)	8,528,467	8,622,272
Bandar Bukit Puchong, Selangor	1 unit of condominium	99 years lease expiring on 9 October 2106 (85 years remaining)	390,000	539,879
Mukim of Senai	1 1/2 storey semi detached factory	Freehold	-	836,423
Pekan Baru, Sungai Buloh, Selangor	4 units of 6 storey stratified ramped- up factory	88 years expiring on 19 January 2107 (86 years remaining)	2,628,650	-
			31,431,498	29,992,307

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

11. RIGHT-OF-USE ASSETS

	At 1 July 2020 RM	Additions RM	Depreciation Charges RM	Transfer upon exercise of purchase option (Note 8) RM	Reassessment/ Modification of Lease Liabilities RM	Derecognition due to lease modification RM	Exchange Difference RM	At 30 June 2021 RM
<b>Group 2021</b>								
<i>Carrying Amount</i>	8,211,707	-	(119,308)	-	-	-	-	8,092,399
Leasehold land	1,226,450	1,783,509	(2,135,798)	-	-	-	59,428	933,589
Office and factory buildings	294,460	-	(162,624)	-	20,381	(104,522)	-	47,695
Hostels	893,478	375,550	(171,032)	(438,605)	-	-	1,660	661,051
Motor vehicles	9,365	53,680	(11,780)	-	-	(8,344)	194	43,115
Office equipment	10,635,460	2,212,739	(2,600,542)	(438,605)	20,381	(112,866)	61,282	9,777,849
<b>Group 2020</b>								
<i>Carrying Amount</i>	8,331,397	-	(119,690)	-	-	(119,690)	-	8,211,707
Leasehold land	957,207	1,500,016	(1,228,103)	-	-	(1,228,103)	(2,670)	1,226,450
Office and factory buildings	536,638	-	(242,178)	-	-	(242,178)	-	294,460
Hostels	969,136	180,696	(256,842)	-	180,696	(256,842)	488	893,478
Motor vehicles	-	21,647	(12,370)	-	-	(12,370)	88	9,365
Office equipment	10,794,378	1,702,359	(1,859,183)	(438,605)	20,381	(112,866)	(2,094)	10,635,460

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 11. RIGHT-OF-USE ASSETS

- (a) The Group leases certain pieces of leasehold land, various buildings, motor vehicles and office equipment of which the leasing activities are summarised below:-
- (i) Leasehold land                      The Group has entered into non-cancellable operating lease agreements for the use of land. The leases are for a period of 70 - 87 (2020: 70 - 87) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land.
- (ii) Office and factory buildings              The Group has leased a number of office and factory building that run between 2 - 3 (2020: 2 - 3) years, with some have an option to renew the lease after that date.
- (iii) Hostels                                      The Group has leased a number of hostels that run between 2 - 5 (2020: 2 - 5) years, with some have an option to renew the lease after that date.
- (iv) Motor vehicles                              The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
- (v) Office equipment                              The Group has leased an office equipment that run for 5 (2020: 2) years, with an option to renew the lease after that date.
- (b) Most extension options in the lease of hostels and office equipment have not been included in the related leased liabilities as at the reporting date because the Group could replace the assets without significant cost or business disruption.
- (c) The leasehold land of the Group with carrying amount of RM7,933,113 (2020: RM8,050,514) are charged against banking facilities granted to the Group (Note 27).

## 12. GOODWILL ON CONSOLIDATION

	Group 2020 RM
<b>At Cost</b>	
At 1 July	7,616,238
Disposal of a subsidiary	(7,616,238)
At 30 June	-
<b>Less: Accumulated Impairment Losses</b>	
At 1 July	695,000
Disposal of a subsidiary	(695,000)
At 30 June	-
	-

### 13. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2021 RM	2020 RM
<b>Amount Due from Subsidiaries</b>		
<i>Non-Current</i>		
Non-trade balances	31,378	4,766,652
Less: Allowance for impairment losses	-	(725,526)
	31,378	4,041,126
<i>Current</i>		
Trade balances	1,585,792	500,198
Non-trade balances	9,778,650	19,071,685
	11,364,442	19,571,883
	11,395,820	23,613,009
<b>Allowance for impairment losses:-</b>		
<i>Non-current</i>		
At 1 July	725,526	725,526
Reversal during the financial year (Note 32)	(725,526)	-
	-	725,526
At 30 June	-	725,526
<b>Amount Due to Subsidiaries</b>		
<i>Current</i>		
Non-trade balances	(2,760,345)	(8,038,895)

The amount due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 14. AMOUNT DUE FROM/(TO) RELATED PARTIES

	Group	
	2021 RM	2020 RM
<b>Amount Due from Related Parties</b>		
<i>Non-Current</i>		
Trade balance	2,378,481	2,522,540
<i>Current</i>		
Trade balances	194,084	221,009
Less : Allowance for impairment losses	-	-
	194,084	221,009
	2,572,565	2,743,549
<b>Allowance for impairment losses:-</b>		
At 1 July	-	25,964
Written off during the year	-	(25,964)
At 30 June	-	-
<b>Amount Due To Related Parties</b>		
<i>Current</i>		
Trade balances	(555,346)	(754,602)
Non-trade balance	(146,276)	(155,833)
	(701,622)	(910,435)

- (a) The trade amount due from a related party amounting to RM2,551,140 (2020: RM2,693,123) is repayable by 180 (2020: 180) monthly instalments and measured at amortised cost at imputed rate of 3.1% (2020: 3.1%) per annum. The remaining trade amount due from related parties are non-interest bearing and are generally on credit terms of 7 - 180 days (2020: 7 - 180 days) from invoice date or the first day of the immediate following month after sales invoices date, whichever applicable.
- (b) The trade amount due to related parties is on credit terms of 90 days (2020: 30 - 90 days) from invoice date or the first day of the immediate following month after purchases invoice date, whichever applicable.
- (c) The non-trade amount due to a related party is subject to a credit term of 30 days (2020: 30 days).

## 15. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting, are shown in the statements of financial position:-

	Group	
	2021 RM	2020 RM
At 1 July	(551,761)	(933,315)
Recognised in profit or loss:-		
– Accelerated capital allowance	(22,386)	(1,805)
– Allowance for impairment loss on receivables	(25,998)	114,281
– Others	(673,663)	137,736
– Exchange differences	(9,399)	11,722
– Overprovision in prior years	52,924	119,620
At 30 June	(1,230,283)	(551,761)
Presented after appropriate offsetting as follow:-		
Deferred tax assets	509,198	617,928
Deferred tax liabilities	(1,739,481)	(1,169,689)
At 30 June	(1,230,283)	(551,761)

## 16. INVENTORIES

	Group	
	2021 RM	2020 RM
Raw materials	51,930,501	61,035,198
Work-in-progress	3,283,929	5,777,145
Finished goods	29,498,285	36,634,792
	84,712,715	103,447,135
<b>Recognised in profit or loss:-</b>		
Inventories recognised as cost of sales	163,942,595	160,527,286
Write down of inventories	622,843	2,849,885
Reversal of write down of inventories	(1,914,046)	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 17. TRADE RECEIVABLES

	Group	
	2021 RM	2020 RM
Trade receivables	65,775,950	58,270,319
Less : Allowance for impairment losses	(3,275,360)	(3,265,956)
	<u>62,500,590</u>	<u>55,004,363</u>
<b>Allowance for impairment losses:-</b>		
At 1 July	3,265,956	3,226,717
Addition during the financial year (Note 32)	295,357	874,938
Reversal during the financial year (Note 32)	(305,434)	(139,075)
Written off during the financial year	(13,838)	-
Disposal of a subsidiary	-	(719,325)
Exchange differences	33,319	22,701
	<u>3,275,360</u>	<u>3,265,956</u>
At 30 June	3,275,360	3,265,956

- (a) The Group's trade receivables are non-interest bearing and are generally on trade terms of cash - 180 days (2020: cash - 180 days) credit from invoice date or the first day of the immediate following month after sales invoice date, whichever applicable. Other credit terms are assessed and approved on a case-by-case basis.
- (b) Included in trade receivables are retention sums of RM66,942 (2020: RM66,517). The retention sums are generally on credit terms up to 360 days (2020: 360 days).

## 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Other Receivables</b>				
<i>Current</i>				
Sundry receivables	2,026,197	2,363,867	-	-
Less: Allowance for impairment losses	(13,200)	-	-	-
	<u>2,012,997</u>	<u>2,363,867</u>	<u>-</u>	<u>-</u>
Deposits to suppliers	4,798,542	1,709,495	-	-
Deposits	695,243	572,204	1,000	1,000
Prepayments	875,563	560,751	-	-
Sales tax/goods and services tax recoverable	1,444,079	1,926,926	2,589	2,589
	<u>9,826,424</u>	<u>7,133,243</u>	<u>3,589</u>	<u>3,589</u>
<b>Allowance for impairment losses:-</b>				
At 1 July	-	418,491	-	-
Addition during the financial year (Note 32)	13,200	-	-	-
Disposal of a subsidiary	-	(418,491)	-	-
	<u>13,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June	13,200	-	-	-

The deposits to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

**19. CONTRACT ASSETS/(LIABILITIES)**

	Group	
	2021 RM	2020 RM
<b>Contract Assets</b>		
Contract assets relating to sales of goods (a)	560,961	1,084,064
<b>Contract Liabilities</b>		
Contract liabilities relating to sales of goods (b)	1,007,914	-

- (a) The contract assets primarily relate to the Group's right to consideration for work completed on contracts but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.
- (b) The contract liabilities primarily relate to advance considerations received from few customers for sales of goods of which the revenue will be recognised. The amount will be recognised as revenue when the performance obligations are satisfied.
- (c) The changes to contract asset and contract liabilities balances during the financial year are summarised below:-

	Group	
	2021 RM	2020 RM
At 1 July	1,084,064	9,072,026
Revenue recognised in profit or loss during the financial year	558,727	6,693,686
Billings to customers during the financial year	(1,086,644)	(8,401,947)
Advances received for future performance obligation	(993,174)	-
Disposal of a subsidiary	-	(6,283,235)
Exchange differences	(9,926)	3,534
At 30 June	(446,953)	1,084,064
<b>Represented by:-</b>		
Contract assets	560,961	1,084,064
Contract liabilities	(1,007,914)	-
	(446,953)	1,084,064

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 20. AMOUNT DUE FROM ASSOCIATES

	Group	
	2021 RM	2020 RM
<i>Current</i>		
Trade balances	902,010	1,066,849

The trade amount due from associates are non-interest bearing and generally on credit terms of 7 - 180 days (2020: 7 - 180 days) from invoice date or the first day of the immediate following month after sales invoice date, whichever applicable.

## 21. SHORT-TERM INVESTMENTS

	Group	
	2021 RM	2020 RM
<b>At Fair Value</b>		
Money market fund (Note 42 (d))	90,217,028	54,197,882
Market value of short-term investments	90,395,686	54,197,882

## 22. DEPOSITS WITH LICENSED BANKS

	Group	
	2021 RM	2020 RM
Fixed deposits with licensed banks	1,166,956	166,650

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period amounting to RM16,956 (2020: RM16,650) are pledged to licensed banks as security for banking facilities which has been granted to the Group (Note 27).

(b) The effective interest rates (per annum) of deposits with licensed banks at the end of the reporting period are as follows:-

	Group	
	2021 %	2020 %
Fixed deposits	1.5 - 2.7	2.7 - 2.9

(c) The maturity period at the end of the reporting period are as follows:-

	Group	
	2021 Days	2020 Days
Fixed deposits	30 - 365	90 - 365

## 23. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
<b>Issued and Fully Paid-Up:-</b>				
Ordinary shares				
At 1 July	249,743,100	72,017,538	248,955,000	71,514,519
New shares issued under the employees' share option scheme for cash (Note 25 (c))	1,533,700	1,131,402	788,100	503,019
At 30 June	251,276,800	73,148,940	249,743,100	72,017,538

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

## 24. TREASURY SHARES

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
<b>At Cost</b>				
At 1 July	19,849,954	13,648,570	14,371,454	9,880,003
Buy back	2,621,400	1,552,437	5,478,500	3,768,567
At 30 June	22,471,354	15,201,007	19,849,954	13,648,570

During the financial year, the Company repurchased its treasury shares in its issued ordinary shares from the open market as follows:-

	No. of Shares	Cost RM	Average purchase price per share RM		
			Highest RM	Lowest RM	Average RM
July 2020	1,201,200	704,666	0.60	0.57	0.58
August 2020	200,000	111,888	0.56	0.56	0.56
October 2020	309,000	170,186	0.55	0.55	0.55
November 2020	516,100	295,921	0.66	0.52	0.58
January 2021	395,100	269,776	0.69	0.67	0.68
	2,621,400	1,552,437			

The transactions of share buy back were financed by internally generated funds. The shares bought back are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016. None of the treasury shares held was cancelled during the financial year ended 30 June 2021.

Out of total 251,276,800 (2020: 249,743,100) issued and fully paid ordinary shares at 30 June 2021, 22,471,354 (2020: 19,849,954) ordinary shares are held as treasury shares by the Company. Therefore, the number of outstanding ordinary shares in issue and fully paid is 228,805,446 (2020: 229,893,146).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 25. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-Distributable</b>				
Translation reserve	5,173,915	3,474,355	-	-
Capital reserve	14,288,147	14,288,147	-	-
Employees' share option reserve	614,863	786,846	614,863	786,846
<b>Distributable</b>				
Retained profits	255,578,722	237,712,420	25,497,706	21,726,976
	<u>275,655,647</u>	<u>256,261,768</u>	<u>26,112,569</u>	<u>22,513,822</u>

**(a) Translation Reserve**

The translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign subsidiaries, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign subsidiaries.

**(b) Capital Reserve**

The capital reserve comprises the equity portion of bonus shares issued by a subsidiary.

**(c) Employees' Share Option Reserve**

The employees' share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 2 July 2018. The ESOS is to be in force for a period of 5 years effective from 3 July 2018.

The main features of the ESOS are as follows:-

- (i) The maximum number of new share under the ESOS shall not in aggregate exceed 15% of the total number of issued and paid-up share capital of the Company (excluding treasury shares) or any limit prescribed by any guidelines, rules and regulations of the relevant authorities at any point of time during the duration of the ESOS.
- (ii) Eligible persons are employees and/or directors of the Group, who as at the date of offer, have been confirmed in service and has served at least one year in the employment of the Group (excluding dormant subsidiary companies) or where the executive director or employee is under an employment contract, the contract is for a duration of at least two years and shall have not expired within six months from the date of offer.
- (iii) Not more than 10% of the total number of new share to be issued under the ESOS shall be allocated to employee who, either singly or collectively through person connected to him/her, holds 20% or more in the issued and paid-up capital of the Company (excluding treasury shares).

## 25. RESERVES (CONT'D)

### (c) Employees' Share Option Reserve (Cont'd)

- (iv) Not more than 50% of the total number of new share to be issued under the ESOS shall be allocated in aggregate to the executive directors and senior management of the Group (excluding dormant subsidiary companies).
- (v) The option price shall be determined based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the date of offer; with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the ESOS.
- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, except that new ordinary shares so acquired and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new shares.
- (vii) The unexercised option granted to eligible employees will lapse when they are no longer in employment with the Group unless a claim was made that is subjected to the discretion of the Option Committee.

The option prices and the details in the movement of the options granted are as follows:-

Date of offer	Exercise Price	Remaining Contractual Life of Options	Number of Options over Ordinary Shares			
			At	Granted	Exercised	At
			01.07.2020			30.06.2021
16 November 2018	0.54	5 years	5,526,300	-	(1,533,700)	3,992,600

Date of offer	Exercise Price	Remaining Contractual Life of Options	Number of Options over Ordinary Shares			
			At	Granted	Exercised	At
			01.07.2019			30.06.2020
16 November 2018	0.54	5 years	6,314,400	-	(788,100)	5,526,300

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

On 16 November 2018, the Company has granted 6,771,200 share options under the ESOS. These options expire on 26 December 2023 and are exercisable if the employee remains in service for one year from the date of grant.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 25. RESERVES (CONT'D)

### (c) Employees' Share Option Reserve (Cont'd)

The fair values of the share options granted were estimated using a black scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	Group and Company	
	2021	2020
Fair value of share options at the grant date based on vesting date (RM) – 27 December 2018	0.2043	0.1607
Weighted average ordinary share price (RM)	0.59	0.59
Exercise price of share option (RM)	0.54	0.54
Expected volatility (%)	58.08	58.08
Expected life (years)	5	5
Risk free rate (%)	3.77	3.77
Expected dividend yield (%)	2.60	2.60

## 26. LEASE LIABILITIES

	Group	
	2021 RM	2020 RM
At 1 July	1,837,348	1,656,966
Acquisition of new leases	2,212,739	1,882,359
Interest expense recognised in profit or loss (Note 31)	118,216	125,350
Repayment of principal	(2,471,924)	(1,696,357)
Repayment of interest expense	(118,216)	(125,350)
Reassessment/Modification of leases	20,381	-
Derecognition due to lease modification	(125,311)	-
Exchange differences	72,424	(5,620)
At 30 June	1,545,657	1,837,348
<b>Analysed by:-</b>		
Current liabilities	1,210,918	1,599,005
Non-current liabilities	334,739	238,343
	1,545,657	1,837,348

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 11(a)(iv) to the financial statements, with lease terms ranging from 2 - 7 (2020: 2 - 7) years and bear effective interest rates ranging from 4.4 % - 5.6 % (2020: 4.4 % - 5.3 %) per annum.

## 27. LOANS AND BORROWINGS

		Group	
		2021 RM	2020 RM
<b>Current</b>			
Secured	– Term loans	355,022	344,928
<b>Non-Current</b>			
Secured	– Term loans	962,777	1,309,432
		1,317,799	1,654,360

(a) Loans and borrowings of the Group are secured by way of:-

- (i) Registered charge over certain property, plant and equipment (Note 8(a)), certain investment properties (Note 10(c)) and certain right-of-use assets (Note 11(c)) of the Group.
- (ii) Corporate guarantee provided by the Company;
- (iii) Fixed deposits with licensed banks of the Group (Note 22(a)).

(b) The effective interest rates (per annum) of loans and borrowings at the end of the reporting period were as follows:-

	Group	
	2021 %	2020 %
Term loans	2.3	4.1

## 28. TRADE PAYABLES

The normal trade terms granted to the Group are cash - 120 days (2020: cash - 120 days) credit from invoice date or the first day of the immediate following month after purchases invoice date, whichever applicable.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Advance payment from customers	283,942	547,097	-	-
Amount due to a director	-	9,203	-	-
Accruals	9,843,318	9,140,833	136,245	129,780
Deposit received	252,058	10,500	-	-
Sales tax/goods and services tax payable	1,271,340	1,579,638	-	-
Sundry payables	1,020,488	2,079,259	3,090	115,470
	12,671,146	13,366,530	139,335	245,250

(a) The amount due to a director is unsecured, interest free and repayable on demand.

(b) Included in sundry payables of RM669,715 (2020: RM937,810) is for the purchase of property, plant and equipment (Note 42(a)).

## 30. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Continuing operations</b>				
<b><u>Revenue recognised at a point in time</u></b>				
Dividend income	-	-	7,328,400	3,625,320
Management fee income	-	-	2,171,189	1,660,090
Sales of transformer, industrial lighting and related products	236,909,503	222,190,332	-	-
Rendering of services	153,328	783,024	-	-
	237,062,831	222,973,356	9,499,589	5,285,410
<b>Discontinued operations</b>				
<b><u>Revenue recognised at a point in time</u></b>				
Sales of process equipment	-	1,438,142	-	-
	-	1,438,142	-	-
<b><u>Revenue recognised over time</u></b>				
Sales of process equipment	-	5,619,800	-	-
	-	7,057,942	-	-
	237,062,831	230,031,298	9,499,589	5,285,410

**31. FINANCE COSTS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Continuing operations</b>				
<b>Interest on:-</b>				
Bank overdraft	98	3	-	-
Hire purchase	-	2,616	-	-
Lease liabilities	118,216	125,350	-	-
Term loans	33,767	66,998	-	-
Trade bills	11,342	33,777	-	-
Revolving credit	21,517	18,861	-	-
	184,940	247,605	-	-
Commitment fee	65,795	238,766	7,683	73,841
	250,735	486,371	7,683	73,841
<b>Discontinued operations</b>				
<b>Interest on:-</b>				
Bank overdraft	-	15,545	-	-
Hire purchase	-	14,427	-	-
Term loans	-	127,960	-	-
Trade bills	-	91,754	-	-
Revolving credit	-	107,006	-	-
	-	356,692	-	-
	250,735	843,063	7,683	73,841

**32. NET (IMPAIRMENT LOSSES)/GAIN ON FINANCIAL ASSETS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Continuing operations</b>				
Impairment losses:-				
– trade receivables (Note 17)	(295,357)	(874,938)	-	-
– amount due from a former subsidiary	-	(404,630)	-	(404,630)
– other receivables (Note 18)	(13,200)	-	-	-
Reversal of impairment losses:-				
– trade receivables (Note 17)	305,434	139,075	-	-
– amount due from a subsidiary	-	-	725,526	-
	(3,123)	(1,140,493)	725,526	(404,630)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 33. PROFIT BEFORE TAX

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit before tax is arrived at after charging/(crediting):-</b>				
Amortisation of intangible asset	-	118,951	-	-
Auditors' remuneration:-				
– audit fee:-				
– current financial year	293,418	324,057	75,000	75,000
– underprovision in prior year	2,894	19,790	-	5,000
– non-audit fee	23,000	23,000	23,000	23,000
Bad debts written off	17,443	294,183	-	-
Depreciation:-				
– investment properties	221,012	266,374	-	-
– property, plant and equipment	7,324,478	8,130,361	-	-
– right-of-use assets	2,600,542	1,859,183	-	-
Impairment loss:-				
– investments in subsidiaries	-	-	1,307,493	562,306
– property, plant and equipment	272,314	152,043	-	-
– intangible asset	-	277,554	-	-
– investment properties	138,086	-	-	-
Loss on foreign exchange:-				
– realised	1,088,314	-	-	-
– unrealised	899,161	1,064,001	1,100	-
Lost of inventories	-	9,645	-	-
Property, plant and equipment written-off	62,622	2,776	-	-
Short-term leases expense	1,686,394	1,379,846	-	-
Research and development expenses	5,530,189	6,275,189	-	-
Share of loss of associate	-	56,246	-	-
Write down of inventories	622,843	2,849,885	-	-
Write off of amount due from:-				
– related party	6,237	23,616	6,237	23,616
Total interest income of financial assets measured at fair value through profit or loss	(1,362,072)	(1,159,688)	-	-
Total interest income of financial assets measured at amortised cost	(84,651)	(168,760)	-	(129,331)
Gain on disposal of a subsidiary	-	(6,090,472)	-	(6)
Gain on disposal of property, plant and equipment	(39,997)	(69,692)	-	-
Gain on disposal of investment property	(147,848)	-	-	-
Gain on foreign exchange:-				
– realised	-	(1,089,179)	5,024	-
Government grants	(652,520)	(487,163)	-	-
Insurance compensation	-	(72,140)	-	-
Rental income	(140,100)	(249,244)	-	-
Reversal of impairment loss of investment in subsidiaries	-	-	-	(27,423)
Reversal of write down of inventories	(1,914,046)	-	-	-
Scrap sales	(84,520)	(162,461)	-	-
Waiver of debts	-	(4,790)	-	-
Bad debts recovered	(15)	-	-	-
Gain on modification of leases	(12,445)	-	-	-
Share of gain of associate	(69,851)	-	-	-

**34. DIRECTORS' REMUNERATION**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Directors of the Company</b>				
<b>Executive Directors:-</b>				
Fees	16,513	26,000	-	-
Salaries and other emoluments	2,163,544	3,234,875	687,244	727,246
Defined contribution plan ("EPF")	238,061	454,184	95,424	112,284
Employees' share option scheme expenses	22,475	12,889	22,475	12,889
Bonus and incentive	1,694,729	2,189,521	757,900	330,000
	4,135,322	5,917,469	1,563,043	1,182,419
Benefits-in-kind	50,525	48,125	19,800	34,800
	4,185,847	5,965,594	1,582,843	1,217,219
<b>Non-executive Directors:-</b>				
Fees	208,333	451,500	208,333	451,500
Salaries and other emoluments	8,500	12,500	8,500	12,500
Bonus and incentive	-	150,000	-	-
	216,833	614,000	216,833	464,000
	4,402,680	6,579,594	1,799,676	1,681,219
<b>Directors of the subsidiaries</b>				
Fees	15,987	30,671	-	-
Salaries and other emoluments	2,034,483	1,933,220	-	-
EPF	163,818	112,034	-	-
Employees' share option scheme expenses	1,960	29,296	-	-
Bonus and incentive	683,240	306,808	-	-
	2,899,488	2,412,029	-	-
Benefits-in-kind	23,892	32,800	-	-
	2,923,380	2,444,829	-	-
<b>Total Directors Remunerations</b>	<b>7,326,060</b>	<b>9,024,423</b>	<b>1,799,676</b>	<b>1,681,219</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 35. EMPLOYEE BENEFITS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Executive Directors' Remuneration (excluding benefits-in-kind) (Note 34)</b>	7,034,810	8,329,498	1,563,043	1,182,419
<b>Other Staff Costs</b>				
Wages, salaries and bonuses	33,379,925	39,198,413	432,334	322,084
EPF	2,308,176	3,001,654	32,488	38,640
Employees' share option scheme expenses	106,786	365,311	16,941	9,715
Other benefits	4,609,899	4,777,219	5,161	1,846
	40,404,786	47,342,597	486,924	372,285
<b>Total Staff Costs</b>	47,439,596	55,672,095	2,049,967	1,554,704

## 36. INCOME TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>(a) Components of tax expense</b>				
Current tax expense:-				
– Malaysian income tax	6,832,360	3,784,984	-	-
– Foreign income tax	130,137	1,091,485	-	-
Deferred tax (income)/expense relating to (reversal)/origination of temporary differences	722,047	(250,212)	-	-
Withholding tax	193,170	362,100	193,170	362,100
(Over)/Underprovision in prior years:-				
– current tax	(94,009)	198,363	-	9,546
– deferred tax	(52,924)	(119,620)	-	-
	7,730,781	5,067,100	193,170	371,646
Real property gains tax	39,000	-	-	-
	7,769,781	5,067,100	193,170	371,646
Represented by:-				
Income tax expense on:-				
– continuing operations	7,769,781	5,067,100	193,170	371,646
– discontinued operations (Note 37)	-	-	-	-
<b>Total income tax expense</b>	7,769,781	5,067,100	193,170	371,646

**36. INCOME TAX EXPENSE (CONT'D)**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>(b) Reconciliation of income tax expense</b>				
Profit after tax	22,647,123	12,918,393	6,050,433	1,536,775
Total income tax expense	7,769,781	5,067,100	193,170	371,646
Results from continuing and discontinued operations before income tax expense	30,416,904	17,985,493	6,243,603	1,908,421
Tax at statutory income tax rate of 24%	7,300,143	4,314,522	1,498,465	458,021
Tax effect of:-				
– different tax rates of foreign subsidiaries	(308,068)	(910,308)	-	-
– non-deductible expenses	1,245,306	1,824,151	386,535	411,979
– expenses available for double deduction	(56,000)	(108,000)	-	-
– non-taxable income	(1,359,975)	(2,506,400)	(1,933,000)	(870,000)
Deferred tax assets not recognised during the year	897,812	2,097,360	48,000	-
Utilisation of deferred tax assets previously not recognised	(34,674)	(85,068)	-	-
Withholding tax	193,170	362,100	193,170	362,100
Real property gains tax	39,000	-	-	-
(Over)/Underprovision in prior years:-				
– current tax	(94,009)	198,363	-	9,546
– deferred tax	(52,924)	(119,620)	-	-
	7,769,781	5,067,100	193,170	371,646

- (c) At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses of Malaysian entities:-				
– expires year of assessment 2026	4,107,000	4,107,000	400,000	400,000
– expires year of assessment 2027	1,935,000	1,935,000	200,000	-
– expires year of assessment 2028	2,428,000	2,428,000	-	-
– expires year of assessment 2029	2,293,000	-	-	-
Unutilised tax losses of foreign entities	3,638,000	3,616,815	-	-
Unabsorbed capital allowances	3,315,000	2,870,000	-	-
	17,716,000	14,956,815	600,000	400,000

For the Malaysia entities, the unused tax losses are allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

### 37. LOSS AFTER TAX FROM DISCONTINUED OPERATIONS

As disclosed in Note 6(f)(ii), the Group has disposed the subsidiary, Seremban Engineering Berhad which was completed on 3 September 2019.

An analysis of the results of the discontinued operations is as follows:-

	<b>Group 2020 RM</b>
Revenue	7,057,942
Cost of sales	(6,078,812)
Gross profit	979,130
Other income	125,577
	1,104,707
Administrative expenses	(1,066,930)
Other expenses	(40,990)
Finance costs	(356,692)
Results from operating activities	(359,905)
Income tax expense	-
Loss after tax from discontinued operations	(359,905)
The cash flows attributable to the discontinued operations are the following:-	
Net cash (for) operation activities	(4,251,095)
Net cash from financing activities	1,091,226
Net cash (for) discontinued operations	(3,159,869)

### 38. EARNINGS PER ORDINARY SHARE

#### (a) Basic Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2021 RM	Group 2020 RM
<b>Continuing Operations</b>		
Profit after tax attributable to owners of the Company	20,738,763	10,213,036
	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares in issue	228,313,645	233,151,874
Basic earnings per ordinary share (sen)	9.08	4.38
<b>Discontinued Operations</b>		
Loss after tax attributable to owners of the Company		(196,586)
		<b>Units</b>
Weighted average number of ordinary shares in issue (as above)		233,151,874
Basic loss per ordinary share (sen)		(0.08)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 38. EARNINGS PER ORDINARY SHARE (CONT'D)

## (b) Diluted Earnings Per Ordinary Share

	Group	
	2021 RM	2020 RM
<b>Continuing Operations</b>		
Profit after tax attributable to owners of the Company	20,738,763	10,213,036
	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares in issue for basic earnings per share	228,313,645	233,151,874
Shares deemed to be issued for no consideration:- Employees' share options in issue	963,259	1,802,918
Weighted average number of ordinary shares in issue for diluted earnings per share	229,276,904	234,954,792
Diluted earnings per ordinary share (sen)	9.05	4.35
<b>Discontinued Operations</b>		
Loss after tax attributable to owners of the Company		(196,586)
		<b>Units</b>
Weighted average number of ordinary shares in issue for basic earnings per share		233,151,874
Shares deemed to be issued for no consideration:- Employees' share options in issue		1,802,918
Weighted average number of ordinary shares in issue for diluted earnings per share		234,954,792
Diluted loss per ordinary share (sen)		(0.08)

### 39. ACQUISITION OF NON-CONTROLLING INTERESTS

- (a) On 1 October 2020, the Company acquired additional 5% equity interest in Omega Metal Industries Sdn. Bhd. ("OMI") from its non-controlling interest ("NCI") for a cash consideration of RM174,000; increasing its effective ownership from 95% to 100%. The carrying amount of OMI's net liabilities in the Group's financial statements on that date was equivalent to RM6,950,918. The Group recognised an increase in NCI of RM365,645; and a decrease in retained profit of RM539,646.
- (b) On 4 December 2020, the Company acquired additional 5% equity interest in Daichi Steel Sdn. Bhd. ("DS") from its NCI for a cash consideration of RM90,000; increasing its effective ownership from 95% to 100%. The carrying amount of DS's net assets in the Group's financial statements on that date was equivalent to RM614,171. The Group recognised a decrease in NCI of RM36,887; and a decrease in retained profit of RM53,112.
- (c) In the last financial year, on 31 July 2019, the company acquired an additional 46% equity interest in PT. Boxon Nikkon Jayaindo ("BNJ") for a cash consideration of RM387,777 from one of its 60% owned subsidiary Boxon Industries Hardware (M) Sdn. Bhd. ("BIHM"); increasing its effective ownership from 60% to 96%. The carrying amount of BNJ's net liabilities in the Group's financial statements on that date was equivalent to RM1,558,879. The Group recognised an increase in NCI of RM418,019; and a decrease in retained profit of RM384,300.

### 40. DISPOSAL OF SUBSIDIARY

On 3 September 2019, the Company disposed of its entire equity interests in Seremban Engineering Berhad for RM26,000,000 in cash.

The financial effects of the disposal at the date of disposal are summarised below:-

	Group 2020 RM	Company 2020 RM
Property, plant and equipment	32,489,476	-
Investment properties	16,163,197	-
Inventories	10,901,359	-
Investment in a subsidiary	-	25,770,396
Goodwill (Note 12)	6,921,238	-
Trade and other receivables	11,938,619	-
Contract assets	6,283,235	-
Tax recoverable	5,354	-
Deposits, cash and bank balances, net with bank overdraft	(1,319,871)	-
Trade and other payables	(21,026,847)	-
Borrowings	(35,909,721)	-
Current tax liabilities	(22,784)	-
Non-controlling interests	(6,743,325)	-
Carrying amount of net assets disposed of	19,679,930	25,770,396
Gain on disposal of subsidiary (Note 33)	6,090,472	6
Net disposal proceeds, satisfied in cash	25,770,402	25,770,402
Less: Deposit, cash and bank balances, net with bank overdraft of a subsidiary disposed of	1,319,871	-
Net cash inflow from the disposal of a subsidiary	27,090,273	25,770,402

There were no disposals of subsidiaries during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

#### 41. DIVIDENDS

	Group and Company	
	2021	2020
	RM	RM
<b>In respect of the financial year ended 30 June 2021</b>		
An interim single-tier dividend of 1.0 sen per ordinary share	2,279,703	-
<b>In respect of the financial year ended 30 June 2020</b>		
A special single-tier dividend of 3.5 sen per ordinary share	-	8,221,645
An interim single-tier dividend of 2.2 sen per ordinary share	-	5,167,890
	<u>2,279,703</u>	<u>13,389,535</u>

An interim tax-exempt single-tier dividend of RM0.018 per ordinary share amounting to RM4,121,191 in respect of the financial year ended 30 June 2022 was declared on 12 October 2021 and to be paid on 18 November 2021 to the shareholders whose names appeared in the Company's Record of Depositors on 28 October 2021.

#### 42. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	Group	
	2021	2020
	RM	RM
<b>Property, plant and equipment</b>		
Aggregate cost of property, plant and equipment acquired	8,186,164	5,222,314
Unpaid balance included in sundry payables (Note 29(b))	(669,715)	(937,810)
Cash paid in respect of acquisition in previous financial year	937,810	877,977
	<u>8,454,259</u>	<u>5,162,481</u>
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 11)	2,212,739	1,702,359
Less: Addition of new lease liabilities (Note 26)	(2,212,739)	(1,882,359)
	<u>-</u>	<u>(180,000)</u>

## 42. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term loans RM	Lease liabilities RM	Revolving credit RM	Total RM
<b>Group – 2021</b>				
At 1 July 2020	1,654,360	1,837,348	-	3,491,708
<b><u>Changes in Financing Cash Flows</u></b>				
Proceeds from drawdown	-	-	10,000,000	10,000,000
Repayment of principal	(345,749)	(2,471,924)	(10,000,000)	(12,817,673)
Repayment of interests	(33,767)	(118,216)	(21,517)	(173,500)
	(379,516)	(2,590,140)	(21,517)	(2,991,173)
<b><u>Non-cash Changes</u></b>				
Acquisition of new lease (Note 26)	-	2,212,739	-	2,212,739
Interest expense recognised in profit or loss (Note 31)	33,767	118,216	21,517	173,500
Reassessment/Modification of leases (Note 26)	-	20,381	-	20,381
Derecognition due to lease modification (Note 26)	-	(125,311)	-	(125,311)
	33,767	2,226,025	21,517	2,281,309
Exchange differences	9,188	72,424	-	81,612
	42,955	2,298,449	21,517	2,362,921
At 30 June 2021	1,317,799	1,545,657	-	2,863,456

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 42. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:- (Cont'd)

	Term loans RM	Trade bills RM	Hire purchase payables RM	Lease liabilities RM	Revolving credit RM	Total RM
<b>Group – 2020</b>						
At 1 July 2019	16,202,334	11,635,032	1,555,442	1,656,966	12,002,641	43,052,415
<b>Changes in Financing Cash Flows</b>						
Proceeds from drawdown	6,000,000	6,608,364	-	-	-	12,608,364
Repayment of principal	(7,157,595)	(8,176,496)	(117,643)	(1,696,357)	(992,204)	(18,140,295)
Repayment of interests	(194,958)	(125,531)	(17,043)	(125,350)	(125,867)	(588,749)
	(1,352,553)	(1,693,663)	(134,686)	(1,821,707)	(1,118,071)	(6,120,680)
<b>Non-cash Changes</b>						
Acquisition of new lease (Note 26)	-	-	-	1,882,359	-	1,882,359
Disposal of a subsidiary	(13,394,697)	(10,066,900)	(1,437,687)	-	(11,010,437)	(35,909,721)
Interest expense recognised in profit or loss (Note 31)	194,958	125,531	17,043	125,350	125,867	588,749
	(13,199,739)	(9,941,369)	(1,420,644)	2,007,709	(10,884,570)	(33,438,613)
Exchange differences	4,318	-	(112)	(5,620)	-	(1,414)
	(13,195,421)	(9,941,369)	(1,420,756)	2,002,089	(10,884,570)	(33,440,027)
At 30 June 2020	1,654,360	-	-	1,837,348	-	3,491,708

## 42. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2021 RM	2020 RM
Payment of short-term leases	1,686,394	1,379,846
Interest paid on lease liabilities	118,216	125,350
Payment on lease liabilities	2,471,924	1,696,357
	4,276,534	3,201,553

(d) The cash and cash equivalents comprise the following:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	24,385,564	30,360,923	986,605	517,143
Deposits with licensed banks (Note 22)	1,166,956	166,650	-	-
	25,552,520	30,527,573	986,605	517,143
Add: Cash and cash equivalents included in short-term investment (Note 21)	90,217,028	54,197,882	-	-
Less: Deposits pledged to licensed banks	(16,956)	(166,650)	-	-
	115,752,592	84,558,805	986,605	517,143

## 43. RELATED PARTY DISCLOSURES

### (a) Identities of Related Parties

Parties are considered to be related to the Group or the Company if the Group or 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 43. RELATED PARTY DISCLOSURES (CONT'D)

## (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Subsidiaries</b>				
- Management fee income	-	-	(2,171,189)	(1,660,091)
- Dividend income	-	-	(7,328,400)	(3,625,320)
- Interest income	-	-	-	(110,219)
- Impairment loss of investment in subsidiary	-	-	1,307,493	562,306
- Reversal of impairment loss of investment in subsidiary	-	-	-	(27,423)
- Reversal of impairment loss of amount due from subsidiary	-	-	(725,526)	-
<b>Associates</b>				
- Sale of goods	(1,194,913)	(911,073)	-	-
- Purchase of goods	135,920	90,458	-	-
<b>Other directors' interest</b>				
- Sale of goods	(13,262)	(103,896)	-	-
- Purchase of goods	6,338,487	2,859,011	-	-
- Rental of factory	1,352,021	1,054,244	-	-
- Imputed interest on long term trade receivables	(41,435)	(47,478)	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

### 43. RELATED PARTY DISCLOSURES (CONT'D)

#### (c) Compensation of Key Management Personnel

Key management personnel (include the Group and the Company's executive and non-executive directors) are defined as those persons having authority and responsibility for planning directly and controlling the activities of the Company whether directly or indirectly.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	8,103,324	9,599,930	1,661,977	1,521,246
EPF	510,183	680,132	95,424	112,284
Employees' share option scheme expenses	25,990	63,303	22,475	12,889
	8,639,497	10,343,365	1,779,876	1,646,419
Included in the total key management personnel compensation are:-				
– Directors of the Group and of the Company (Note 34)	7,251,643	8,943,498	1,779,876	1,646,419
– Other key management personnel:-				
Short-term employee benefits	1,277,995	1,264,835	-	-
EPF	108,304	113,914	-	-
Employees' share option scheme expenses	1,555	21,118	-	-
	1,387,854	1,399,867	-	-
	8,639,497	10,343,365	1,779,876	1,646,419

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 44. OPERATING SEGMENTS

- (a) The Group operates predominantly within the business of design, manufacturing and distribution of electrical apparatus and industrial lighting. Accordingly, the information by business segments is not presented.

## (b) Geographical Information

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Total Assets	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia	131,219,338	117,271,449	311,504,417	293,079,034
People's Republic of China	33,017,944	40,967,119	60,687,945	51,788,810
Other countries	72,825,549	71,792,730	24,818,973	28,739,559
Consolidated	237,062,831	230,031,298	397,011,335	373,607,403

The information on the disaggregation of revenue based on geographical region is summarised below:-

2021	At A Point in Time RM	Over Time RM	Group RM
Malaysia	131,219,338	-	131,219,338
People's Republic of China	33,017,944	-	33,017,944
Other countries	72,825,549	-	72,825,549
Consolidated	237,062,831	-	237,062,831

2020	At A Point in Time RM	Over Time RM	Group RM
Malaysia	111,651,649	5,619,800	117,271,449
People's Republic of China	40,967,119	-	40,967,119
Other countries	71,792,730	-	71,792,730
Consolidated	224,411,498	5,619,800	230,031,298

## (c) Major Customers

The following is a major customer with revenue equal to or more than 10% of the Group's total revenue:-

	Group	
	2021 RM	2020 RM
Customer 1	24,481,028	*

\* Not being a major customer by definition herein for the financial year

## 45. CAPITAL COMMITMENT

	Group 2021 RM	2020 RM
Purchase of property, plant and equipment	2,908,000	-
Purchase of investment properties	2,282,000	-
	5,190,000	-

## 46. FINANCIAL INSTRUMENTS

The Group's activities are exposed to variety of market risks (including foreign currency risk, interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 46.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. At the end of the reporting period, the Group does not have any derivative financial instruments used to hedge foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instrument at the end of the reporting period is summarised below:-

##### *Foreign Currency Exposure*

Group	USD RM	SGD RM	RMB RM	Others RM	RM RM	Total RM
<b>At 30 June 2021</b>						
<b><u>Financial Assets</u></b>						
Trade receivables	6,501,378	5,394,845	12,374,475	1,851,134	36,378,758	62,500,590
Other receivables	-	73,491	1,117,410	71,846	750,250	2,012,997
Amount due from associates	-	-	902,010	-	-	902,010
Amount due from related parties	-	-	21,425	-	2,551,140	2,572,565
Cash and bank balances	3,218,057	3,793,189	7,710,544	1,976,137	7,687,637	24,385,564
	9,719,435	9,261,525	22,125,864	3,899,117	47,367,785	92,373,726
<b><u>Financial Liabilities</u></b>						
Lease liabilities	-	(450,487)	(925,985)	-	(169,185)	(1,545,657)
Loans and borrowings	-	(1,317,799)	-	-	-	(1,317,799)
Trade payables	(2,644,416)	(375,227)	(13,910,950)	(244,062)	(3,739,231)	(20,913,886)
Other payables and accruals	(60,201)	(242,592)	(3,410,711)	(250,675)	(6,899,627)	(10,863,806)
Amount due to related parties	-	-	(542,952)	-	(158,670)	(701,622)
	(2,704,617)	(2,386,105)	(18,790,598)	(494,737)	(10,966,713)	(35,342,770)
Net financial assets	7,014,818	6,875,420	3,335,266	3,404,380	36,401,072	57,030,956
Less : Net financial (assets) denominated in the respective entities' functional currency	-	(4,694,856)	(3,335,266)	(2,245,001)	(36,401,072)	(46,676,195)
Currency exposure	7,014,818	2,180,564	-	1,159,379	-	10,354,761

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instrument at the end of the reporting period is summarised below:- (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

Group	USD RM	SGD RM	RMB RM	Others RM	RM RM	Total RM
<b>At 30 June 2020</b>						
<b><u>Financial Assets</u></b>						
Trade receivables	9,060,490	5,898,105	10,666,223	2,834,667	26,544,878	55,004,363
Other receivables	-	134,772	1,766,134	73,339	389,622	2,363,867
Amount due from associates	-	-	1,066,849	-	-	1,066,849
Amount due from related parties	-	-	50,426	-	2,693,123	2,743,549
Cash and bank balances	7,900,103	7,473,272	6,837,563	3,328,745	4,821,240	30,360,923
	16,960,593	13,506,149	20,387,195	6,236,751	34,448,863	91,539,551
<b><u>Financial Liabilities</u></b>						
Lease liabilities	-	(177,591)	(768,805)	(271,063)	(619,889)	(1,837,348)
Loans and borrowings	-	(1,654,360)	-	-	-	(1,654,360)
Trade payables	(2,258,301)	(814,312)	(11,082,268)	(515,064)	(3,395,120)	(18,065,065)
Other payables and accruals	(400,806)	(303,637)	(2,961,891)	(499,352)	(7,063,609)	(11,229,295)
Amount due to related parties	-	-	(754,602)	-	(155,833)	(910,435)
	(2,659,107)	(2,949,900)	(15,567,566)	(1,285,479)	(11,234,451)	(33,696,503)
Net financial assets	14,301,486	10,556,249	4,819,629	4,951,272	23,214,412	57,843,048
Less : Net financial (assets) denominated in the respective entities' functional currency	-	(4,259,842)	(4,819,629)	(3,531,332)	(23,214,412)	(35,825,215)
Currency exposure	14,301,486	6,296,407	-	1,419,940	-	22,017,833

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

###### *Foreign Currency Exposure (Cont'd)*

Company	RMB RM	RM RM	Total RM
<b>At 30 June 2021</b>			
<b><u>Financial Assets</u></b>			
Cash and bank balances	642,681	343,924	986,605
Net financial assets	642,681	343,924	986,605
Less: Net financial (assets) denominated in the Company's functional currency	-	(343,924)	(343,924)
Currency exposure	642,681	-	642,681

In the last financial year, the Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk at the end of the previous reporting period.

###### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Effects on profit after tax</b>				
USD / RM				
– strengthened by 5%	266,563	543,456	-	NA
– weakened by 5%	(266,563)	(543,456)	-	NA
SGD / RM				
– strengthened by 5%	82,861	239,263	-	NA
– weakened by 5%	(82,861)	(239,263)	-	NA

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed below:-

	Group	
	2021 RM	2020 RM
<b>Floating rate instruments</b>		
Financial liabilities	1,317,799	1,654,360

##### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	Group	
	2021 RM	2020 RM
<b>Effects on profit after tax</b>		
Increase of 50 basic points	(5,703)	(6,179)
Decrease of 50 basic points	5,703	6,179

##### (iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

#### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by one (1) (2020: NIL) trade receivable, the balance of each is equal to or more than 10% of the total balances constituting approximately 10.21% (2020: NIL) of the Group's trade receivables (including associates and related parties) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including associates and related parties) at the end of the reporting period is as follows:-

	Group	
	2021 RM	2020 RM
<b>By country:-</b>		
Malaysia	39,512,200	29,854,944
People's Republic of China	12,767,140	10,997,622
Singapore	5,268,419	5,380,239
Other countries	8,427,406	12,581,956
	65,975,165	58,814,761

#### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### *Trade Receivables and Contract Assets*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any receivables having financial difficulty or with significant balances outstanding for more than 210 days past due, are deemed credit impaired.

During the current financial year, the Group has changed its risk management practices in response to the Covid-19 pandemic. The expected loss rates are based on the payment profiles of sales over a period of 24 months (2020: 12 months) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Trade Receivables and Contract Assets (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables (including associates and related parties) and contract assets are summarised below:-

Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
<b>2021</b>			
Current (not past due)	49,067,378	-	49,067,378
1 to 30 days past due	9,630,682	-	9,630,682
31 to 60 days past due	4,518,460	-	4,518,460
61 to 90 days past due	934,220	-	934,220
More than 91 days past due	1,710,438	-	1,710,438
Credit impaired	3,389,347	(3,275,360)	113,987
Trade receivables	69,250,525	(3,275,360)	65,975,165
Contract assets	560,961	-	560,961
	69,811,486	(3,275,360)	66,536,126
<b>2020</b>			
Current (not past due)	39,557,012	-	39,557,012
1 to 30 days past due	7,596,980	-	7,596,980
31 to 60 days past due	4,093,889	-	4,093,889
61 to 90 days past due	3,269,235	-	3,269,235
More than 91 days past due	3,505,625	-	3,505,625
Credit impaired	4,057,975	(3,265,955)	792,020
Trade receivables	62,080,716	(3,265,955)	58,814,761
Contract assets	1,084,064	-	1,084,064
	63,164,780	(3,265,955)	59,898,825

The movements in the loss allowances in respect of all trade receivables and contract assets are disclosed in Notes 14, 17, 19 and 20 to the financial statements respectively.

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

###### *Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for other receivables. No expected credit loss is recognised on these balances as it is negligible.

###### *Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

###### *Amount Due from Subsidiaries (Trade and Non-Trade Balances)*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers amount due from subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the amount due from subsidiaries when they are payable, the Company considers the balances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's balances to be credit impaired when the subsidiary is unlikely to repay its balances in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these balances individually using internal information available.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)**

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

*Amount Due from Subsidiaries (Trade and Non-Trade Balances)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount due from subsidiaries are summarised as below:-

Company	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>2021</b>				
<b>Trade balance</b>				
Low credit risk	1,585,792	-	-	1,585,792
<b>Non-trade balances</b>				
Low credit risk	9,715,500	-	-	9,715,500
Significant increase in credit risk	94,528	-	-	94,528
	9,810,028	-	-	9,810,028
	11,395,820	-	-	11,395,820
<b>2020</b>				
<b>Trade balance</b>				
Low credit risk	500,198	-	-	500,198
<b>Non-trade balances</b>				
Low credit risk	23,756,825	-	(725,526)	23,031,299
Significant increase in credit risk	81,512	-	-	81,512
	23,838,337	-	(725,526)	23,112,811
	24,338,535	-	(725,526)	23,613,009

The movements in the loss allowance are disclosed in Note 13 to the financial statements.

#### *Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.1 Financial Risk Management Policies (Cont'd)

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

#### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1Year RM	1-5 Years RM
<b>2021</b>					
<b><u>Non-derivative</u></b>					
<b><u>Financial Liabilities</u></b>					
Trade payables	-	20,913,886	20,913,886	20,913,886	-
Other payables and accruals	-	10,863,806	10,863,806	10,863,806	-
Amount due to related parties	-	701,622	701,622	701,622	-
Lease liabilities	4.4 - 5.6	1,545,657	1,616,605	1,258,635	357,970
Loans and borrowings	2.3	1,317,799	1,370,131	381,034	989,097
		35,342,770	35,466,050	34,118,983	1,347,067
<b>2020</b>					
<b><u>Non-derivative</u></b>					
<b><u>Financial Liabilities</u></b>					
Trade payables	-	18,065,065	18,065,065	18,065,065	-
Other payables and accruals	-	11,229,295	11,229,295	11,229,295	-
Amount due to related parties	-	910,435	910,435	910,435	-
Lease liabilities	4.4 - 5.3	1,837,348	1,891,970	1,647,421	244,549
Loans and borrowings	4.1	1,654,360	1,743,139	378,615	1,364,524
		33,696,503	33,839,904	32,230,831	1,609,073

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

## 46. FINANCIAL INSTRUMENTS (CONT'D)

## 46.1 Financial Risk Management Policies (Cont'd)

## (c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>2021</b>			
<b><u>Non-derivative Financial Liabilities</u></b>			
Other payables and accruals	139,335	139,335	139,335
Amount due to subsidiaries	2,760,345	2,760,345	2,760,345
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	1,318,000	1,318,000
	<b>2,899,680</b>	<b>4,217,680</b>	<b>4,217,680</b>
<b>2020</b>			
<b><u>Non-derivative Financial Liabilities</u></b>			
Other payables and accruals	245,250	245,250	245,250
Amount due to subsidiaries	8,038,895	8,038,895	8,038,895
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	1,654,000	1,654,000
	<b>8,284,145</b>	<b>9,938,145</b>	<b>9,938,145</b>

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

## 46.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

## 46. FINANCIAL INSTRUMENTS (CONT'D)

### 46.3 Classification of Financial Instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	90,217,028	54,197,882	-	-
<u>Amortised Cost</u>				
Trade receivables	62,500,590	55,004,363	-	-
Other receivables	2,012,997	2,363,867	-	-
Amount due from subsidiaries	-	-	11,395,820	23,613,009
Amount due from associates	902,010	1,066,849	-	-
Amount due from related parties	2,572,565	2,743,549	-	-
Dividend receivables	-	-	1,092,760	1,452,721
Deposits with licensed banks	1,166,956	166,650	-	-
Cash and bank balances	24,385,564	30,360,923	986,605	517,143
	93,540,682	91,706,201	13,475,185	25,582,873
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Lease liabilities	1,545,657	1,837,348	-	-
Loans and borrowings	1,317,799	1,654,360	-	-
Trade payables	20,913,886	18,065,065	-	-
Other payables and accruals	10,863,806	11,229,295	139,335	245,250
Amount due to subsidiaries	-	-	2,760,345	8,038,895
Amount due to related parties	701,622	910,435	-	-
	35,342,770	33,696,503	2,899,680	8,284,145

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

**46. FINANCIAL INSTRUMENTS (CONT'D)**

**46.4 Gains or Losses Arising from Financial Instruments**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	1,362,072	1,159,688	-	-
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(420,951)	(2,209,694)	718,189	298,915
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(605,287)	(743,348)	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

### 46. FINANCIAL INSTRUMENTS (CONT'D)

#### 46.5 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximate their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand term.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2021</b>								
<u>Financial Assets</u>								
Short-term investments	-	90,395,686	-	-	-	-	90,395,686	90,217,028
Amount due from a related party	-	-	-	-	-	2,551,140	2,551,140	2,551,140
<u>Financial Liability</u>								
Term Loans	-	-	-	-	1,317,799	-	1,317,799	1,317,799
<b>2020</b>								
<u>Financial Assets</u>								
Short-term investments	-	54,197,882	-	-	-	-	54,197,882	54,197,882
Amount due from a related party	-	-	-	-	-	2,693,123	2,693,123	2,693,123
<u>Financial Liability</u>								
Term Loans	-	-	-	-	1,654,360	-	1,654,360	1,654,360

#### The Company

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)****46. FINANCIAL INSTRUMENTS (CONT'D)****46.5 Fair Value Information (Cont'd)****(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair values above have been determined using the following basis:-

The fair values of short-term investments (money market fund) are determined by reference to statements provided by the respective financial institution, with which the investments were entered into.

- (ii) There were no transfer between level 1 and level 2 during the financial year.

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loans that carrying floating interest rates approximate their carrying amount as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of amount due from a related party (non-current) is calculated based on the present value of the projected repayment instalments using discount rates equal to the current market interest rates.

**47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 30 September 2020, the Company subscribed an additional 10,800,000 ordinary share in SES Property Sdn. Bhd. ("SESP") at an issue price of RM1 each in the capital of SESP for cash by way of offsetting amount due from SESP of RM10,800,000.
- (b) On 1 October 2020, the Company acquired additional 5% equity interest in Omega Metal Industries Sdn. Bhd. ("OMI") from its non-controlling interest for a cash consideration of RM174,000. Following, the completion of the acquisition, OMI becomes a wholly-owned subsidiary of the Company.
- (c) On 2 November 2020, the Company's dormant indirect subsidiary, Boxon Industries Hardware (JB) Sdn. Bhd. was being strike off.
- (d) On 4 December 2020, the Company acquired additional 5% equity interest in Daichi Steel Sdn. Bhd. ("DS") from its non-controlling interest for a cash consideration of RM90,000. Following the completion of the acquisition, DS became a wholly-owned subsidiary of the Company.
- (e) On 18 December 2020, Boxon Industries Hardware (M) Sdn. Bhd., a 60% owned subsidiary of the Company, entered into a Sales and Purchase Agreement to dispose its entire freehold land and factory building for a total cash consideration of RM1,000,000. The disposal was completed during the financial year.
- (f) On 5 May 2021, Success Electronics & Transformer Manufacturer Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into Sales and Purchase Agreement to acquire 8 units of new commercial premises located at Pekan Baru, Sungai Buloh for a total cash consideration of RM11,157,600. Progress claims of RM3.3 million and RM2.6 million had been included in property, plant and equipment (Note 8) and investment properties (Note 10) respectively.
- (g) During the financial year, the issued and paid-up share capital of the Company has been increased by RM1,131,402 pursuant to the issuance of 1,533,700 new ordinary shares from the exercise of options under the Company's ESOS.

#### 47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (h) During the financial year, the Malaysian Government implemented various types and phases of movement control order throughout the country where restrictions were either relaxed and/or tightened for certain states, districts and/or location based on the number of daily and active Covid-19 cases in the respective areas. Following the further imposition of full movement control order ("FMCO") since 1 June 2021, all economic sectors are not allowed to operate except the essential services and economic sectors identified by the National Security Council. During the FMCO period, the Group was able to continue its operations with 60% capacity as the electrical and electronic industry is considered an essential services and economic sector.

Overall, the Covid-19 global pandemic has not resulted in any material impairment to the Group's assets (including inventories and receivables) as of 30 June 2021 or affected the Group's ability to continue its business as a going concern. The Covid-19 global pandemic did not have any material impact on the Group's operations and financial performance for the financial year ended 30 June 2021.

#### 48. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 8 September 2021, the Company subscribed 60 ordinary shares in a newly incorporated company, namely Kare For U Sdn. Bhd. ("KARE"), representing 60% equity interest in KARE for a total cash consideration of RM60. As a result, KARE became a 60% owned subsidiary of the Company.

- (b) Since the end of the reporting period, the FMCO continues through various phases.

The Group will continuously monitor the development of Covid-19 pandemic, and the disruption to its business activities caused by the prolonged effect of such pandemic and/or any subsequent MCO or similar measure imposed by Malaysia Government and evaluate their impact on the financial position, cash flows and operating results of the Group.

- (c) Since the end of the current financial year up to the date of this report, the issued and paid-up share capital of the Company has been increased by RM31,187 pursuant to the issuance of 41,900 new ordinary shares from the exercise of options under the Company's ESOS.

The summary of the information on the landed properties of the STC Group is as follows:

Location/ Postal Address	Description/ Existing use	Land Area/ Built Up Area	Tenure (years)	Age of Buildings (years)	Carrying Amount as at 30.06.2021 RM	Date of Revaluation/ Acquisition
1. Title no. Geran 205577 Lot 19042, Seksyen 20, Bandar Rawang  <i>Address</i> Lot. 102, Jalan Industri ¼, Taman Industri Integrasi Rawang, 48000 Rawang, Selangor Darul Ehsan.	Industrial premises comprising a 1-storey factory/ warehouse/ office building annexed with a guardhouse	24,490 square meters / 16,444 square meters	Freehold	23	9,421,027 (Land)  8,652,970 (Building)	7 September 2011
2. Title No. PM 1272 (Formerly HSM 7615), Lot No. 30890 (Formerly Lot P.T. No. 20047), Locality of Bt 16 Jalan Subang, Mukim of Sungai Buloh, District of Petaling, State of Selangor  <i>Address</i> No. 7, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.	Industrial premises comprising a 4-storey detached factory/ warehouse/ office building with one basement level and a guardhouse	4,213 square metres / 11,051 square metres	Leasehold interest for 99 years expiring on 24 March 2091, leaving an unexpired term of about 70 years	19	1,078,448 (Land)  7,448,558 (Building)	31 December 2009
3. Title no. HSD 283454 PT 689, HSD 283453 PT 690 and HSD 283455 PT691, Pekan Subang, Daerah Petaling Negeri Selangor.	Leasehold Industrial land	4,045 square meters / 4,046 square meters / 2,697 square meters	Leasehold interest for 99 years expiring on 18 July 2111, leaving an unexpired term of about 90 years	N/A	8,528,467 (Land)	25 March 2013
4. Title No. GRN 19765, Lot 821, Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan.	Agriculture Land	83,972 square meters	Freehold	N/A	6,294,399 (Land)	16 February 2015

Location/ Postal Address	Description/ Existing use	Land Area/ Built Up Area	Tenure (years)	Age of Buildings (years)	Carrying Amount as at 30.06.2021 RM	Date of Revaluation/ Acquisition
5. Title No. PM 1304 (Formerly HSM 7554) Lot 30614 (Formerly Lot P.T. No. 19971), Locality of Bt 16 Jalan Subang, Mukim of Sungai Buloh, District of Petaling, State of Selangor  <i>Address</i> No. 9, Jalan TSB 9, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.	Industrial premises comprising two 1 ½ storey factory/ warehouse/ office annexed with a guardhouse	4,435 square metres / 2,376 square metres	Leasehold interest for 99 years expiring on 24 March 2091, leaving an unexpired term of about 70 years	22	3,741,061 (Land)  2,424,445 (Building)	20 September 2010
6. No. PT 2086, Jalan Batu Arang, Bandar Kundang, Daerah Gombak, State of Selangor.	Agriculture Land	44,300 square meters	Leasehold interest for 99 years expiring on 3 November 2108, leaving an unexpired term of about 87 years	N/A	5,800,897 (Land)	21 February 2012
7. Title No. GM5407 Lot 1578 Mukim Ulu Yam, Title No. GM5687 Lot 1475 Mukim Ulu Yam, Title No. GM6309 Lot 1476 Mukim Ulu Yam, and Title No. GM6226 Lot 1474 Mukim Ulu Yam.	Industrial land	12,773, 15,555, 13,279 and 16,946 square metres	Freehold	N/A	5,340,513 (Land)	21 February 2011

Location/ Postal Address	Description/ Existing use	Land Area/ Built Up Area	Tenure (years)	Age of Buildings (years)	Carrying Amount as at 30.06.2021 RM	Date of Revaluation/ Acquisition
8. Title No. PM 1414 (Formerly HSM 7617), Lot No. 30892 (Formerly Lot P.T. No. 20049), Locality of Bt 16 Jalan Subang, Mukim of Sungai Buloh, District of Petaling, State of Selangor	Industrial premises comprising a single- storey factory with an integral 2-storey office and a 2-storey office annexed with a guardhouse	4,214 square metres / 4,054.76 square metres	Leasehold interest for 99 years expiring on 24 March 2091, leaving an unexpired term of about 70 years	25	1,477,553 (Land) 2,702,049 (Building)	31 December 2009
<i>Address</i> No. 3, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.						
9. Title No. PM 1413 (Formerly HSM 7616), Lot No. 30891 (Formerly Lot P.T. No. 20048), Locality of Bt 16 Jalan Subang, Mukim of Sungai Buloh, District of Petaling, State of Selangor	Industrial premises comprising a double- storey detached factory with a 3-storey office annexed together with a guardhouse	4,213 square metres / 3,587.83 square metres	Leasehold interest for 99 years expiring on 24 March 2091, leaving an unexpired term of about 70 years	25	1,182,680 (Land) 2,592,045 (Building)	31 December 2009
<i>Address</i> No. 5, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.						
10. Subsidiary Strata Certificate of Title (SSCT), Volume 1064 Folio 156, Lot No: MK23-U22556A	A 3rd Storey ramp-up factory unit within Eunos Technolink	259 square metres	Leasehold interest for 60 years expiring on 8 July 2056, leaving an unexpired term of about 35 years	9	3,005,415 (Building)	8 April 2013
<i>Address</i> No. 3, Kaki Bukit Road 1, #03-05 Eunos Technolink Singapore 415935.						

The above list of properties only disclosed the top 10 properties in terms of highest net book value as at the end of FYE 30 June 2021.

## SHARE CAPITAL

Total number of issued shares (inclusive of treasury shares) : 251,318,700  
 Class of shares : Ordinary shares  
 Voting Rights : One vote per ordinary share

### A) DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	# No. of Shares	% of Shareholdings
Less than 100	207	5.61	7,816	-
100 to 1,000	517	13.98	213,752	0.09
1,001 to 10,000	1,723	46.59	9,491,652	4.15
10,001 to 100,000	1,074	29.04	33,358,120	14.58
100,001 to less than 5% of issued shares	175	4.73	68,928,058	30.12
5% and above of issued shares	2	0.05	116,847,948	51.06
<b>TOTAL</b>	<b>3,698</b>	<b>100.00</b>	<b>228,847,346</b>	<b>100.00</b>

# Excluding 22,471,354 shares bought back and retained by the Company as treasury shares

### B) LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest		Indirect/Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Omega Attraction Sdn. Bhd. ("OASB")	105,378,148	46.05	-	-
2.	Tan Ah Bah @ Tan Ah Ping	209,300	0.09	105,742,428 <sup>(1)</sup>	46.21
3.	Pan Kim Foon	209,300	0.09	105,742,428 <sup>(2)</sup>	46.21
4.	Tan Chung Ling	154,980	0.07	105,796,748 <sup>(3)</sup>	46.23
5.	Tan Chung Chiah	-	-	105,796,748 <sup>(3)</sup>	46.23
6.	Tan Chung Chay	-	-	105,796,748 <sup>(3)</sup>	46.23
7.	FMR LLC	-	-	17,580,400 <sup>(4)</sup>	7.68
8.	Abigail P. Johnson	-	-	17,580,400 <sup>(5)</sup>	7.68
9.	483A Bay Street Holdings Management Limited	-	-	16,121,600 <sup>(4)</sup>	7.04
10.	483A Bay Street Holdings Management LLC	-	-	16,121,600 <sup>(4)</sup>	7.04
11.	FIL Limited	-	-	16,121,600 <sup>(4)</sup>	7.04
12.	Bluejay Lux 1 S.À R.L.	-	-	16,121,600 <sup>(4)</sup>	7.04
13.	Fidelity Management & Research Company LLC	-	-	16,121,600 <sup>(6)</sup>	7.04
14.	Fidelity Investments Canada ULC	-	-	16,121,600 <sup>(7)</sup>	7.04
15.	Pandanus Associates Inc.	-	-	16,121,600 <sup>(8)</sup>	7.04

#### Notes:

- <sup>(1)</sup> Deemed interest by virtue of his wife, Pan Kim Foon's and his direct interests in OASB, as well as his wife and his daughter, Tan Chung Ling's direct interests in the Company.
- <sup>(2)</sup> Deemed interest by virtue of her husband, Tan Ah Bah @ Tan Ah Ping's and her direct interests in OASB as well as her husband and her daughter, Tan Chung Ling's direct interests in the Company.
- <sup>(3)</sup> Deemed interest by virtue of her parents, Tan Ah Bah @ Tan Ah Ping's and Pan Kim Foon's direct interests in OASB, and her parents' direct interests in the Company.
- <sup>(4)</sup> Deemed interest via one or more funds managed/established by one or more of its subsidiaries.
- <sup>(5)</sup> Deemed interest in FMR LLC pursuant to Section 8(4) of the Companies Act 2016.
- <sup>(6)</sup> Deemed interest via one or more funds managed by Fidelity Management & Research Company LLC or one or more of its subsidiaries.
- <sup>(7)</sup> Deemed interest via one or more funds established by Fidelity Investments Canada ULC.
- <sup>(8)</sup> Deemed interest via one or more funds established by one or more of the subsidiaries of FIL Limited, by virtue of its shareholding in FIL Limited.

### C) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Ah Bah @ Tan Ah Ping	209,300	0.09	105,742,428 <sup>(1)</sup>	46.21
2.	Tan Chung Ling	154,980	0.07	105,796,748 <sup>(2)</sup>	46.23
3.	Dato' Tan Wei Neng	90,200	0.04	69,100 <sup>(3)</sup>	0.03
4.	Dato' Yeoh Kim Wah	1,292,100	0.56	-	-
5.	Tan Chung Chay	-	-	105,796,748 <sup>(2)</sup>	46.23
6.	Chan Foong Ping	-	-	-	-
7.	Datuk Ir. Kamarudin Bin Md Derom	-	-	-	-

**Notes:**

- <sup>(1)</sup> Deemed interest by virtue of his wife, Pan Kim Foon's and his direct interests in OASB, as well as his wife and his daughter, Tan Chung Ling's direct interests in the Company.
- <sup>(2)</sup> Deemed interest by virtue of her parents, Tan Ah Bah @ Tan Ah Ping's and Pan Kim Foon's direct interests in OASB, and her parents' direct interests in the Company.
- <sup>(3)</sup> Deemed interest by virtue of his wife, Datin Chew Yoke Ying's direct interest in the Company.

### D) LIST OF TOP 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
			of Issued Share Capital
1.	Omega Attraction Sdn. Bhd.	105,378,148	46.047
2.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund F9EX for Fidelity Northstar Fund	11,469,800	5.011
3.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund F9LJ for Fidelity Global Intrinsic Value Investment Trust	4,151,800	1.814
4.	Maybank Securities Nominees (Tempatan) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Chew Toh Ly	2,755,900	1.204
5.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Hee Long (Kuchai L-CL)	2,720,100	1.188
6.	Ding Huong Kai	2,650,000	1.157
7.	Margarte Yuen	2,564,600	1.120
8.	Goh Thong Beng	2,000,000	0.873
9.	Maybank Nominees (Tempatan) Sdn Bhd Mtrustee Berhad for Phillip Pearl Fund (UT-PM-PPF) (419471)	1,718,500	0.750
10.	Tan Lee Hwa	1,523,000	0.665

## D) LIST OF TOP 30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
11.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Fidelity Global Value Advance Equity Mother Fund (Nomura TB)</i>	1,458,800	0.637
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>The Bank of New York Mellon for Ensign Peak Advisors Inc.</i>	1,200,900	0.524
13.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Yee Hui</i>	1,200,000	0.524
14.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt an for DBS Bank Ltd (SFS)</i>	1,114,100	0.486
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Loong Ding Tong (MY3120)</i>	1,059,300	0.462
16.	Yeoh Kim Wah	1,042,400	0.455
17.	HLIB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank Bhd for Chia Siew Ling</i>	1,000,000	0.436
18.	Lam Sang	855,500	0.373
19.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah</i>	850,000	0.371
20.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Ren Jie (MY1201)</i>	820,000	0.358
21.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Choon Hee (E-TCS)</i>	800,000	0.349
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mak Tian Meng (MY3136)</i>	799,500	0.349
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kwee Sow Fun (MY2268)</i>	777,000	0.339
24.	Susy Ding	730,000	0.318
25.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund</i>	724,000	0.316
26.	Tham Kin Foong (John)	708,900	0.309
27.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt an for Phillip Capital Management Sdn Bhd</i>	653,700	0.285
28.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mak Tian Meng</i>	581,800	0.254
29.	Mak Tian Meng	562,800	0.245
30.	Poh Chuan Swee	510,000	0.222
	<b>Total</b>	<b>154,380,548</b>	<b>67.460</b>

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting (“**AGM**”) of the Company will be conducted in a fully virtual basis through live streaming from the Broadcast Venue at the Conference Room, No. 5, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan on Tuesday, 7 December 2021 at 11:00 a.m. using the remote participation and voting facilities for the following purposes:-

**AS ORDINARY BUSINESS:**

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To approve the payment of Directors’ fees amounting to RM260,000/- for the financial year ending 30 June 2022 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 1)**
3. To approve an amount up to RM15,000/- as benefits payable to Non-Executive Directors of the Company for the period from 8 December 2021 to the Eighteenth AGM of the Company in year 2022 pursuant to Section 230(1)(b) of the Companies Act 2016. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who are retiring in accordance with Clause 90 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - i) Ms. Tan Chung Ling; and **(Ordinary Resolution 3)**
  - ii) Dato’ Tan Wei Neng. **(Ordinary Resolution 4)**
5. To re-elect Datuk Ir. Kamarudin Bin Md Derom, a Director who is retiring in accordance with Clause 98 of the Company’s Constitution and being eligible, has offered himself for re-election. **(Ordinary Resolution 5)**
6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

**AS SPECIAL BUSINESS**

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

7. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** **(Ordinary Resolution 7)**

“**THAT** subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time, at such price, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company;

**AND THAT** the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities; **AND** be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate.”

8. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Ordinary Resolution 8)**

**"THAT**, subject always to the Companies Act 2016 (**"The Act"**), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (**"STC Group"**) to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of STC Group (**"Related Parties"**) as described in the Circular/Statement to Shareholders dated 29 October 2021 (**"Recurrent RPTs"**) provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment to the minority shareholders of the Company,

(**"RRPT Mandate"**).

**AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by shareholders in a general meeting;

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

9. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Ordinary Resolution 9)**

**"THAT**, subject always to the Companies Act 2016 (**"The Act"**), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (**"STC Group"**) to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of STC Group (**"Related Parties"**) as described in the Circular/Statement to Shareholders dated 29 October 2021 (**"Recurrent RPTs"**) provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment to the minority shareholders of the Company,

(**"New RRPT Mandate"**).

**AND THAT** such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by shareholders in a general meeting;

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the New RRPT Mandate."

## 10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

(Ordinary Resolution 10)

**“THAT**, subject always to the Companies Act 2016 (**“the Act”**), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Bursa Malaysia Securities”**) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities, upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase(s); and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares so purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Malaysia Securities and any other relevant authority for the time being in force.

**AND THAT** such authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time the authority will 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 after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

**AND FURTHER THAT** the Directors of the Company be authorised to do all acts, deeds and things and to take all such steps as they may deem fit, appropriate, expedient or necessary in the best interest of the Company to give full effect to the proposed renewal of share buy-back authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the interest of the Company.”

11. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO ALLOT AND ISSUE (Ordinary Resolution 11) NEW ORDINARY SHARES IN THE COMPANY ("STC SHARES"), FOR THE PURPOSE OF THE DIVIDEND REINVESTMENT SCHEME ("DRS") THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY WITH THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDENDS IN NEW STC SHARES ("PROPOSED RENEWAL OF DRS AUTHORITY")**

**"THAT** pursuant to the DRS as approved by the shareholders at the Extraordinary General Meeting of the Company held on 21 November 2016 and subject to the approval of the relevant regulatory authorities (if any), approval be and is hereby given to the Directors to allot and issue such number of new STC Shares from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of the next AGM upon such terms and conditions as stated in the Circular to Shareholders dated 4 November 2016, **PROVIDED THAT** the issue price of the said new STC Shares shall be fixed by the Directors at a discount of not more than ten per centum (10%) to the five (5)-day volume weighted average market price ("**VWAMP**") of STC Shares immediately preceding the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

**AND THAT** the Directors of the Company be authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments to the terms of the DRS as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, or by the Directors as they may in their absolute discretion, deem fit and in the best interest of the Company."

12. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

**CHUA SIEW CHUAN (SSM PC No.: 201908002648) (MAICSA 0777689)**  
**TAN LOO EE (SSM PC No.: 201908002686) (MAICSA 7063694)**  
Company Secretaries

Selangor Darul Ehsan  
29 October 2021

**Explanatory Notes:-****1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2021**

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 (“the Act”) does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

**2. Item 3 of the Agenda – Benefits payable to Non-Executive Directors**

The proposed Ordinary Resolution 2, if approved, will authorise the payment of benefits to the Non-Executive Directors by the Company. The benefits payable to the Non-Executive Directors for the period from 8 December 2021 to the Eighteenth AGM of the Company in year 2022 are derived from the estimated meeting allowance of RM500/- per meeting day based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees, and number of Non-Executive Directors involved in the meetings.

In the event the proposed benefits payable are insufficient (e.g. due to additional meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

**3. Item 7 of the Agenda – Authority to issue shares pursuant to the Companies Act 2016**

The Company wishes to renew the mandate on the authority to issue and allot shares pursuant to the Companies Act 2016 at the Seventeenth AGM of the Company (“General Mandate”).

The Company had been granted an increase in general mandate limit for issuance of new securities to not more than twenty per centum (20%) of the total number of issued shares of the Company for the time being by its shareholders at the Sixteenth AGM of the Company held on 8 December 2020 (“Previous Mandate”). The Previous Mandate was granted by the Bursa Malaysia Securities Berhad as one of their additional temporary relief measures to listed corporations via its official letter dated 16 April 2020. As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate.

The proposed Ordinary Resolution 7, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding future investment project(s), working capital, acquisition(s) and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares). This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

**4. Item 8 of the Agenda – Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 8, if passed, will provide a renewal mandate for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the STC Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Please refer to the Circular/Statement to Shareholders dated 29 October 2021 for further information.

**5. Item 9 of the Agenda – Proposed New Shareholders’ Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 9, if passed, will provide a new shareholders’ mandate for additional recurrent related party transactions. The new shareholders’ mandate will enable the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the STC Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Please refer to the Circular/Statement to Shareholders dated 29 October 2021 for further information.

**Explanatory Notes (Cont'd):-**

**6. Item 10 of the Agenda – Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 10, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

Please refer to the Circular/Statement to Shareholders dated 29 October 2021 for further information.

**7. Item 11 of the Agenda – Proposed Renewal of Authority for the Company to Allot and Issue Shares pursuant to the Dividend Reinvestment Scheme ("DRS")**

The proposed Ordinary Resolution 11, if passed, would empower the Directors of the Company to allot and issue new STC Shares in the Company in respect of dividends to be declared, if any, under the DRS. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

**Notes:**

- (a) The Seventeenth AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using the remote participation and voting ("**RPV**") facilities via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the AGM for the procedures to register, participate and vote remotely at the Seventeenth AGM through the RPV facilities.
- (b) In compliance with Section 327(2) of the Companies Act 2016, the Chairman shall be present at the main venue of the meeting in Malaysia and in line with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers, the broadcast venue will be strictly limited to only essential individuals for organising and conducting the virtual AGM. No member(s) and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) will be allowed to be physically present nor enter the broadcast venue on the day of the AGM.
- (c) In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 November 2021 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- (d) A member entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote instead of him/her at the same meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (f) Where a member is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account.
- (g) Where a member of the Company is an exempt authorised 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 authorised nominee may appoint in respect of each omnibus account it holds.
- (h) **Appointment of Proxy(ies)**

The appointment of proxy(ies) may be made either in a hard copy form or by electronic means in the following manner and shall be deposited with the Company's Share Registrar, not less than forty-eight (48) hours before the time appointed for holding the Seventeenth AGM or at any adjournment thereof:-

<u>Mode of submission</u>	<u>Designated Address</u>
Hard copy	Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, or alternatively
	Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
Electronic means	TIIH Online (applicable to individual shareholder only) Weblink : <a href="https://tiih.online">https://tiih.online</a>

*(Please refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online)*

Date : Tuesday, 7 December 2021  
 Time : 11.00 a.m.  
 Broadcast Venue : Conference Room, No.5 Jalan TSB 8,  
 Taman Industri Sungai Buloh,  
 47000 Sungai Buloh,  
 Selangor Darul Ehsan.

## MODE OF MEETING

Due to the COVID-19 pandemic, the Seventeenth Annual General Meeting (“17<sup>th</sup> AGM”) of the Company will be conducted on a **virtual basis through live streaming from the Broadcast Venue and online remote voting**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that may be made from time to time (“SC Guidance”). Pursuant to the SC Guidance and Section 327(2) of the Companies Act 2016, the Chairman shall be present at the broadcast venue on the day of AGM to chair the AGM. Shareholders will **NOT** be allowed to physically present at the broadcast venue. Shareholders/proxies will be able to participate at the 17<sup>th</sup> AGM and vote by using Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at <https://tiih.online>.

## REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 17<sup>th</sup> AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>. Please refer to Procedure for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 17<sup>th</sup> AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to Procedure for RPV.

As the 17<sup>th</sup> AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

## PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate the 17<sup>th</sup> AGM remotely using the RPV are to follow the requirements and procedures as summarized below:

Procedure	Action
<b>BEFORE THE 17<sup>th</sup> AGM DAY</b>	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” by selecting “<b>Create Account by Individual Holder</b>”. Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via email.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li> </ul>

## ADMINISTRATIVE GUIDE FOR SEVENTEENTH ANNUAL GENERAL MEETING OF SUCCESS TRANSFORMER CORPORATION BERHAD (CONT'D)

### PROCEDURES FOR RPV (CONT'D)

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate the 17<sup>th</sup> AGM remotely using the RPV are to follow the requirements and procedures as summarized below: (Cont'd)

Procedure	Action
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#### BEFORE THE 17<sup>th</sup> AGM DAY (Cont'd)

- |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (b) Submit your registration for RPV | <ul style="list-style-type: none"> <li>• <b>Registration is open from Friday, 29 October 2021 until the day of 17<sup>th</sup> AGM on Tuesday, 7 December 2021.</b> Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 17<sup>th</sup> AGM to ascertain their eligibility to participate the 17<sup>th</sup> AGM using the RPV.</li> <li>• Login with your user ID and password and select the corporate event: <b>"(REGISTRATION) STC 17<sup>th</sup> AGM"</b>.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select "Register for Remote Participation and Voting".</li> <li>• Review your registration and proceed to register.</li> <li>• System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>• After verification of your registration against the General Meeting Record of Depositors dated <b>30 November 2021</b>, the system will send you an e-mail after <b>5 December 2021</b> to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email.<br/><i>(Note: Please allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order for you to login to TIIH Online and participate in the 17<sup>th</sup> AGM remotely).</i></li> </ul> |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### ON THE DAY OF THE 17<sup>th</sup> AGM

- |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (c) Login to TIIH Online               | <ul style="list-style-type: none"> <li>• Login with your user ID and password for remote participation at the 17<sup>th</sup> AGM at any time from 10.00 a.m. i.e. 1 hour before the commencement of the AGM on Tuesday, 7 December 2021 at 11.00 a.m.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (d) Participate through Live Streaming | <ul style="list-style-type: none"> <li>• Select the corporate event: <b>"(LIVE STREAM MEETING) STC 17<sup>th</sup> AGM"</b> to engage in the proceedings of the 17<sup>th</sup> AGM remotely.</li> <li>• If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by you during the 17<sup>th</sup> AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>                                                                                                                                           |
| (e) Online Remote Voting               | <ul style="list-style-type: none"> <li>• Voting session commences from 11.00 a.m. on Tuesday, 7 December 2021 until a time when the Chairman announces the end of the voting session. Select the corporate event: <b>"(REMOTE VOTING) STC 17<sup>th</sup> AGM"</b> or if you are on the live stream meeting page, you can select <b>"GO TO REMOTE VOTING PAGE"</b> button below the Query Box.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select the CDS account that represents your shareholdings.</li> <li>• Indicate your votes for the resolutions that are tabled for voting.</li> <li>• Confirm and submit your votes.</li> </ul> |
| (f) End of remote participation        | <ul style="list-style-type: none"> <li>• Upon the announcement by the Chairman on the closure of the 17<sup>th</sup> AGM, the live streaming will end.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## PROCEDURES FOR RPV (CONT'D)

### Note to users of the RPV facilities:

1. Should your registration for RPV be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

## APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 17<sup>th</sup> AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Sunday, 5 December 2021 at 11.00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

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

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Procedure for Electronic Submission of Proxy Form.

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

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not later than **Sunday, 5 December 2021 at 11.00 a.m.** to participate via RPV in the 17<sup>th</sup> AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia before the time appointed for holding the 17<sup>th</sup> AGM for the appointment to be valid for the purpose of attending the 17<sup>th</sup> AGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  - (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

## ADMINISTRATIVE GUIDE FOR SEVENTEENTH ANNUAL GENERAL MEETING OF SUCCESS TRANSFORMER CORPORATION BERHAD (CONT'D)

### PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services" by selecting "<b>Create Account by Individual Holder</b>". Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: "<b>STC 17TH AGM - SUBMISSION OF PROXY FORM</b>".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li> <li>Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your vote.</li> <li>Review and confirm your proxy(ies) appointment.</li> <li>Print proxy form for your record.</li> </ul>
<b>ii. Steps for Corporation or Institutional Shareholders</b>	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "<b>Create Account by Representative of Corporate Holder</b>".</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the persons stated under "ENQUIRY" section below if you need clarifications on the user registration.</i></p>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Select the corporate event: "<b>STC 17TH AGM - SUBMISSION OF PROXY FORM</b>".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Proceed to download the file format for "<b>SUBMISSION OF PROXY FORM</b>" in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>Submit the proxy appointment file.</li> <li>Login to TIIH Online, select corporate event: "<b>STC 17TH AGM – SUBMISSION OF PROXY FORM</b>".</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

## POLL VOTING

The voting at the 17<sup>th</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(es) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 11.00 a.m. on **Tuesday, 7 December 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the 17<sup>th</sup> AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

## PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 17<sup>th</sup> AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 5 December 2021 at 11.00 a.m.**. The Board will endeavor to answer the questions received at the 17<sup>th</sup> AGM.

## DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 17<sup>th</sup> AGM.

## NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 17<sup>th</sup> AGM.

## ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

### Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299  
Fax Number : +603-2783 9222  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

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# SUCCESS TRANSFORMER CORPORATION BERHAD

[Registration No. 200301034518 (636939-W)]  
(Incorporated in Malaysia)

## PROXY FORM

I/We .....  
(NAME IN FULL AND IN BLOCK LETTERS)

NRIC No./Passport No./Registration No ..... Contact No. ....

of .....  
(FULL ADDRESS)

being a member/members of SUCCESS TRANSFORMER CORPORATION BERHAD (“the Company”), hereby appoint:-

Full Name (IN BLOCK LETTERS)	NRIC No./Passport No.
Full Address	

or failing him/her,

Full Name (IN BLOCK LETTERS)	NRIC No./Passport No.
Full Address	

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Seventeenth Annual General Meeting (“AGM”) of the Company to be conducted in a fully virtual basis through live streaming from the Broadcast Venue at the Conference Room, No. 5, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan on Tuesday, 7 December 2021 at 11:00 a.m. using the remote participation and voting (“RPV”) facilities or any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1.	Payment of Directors’ fees		
2.	Payment of benefits payable to the Non-Executive Directors		
3.	Re-election of Ms. Tan Chung Ling		
4.	Re-election of Dato’ Tan Wei Neng		
5.	Re-election of Datuk Ir. Kamarudin Bin Md Derom		
6.	Re-appointment of Messrs. Crowe Malaysia PLT		
7.	Authority to issue shares pursuant to the Companies Act 2016		
8.	Proposed renewal of existing shareholders’ mandate for recurrent related party transactions of a revenue or trading nature		
9.	Proposed new shareholders’ mandate for additional recurrent related party transactions of a revenue or trading nature		
10.	Proposed renewal of share buy-back authority		
11.	Proposed renewal of authority for the Company to allot and issue shares pursuant to the Dividend Reinvestment Scheme		

(Please indicate with an “X” in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:-

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

CDS Account No.	
-----------------	--

Number of Ordinary Shares Held	
--------------------------------	--

Signed this ..... day of ..... 2021

.....  
Signature of Shareholder(s) or Common Seal

STAMP

## SUCCESS TRANSFORMER CORPORATION BERHAD

[Registration No. 200301034518 (636939-W)]

The Share Registrar  
Tricor Investor & Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Wilayah Persekutuan

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### Notes:-

- (a) The Seventeenth AGM of the Company will be held as a virtual meeting through live streaming and online remote voting using the remote participation and voting (“RPV”) facilities via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the AGM for the procedures to register, participate and vote remotely at the Seventeenth AGM through the RPV facilities.
- (b) In compliance with Section 327(2) of the Companies Act 2016, the Chairman shall be present at the main venue of the meeting in Malaysia and in line with the Securities Commission Malaysia’s Guidance Note on the Conduct of General Meetings for Listed Issuers, the broadcast venue will be strictly limited to only essential individuals for organising and conducting the virtual AGM. No member(s) and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) will be allowed to be physically present nor enter the broadcast venue on the day of the AGM.
- (c) In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 November 2021 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
- (d) A member entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote instead of him/her at the same meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (f) Where a member is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account.
- (g) Where a member of the Company is an exempt authorised 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 authorised nominee may appoint in respect of each omnibus account it holds.
- (h) **Appointment of Proxy(ies)**  
The appointment of proxy(ies) may be made either in a hard copy form or by electronic means in the following manner and shall be deposited with the Company’s Share Registrar, not less than forty-eight (48) hours before the time appointed for holding the Seventeenth AGM or at any adjournment thereof:-

#### Mode of submission

#### Designated Address

Hard copy

Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, or alternatively

Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

Electronic means

TIIH Online (applicable to individual shareholder only)  
Weblink : <https://tiih.online>.

(Please refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online)

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# Accreditations & Certifications

UKAS accredited ISO 9001 Quality Management System

UKAS accredited ISO 14001 Environmental Management System

ASTA Certificate of Complete Type Tests

Compliance with Electromagnetic Compatibility (EMC) certified by TÜV SÜD and SIRIM QAS International

Compliance with Low Voltage Directive (LVD) certified by TÜV SÜD and SIRIM QAS International

Product Type Testing performed by TÜV SÜD and SIRIM QAS International for conformity assessment

SIRIM Product Type Test Certification for ballast, igniter, street lighting and floodlights

TISI Mark (Thai Industrial Standards Institute)

JKR Approval

TNB Approval

SAA Approval (Standards Association of Australian)

Forbes Best Under A Billion 2008/2009



ISO 9001:2015 BV UKAS



ISO 14001:2015 BV UKAS



ASTA Certificate



CE marking



CE marking for transformer



TÜV SÜD marking



SIRIM Certificate



TISI Mark  
(Thai Industrial Standards Institute)



JKR Approval



TNB Approval



SAA Approval  
(Standards Association of Australian)



Forbes 'Best Under A Billion'  
2008/2009



## **SUCCESS TRANSFORMER CORPORATION BERHAD**

(200301034518) (896030-W)

No. 3, 5 & 7, Jalan TSB 8,  
Taman Industri Sungai Buloh,  
47000 Sungai Buloh,  
Selangor Darul Ehsan,  
West Malaysia.

Tel: +603 - 6279 2800

Fax: +603 - 6157 2722 / 2723

Web: [www.stcgroup.com.my](http://www.stcgroup.com.my) Email: [ses@success.com.my](mailto:ses@success.com.my)

Enquiries: [marketing@success.com.my](mailto:marketing@success.com.my)

