



**SUCCESS TRANSFORMER
CORPORATION BERHAD**

(200301034518) (636939-W)

THE GATEWAY TO ENDLESS POTENTIAL

Annual Report
2022



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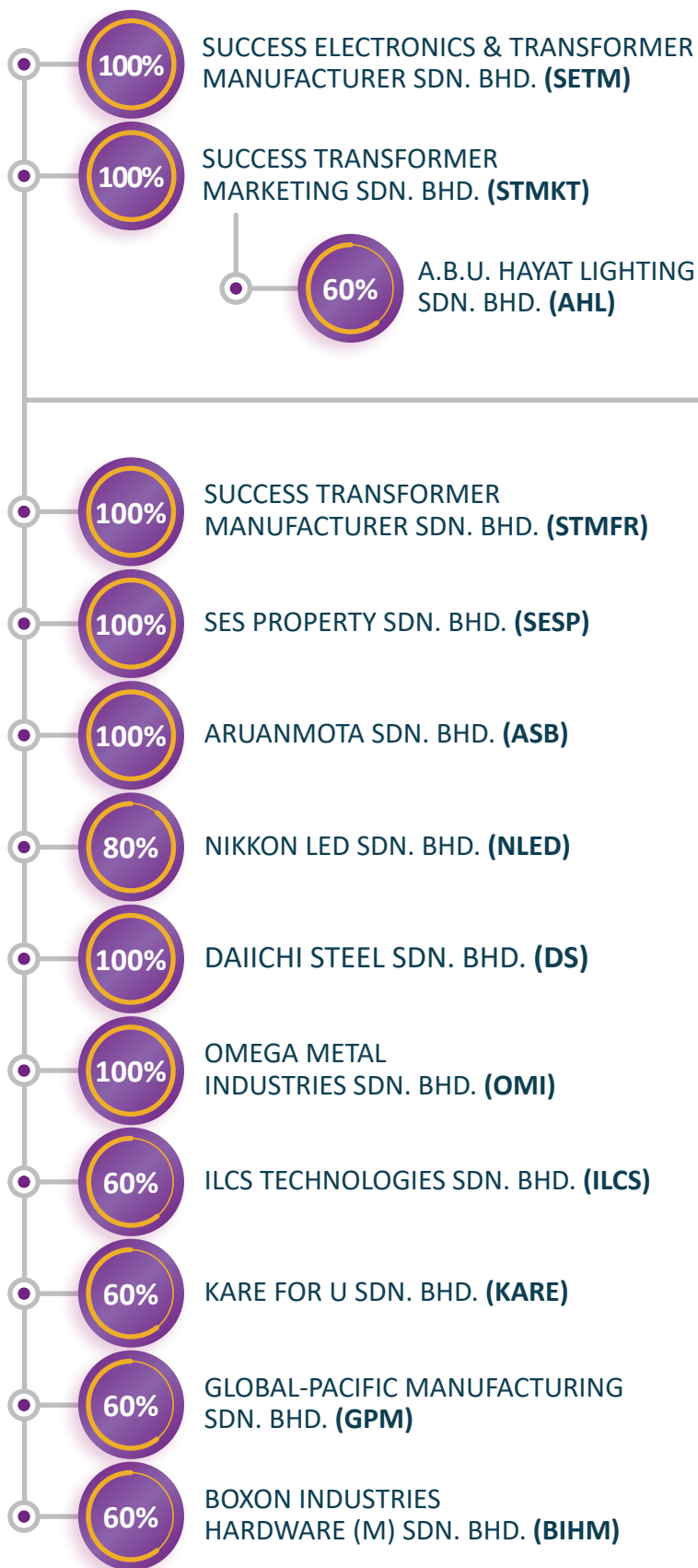


OTHER INFORMATION

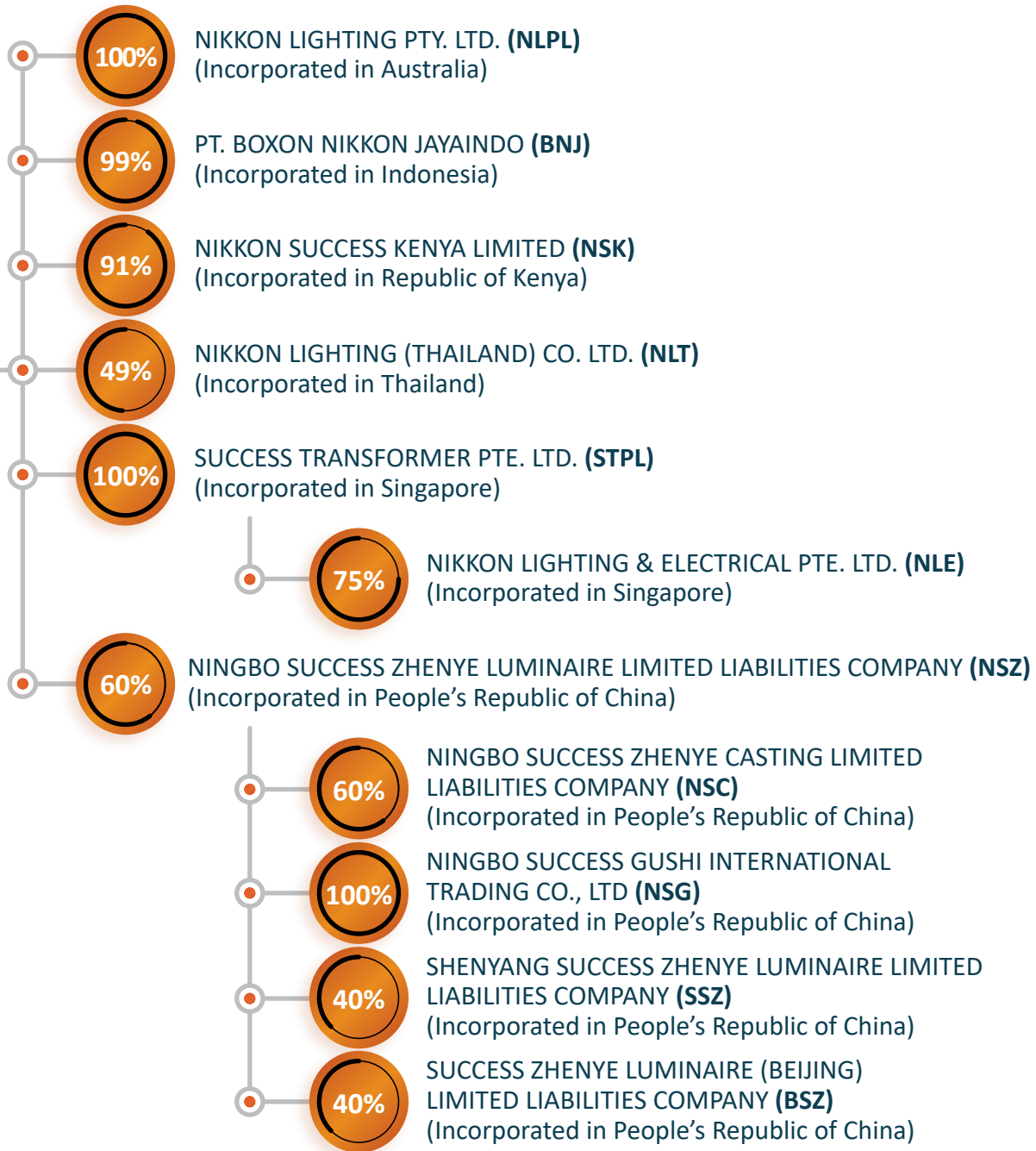
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CORPORATE STRUCTURE



CORPORATE STRUCTURE (Cont'd)

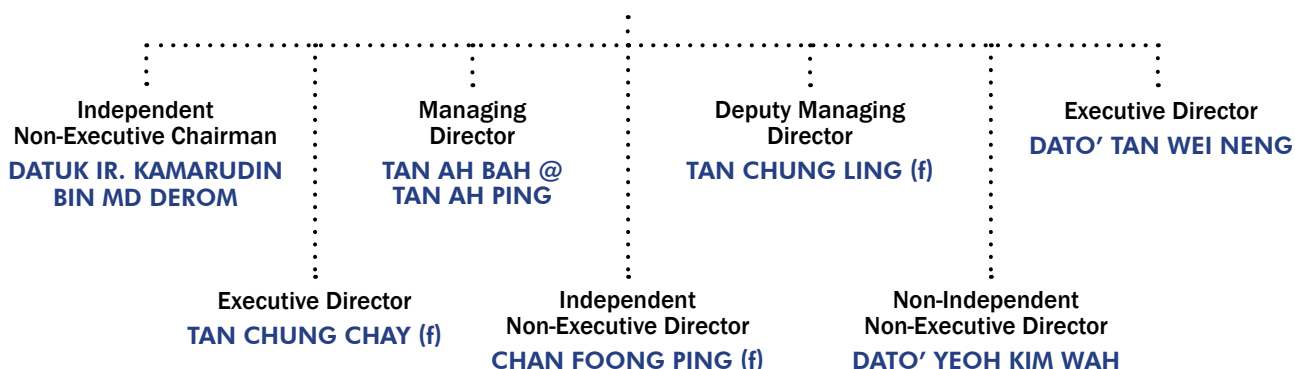


 Incorporated in Malaysia

 Incorporated outside Malaysia

CORPORATE INFORMATION

BOARD OF DIRECTORS



AUDIT COMMITTEE

Chairman

Chan Foong Ping (f)

Members

Datuk Ir. Kamarudin Bin Md Derom
Dato' Yeoh Kim Wah

NOMINATION COMMITTEE

Chairman

Chan Foong Ping (f)

Members

Datuk Ir. Kamarudin Bin Md Derom
Dato' Yeoh Kim Wah

REMUNERATION COMMITTEE

Chairman

Chan Foong Ping (f)

Members

Datuk Ir. Kamarudin Bin Md Derom
Tan Ah Bah @ Tan Ah Ping

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Chairman

Chan Foong Ping (f)

Members

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

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

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: stc.corporate@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 (2nd Floor), Jalan Pesta 1/1,
Taman Tun Dr. Ismail 1, Jalan Bakri,
84000 Muar, Johor, Malaysia.
Tel: +(606) 952 9939
Fax: +(606) 952 7328

SHARE REGISTRAR

Tricor Investor & Issuing Home
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

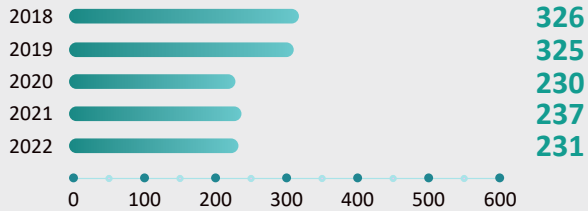
5 YEARS FINANCIAL HIGHLIGHT AS AT 30 JUNE



REVENUE 30 June 2022

231
(RM' MILLION)

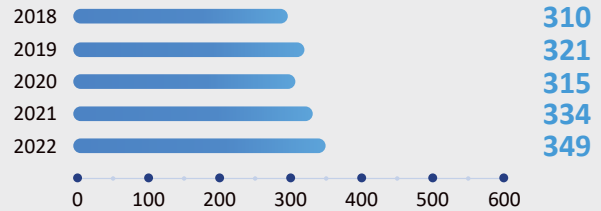
REVENUE (RM' MILLION)



SHAREHOLDERS' EQUITY 30 June 2022

349
(RM' MILLION)

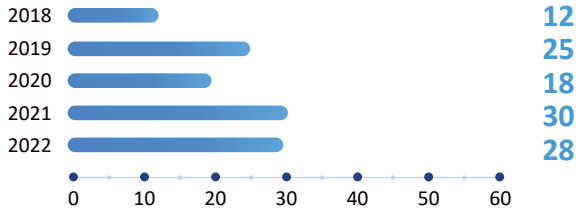
SHAREHOLDERS' EQUITY (RM' MILLION)



PBT 30 June 2022

28
(RM' MILLION)

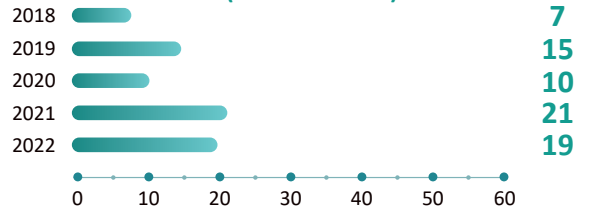
PBT (RM' MILLION)



PAT ATTRIBUTABLE TO OWNERS OF THE COMPANY 30 June 2022

19
(RM' MILLION)

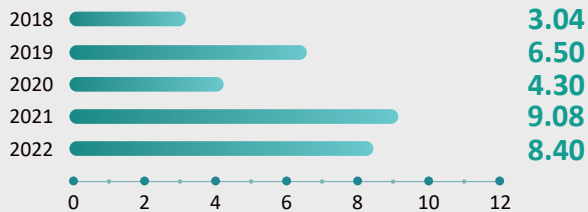
PAT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM' MILLION)



EPS 30 June 2022

8.40
(SEN)

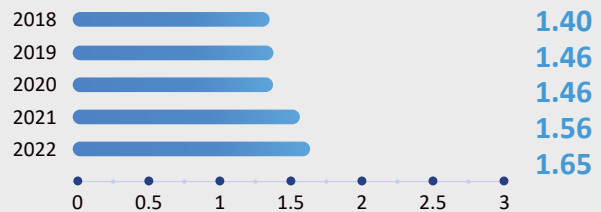
EPS (SEN)



NTA PER SHARE 30 June 2022

1.65
(RM)

NTA PER SHARE (RM)



DIRECTORS' PROFILE



Chairman

Datuk Ir. Kamarudin Bin Md Derom

Age: **64**

Gender: **Male**

Nationality: **Malaysian**

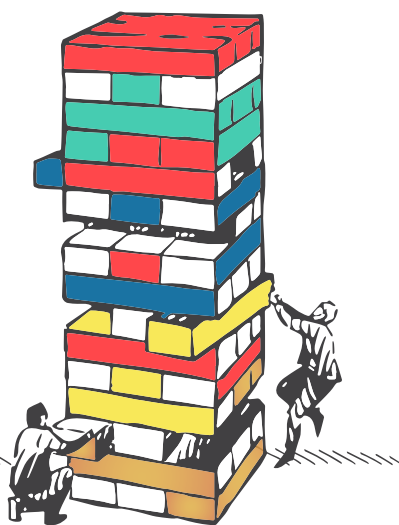
Date appointed to Board: **15 July 2021**

Datuk Ir. Kamarudin Bin Md Derom 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 38 years of extensive leadership and oversight role in corporate management, businesses turnaround, startups, new business development, and government liaison. He has also served in international and local companies.

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).



Managing Director

Tan Ah Bah @ Tan Ah Ping

Age: **71**

Gender: **Male**

Nationality: **Malaysian**

Date appointed to Board: **25 October 2004**

Mr. Tan Ah Bah @ Tan Ah Ping is 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 role 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.



Deputy Managing Director Tan Chung Ling

Age: **45**
Gender: **Female**
Nationality: **Malaysian**
Date appointed to Board: **17 February 2006**

Ms. Tan Chung Ling 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 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 of SETM and responsible for business strategic planning, market planning and developing new markets. She is also the Director of BIHM, AHL, ILCS, GPM, KARE, 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.

Executive Director Dato' Tan Wei Neng

Age: **49**
Gender: **Male**
Nationality: **Malaysian**
Date appointed to Board: **30 November 2015**

Dato' Tan Wei Neng was appointed as an Executive Director of STC on 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 is currently the Director of SETM, AHL, GPM, KARE, BNJ, STPL and NSZ Group. He is a member of ESOS Committee.

He has more than 20 years of financial and general management experiences in a variety of industries. He is the Chief Operating Officer of STC Group and responsible for the overall operations, planning and business development of the Group. On 30 July 2022, he was conferred as Honorary Fellow by the Association of Professional Managers & Entrepreneurs (APME) and holds the title of FPME (Hon).

Executive Director Tan Chung Chay

Age: **41**
Gender: **Female**
Nationality: **Malaysian**
Date appointed to Board: **28 July 2017**

Ms. Tan Chung Chay 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.

She started her career as Sales Executive at STMKT in 2003 and subsequently promoted as Sales Manager in 2008. In 2011, she was appointed as a director of STPL Group. She is the Head of Business Development overseeing the ASEAN countries and also plays a key role in developing and penetrating overseas markets.

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.



Independent Non-Executive Director Chan Foong Ping

Age: **51**

Gender: **Female**

Nationality: **Malaysian**

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

Ms. Chan Foong Ping 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.

Ms. Chan obtained her Bachelor of Accountancy from Universiti Putra Malaysia in 1995. She is a Chartered Accountant and member of MIA since 1998.

From 2000 to 2011, she 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 had 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 the Group Finance Director. Since 2014, she has been actively involved in corporate exercises, mergers & acquisitions and corporate development as freelance consultant.

She was formerly an Independent Non-Executive Director of Wegmans Holdings Berhad. She currently serves as an Independent Non-Executive Director of Seremban Engineering Berhad, SFP Tech Holdings Berhad and PT Resources Holdings Berhad.



Non-Independent Non-Executive Director Dato' Yeoh Kim Wah

Age: **69**

Gender: **Male**

Nationality: **Malaysian**

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

Dato' Yeoh Kim Wah 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 in Malaysia. He is primarily responsible for business development and implementation of marketing strategies for these companies. Furthermore, he has been appointed as a Trustee of The Electrical and Electronics Association of Malaysia. He is also the Honorary President of Persatuan Alumni Chung Ling High School, Wilayah Tengah K.L.

Presently, he holds directorships in NSK and several other private companies such as Oriental Group of companies, Eco Jaya Elektrik Sdn.Bhd. and See Wide Industries Sdn. Bhd.



KEY SENIOR MANAGEMENT PROFILE

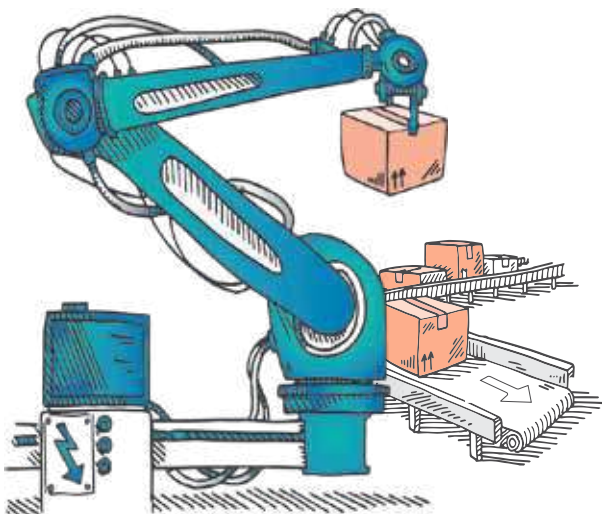
Technical Director Chang Poay Hee

Age: **64**
Gender: **Male**
Nationality: **Malaysian**

Mr. Chang Poay Hee has completed his tertiary education and is an Electrical Engineer by profession.

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 is responsible for the designs and technical support for both the Transformer and Lighting products.

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



Technical Lighting & Project Sales Director Chang Kam Kuan

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

Mr. Chang Kam Kuan 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 skills sets enable him to manage both Project Sales Team and Technical Lighting Team. He has 22 years experience in leading the Technical Lighting Team to greater advancement in technology for the lighting industry. He is also the 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.

KEY SENIOR MANAGEMENT PROFILE (Cont'd)



Group Finance Controller Lo Chiow Lieh

Age: **42**
Gender: **Male**
Nationality: **Malaysian**

Mr. Lo Chiow Lieh 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.

He started his public practice with one of the international accounting firm in year 2005. He has more than 15 years of financial and auditing experience in a variety of industries.

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



Cost Controller Tan Chung Chiah

Age: **38**
Gender: **Female**
Nationality: **Malaysian**

Ms. Tan Chung Chiah 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 Practicing Accountant by profession. She is a Chartered Accountant and member of MIA since 2017.

She has 6 years of financial and taxation working experience as a Tax Accountant in Australia before she joined Success Electronics & Transformer Manufacturer Sdn. Bhd. 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 is the Director of NSZ which incorporated in Republic People 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 OF THE DIRECTORS AND KEY SENIOR MANAGEMENT

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 8, 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 2022 and all Directors have attended these meetings (refer to page 39 for number of meetings attended by each director).



“ Building sustainable journey for better future. ”

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 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 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.

On 8 September 2021, STC had incorporated a 60% owned direct subsidiary, namely Kare For U Sdn. Bhd. (“**KARE**”), which principally involved in trading and marketing of healthcare products and personal protective equipment (“**PPE**”). KARE also has its own e-commerce platform to allows the customers to place purchase order online. The Group believes that KARE will contribute positively to the growth of the Group.

Further, STC had on 3 January 2022, acquired 60% equity interest in Global-Pacific Manufacturing Sdn. Bhd. (“**GPM**”), an established die casting company, with the aims to expand and support the demand of die casting related products by the Group. This would in turn, help to better manage supply chain of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

B. 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 all our products while embracing technology to reduce cost and to 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

Manufacturing of electrical apparatus and industrial lighting.

99% | BNJ

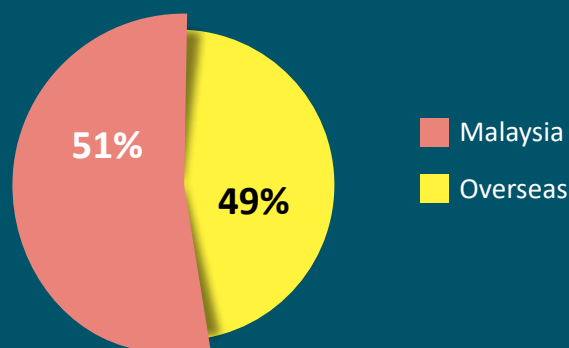
Wholesale of lighting, mechanical and electrical products, metal enclosure and accessories.

100% | STMKT

Distribution of lighting and electrical products.

Sales by Geographical Area

The breakdown of the revenue by geographical area for Transformer and Lighting segment for the FYE 30 June 2022 is as follows:



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



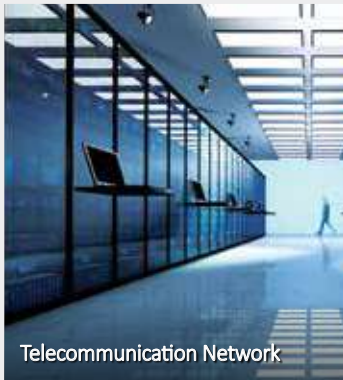
Industrial Robots



Medical Equipment



Data Center



Telecommunication Network



Marine Industry

QPS[®], transformer design specialist in data centre/UPS System. Designed with innovative technology to optimise low power losses, you can save overall energy consumption while reducing carbon footprint. We had undertaken many successful projects for data center.

QPS[®]

Trusted Brand in Transformer



Improve the quality of grounding system to accommodate the IT load.



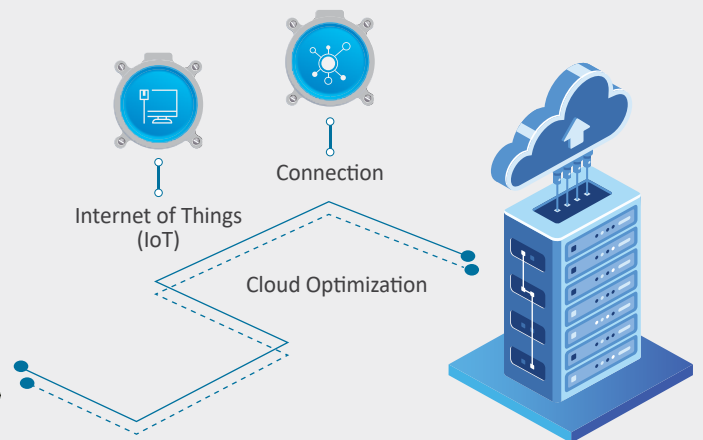
The compatible data center transformer is designed to free up space, reduces harmonics and system errors to enable higher efficiency and reliability.



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



POWER TRANSFORMER



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

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Our Technology Partner:



Intelligent Light Control System



Light Control Unit

is compatible with either NEMA or Zhaga socket ready to establish a smart city neural infrastructure network.

NIKKON[®]

Manage and Optimize Your City with Intelligent Real-Time Monitoring From Anywhere



Public Security
Management System



Traffic Adaptive Installation
(Dynamic Dimming)



Smart
Metering



Wireless
Smart Parking



Traffic Flow Management
& Surveillance System



Telecommunication
Hub



Visual Intelligence
& Analysis



Weather &
Air Quality
Monitoring System



Door Contact
Alarm



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



Remove 99.9% Virus & Bacteria



Portable Air Purifier That Provide You Extra Protection Against Invisible Threats



바우: KFDA
"Federal Institute of Occupational Safety and Health"
Registration number : N-97791

KFDA
Korea Food & Drug Administration
Official Notice NO.
2007-74/NO. 2009-66



FDA U.S FOOD & DRUG
ADMINISTRATION
(No.81468-0001-1)

SIRIM
(R.07412218191197)



Quick and Easy HOW TO ACTIVATE



Shield Guard Your Health Everywhere You Go

Safe and Eco-Friendly

It's contents are clinically proven to be safe, non-toxic, not harmful to health & eco friendly.

Convenient and Stylish

Lightweight & easy to hang at your bag or wear it with stylish lanyard. It provides extra protection to you at anywhere and anytime.

Effective

Eliminates 99.9% of airborne impurities & odour with 0.03ppm concentration of Chlorine Dioxide (ClO₂).



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Financial Review

The key financial information and financial performance of the Group for FYE 2022 and 2021.

Statements of Profit or Loss and Other Comprehensive Income	2022 RM'000	2021 RM'000
Revenue	231,246	237,063
Profit Before Tax	27,580	30,417
Profit After Tax	21,263	22,647
Profit After Tax ("PAT") attributable to owners of the company	19,242	20,739

Statements of Financial Position	2022 RM'000	2021 RM'000
Total Assets	427,452	397,011
Total Liabilities	49,906	39,921
Shareholders' Equity	348,812	333,604

Financial Indicators	2022	2021
Earnings Per Share (SEN)	8.40	9.08
Net Tangible Assets Per Share (RM)	1.65	1.56

Review of Financial Results and Financial Position

In the financial year 2022, the Group managed to deliver a satisfactory performance despite facing operation and market challenges during the Covid-19 pandemic.

The Group has recorded a revenue of RM231.25 million for the FYE 30 June 2022 as compared to RM237.06 million in the FYE 30 June 2021. The decrease of revenue was mainly due to lower sales recorded in local market as a result of the Full Movement Control Order ("FMCO") implemented effective from 1 June 2021.

The Group's revenue attributable from Transformer and Lighting segment comprises 51% from the local sales and 49% from the oversea sales.

The Group reported a PAT attributable to owners of the company of RM19.24 million for the FYE 30 June 2022, a slightly decreased by 7% as compared to previous year. This was mainly due to decrease in sales as mentioned above. Earnings per share of the Group stood at 8.40 sen.

The total borrowings of the Group has increased from RM1.48 million in FYE 30 June 2021 to RM13.48 million in FYE 30 June 2022 was mainly due to acquisition of lands during the year.

Net tangible assets per share was slightly increased from RM1.56 in FYE 30 June 2021 to RM1.65 in FYE 30 June 2022. The shareholders' equity for the Group increased from RM333.60 million to RM348.81 million, representing an annual growth of 5%. This increase was primarily contributed by operating profit during the year.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Review of Operating Activities

The Group has taken steps ahead to pursue for new opportunities and growth. This includes entered into different industries to broaden our product offering and customer base where we devoted a great deal of effort into exploring new markets, collaborations and partnerships. In particular, we designed plans for product development in emerging markets with potential.

A. Capitalise on New Business Opportunities and Establishment

The Group has exceptional organisational capabilities that are able to reshape the world into its vision, driving sustainable development agenda as well as professional spheres with enthusiasm, determination and wisdom. By learning the art of capitalising on opportunities, we always set new visions and improve ourselves whenever we face these opportunities. This enables the Group to maneuver the business with agility to seek and seize the opportunities emerging from the economic recovery. As a result, we have always succeeded in achieving profitable growth through our ability to innovate and utilising functional skills.

On 3 January 2022, the Group acquired Global-Pacific Manufacturing Sdn Bhd (“GPM”), a company specializes in die-cast design. GPM is proud to embrace renewable energy, specifically solar energy, to run the factory production as an approach towards zero carbon and low emission environment. Built on a solid foundation, GPM has played a key role in cementing its reputation as a leading aluminium die-cast solutions provider. GPM produces the most convenient, precision advanced design and development services with a focus on maximising clients’ aluminium casting effectiveness and efficiency. On top of that, the creative engineering team is capable to deliver top-notch quality and performance of the die casting according to the client’s specifications.

GPM has more than 20 years of experience in manufacturing standard parts and high performance racing parts for varieties of motorcycles. For instance in 2005, GPM supplied motorcycle components parts to the National Motorcycle. The acquisition of GPM will spur growth of the Group and at the same time provide competitive advantages by creating synergies and leveraging the company’s key strengths. In the future, the Group will continues to seek acquisition opportunities whenever it is deemed appropriate.

Meanwhile, the healthcare industry has gained significant attention, resources and public awareness during the pandemic resulting in an increase towards the use of Personal Protective Equipment. Healthcare innovation is expected to grow and outperform the overall economy as consumer spending increases in this particular market.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

B. Emerging Markets and The Growth Drivers of The Future

Emerging markets are experiencing a transformation of digitalisation, an increase in digital payments and e-commerce since the pandemic and will continue to dominate for many years to come. It has fundamentally transformed many companies in the emerging market ecosystem. Placing digital technology at the center of the country's economic recovery is a step towards supporting digital transformation in strategic sectors of the economy. Furthermore, e-commerce and digital trade have increased connectivity across economies and created vast opportunities for retail and consumer products segment.

For our e-commerce business, the Group leverages on the digital technology and easy payment plan to support growing regional trade, albeit with rules and regulations in place. This enables the Group to position it ourselves as an attractive and competitive merchant whilst meeting local demands. In overall, easy-payment plan will continue to shape consumer spending power and behaviour, which are integral to business expansion and growth in the era of new technology.

Other growth drivers include our people, strategy, agility, speed, finance and sustainability. These serves as key nodes in the supply and fulfilment ecosystem where the Group assesses its resources and plans the optimal strategy to accelerate its growth. The market can operate in unpredictable, complex and ambiguous environment. However, we are capable of adapting quickly to these market conditions because we are keeping abreast of new development and trends.

C. Increase Brand Exposure through Advertising and Marketing

A continuous effort to balance branding and marketing priorities has enabled us to grow our business and build connections with our customers on social media platforms. While promoting our brand, we are also continuously learning, adapting and optimising our strategy through broadcast advertising, video content development, social media marketing and search engine optimisation ("SEO"). Occasionally, we manage sales campaigns by conveying the brand story that piques audience interest and inspires more people to hear our brand.

Besides that, we have established our online stores and e-commerce presence that enable us to optimise commercial operations by offering products now and then. The overall objective of this establishment is to increase brand awareness, online visibility and sales. We maintain sufficient inventory levels for these online stores to fulfil the demands for our products and will continues to monitor data and sales performance in the future.

The Group places an emphasis on brand exposure by creating creative content to get the right message across the right channel. We work assiduously to reach new potential customers and generate new leads by maximising social media presence through posting relevant and informative content, launching new products and participating in local marketplace campaigns. For instance, we search and take part in local exhibitions and promotional events.

D. New Product Development, Value & Growth

Technological advances will drastically change consumer preferences and choices. Factors such as increase of market competitions and customer expectations have led the Group to implement new products to meet market demands. In particular, the Group put in effort to enhance technological innovations and integrate it into the development of sustainable smart cities, including city traffic flow monitoring and adaptive dynamic dimming, weather sensors, real-time monitoring and visual intelligence, data analysis, smart parking, motion detection and public surveillance.

In addition, the increase in demand for energy-efficient solutions and the acceleration of environmental awareness worldwide has impacted the LED lighting industry. The growing investment in the construction industry to develop green building infrastructure has led the needs to reduce operational costs and minimise carbon emissions of the buildings which further propels the demands for LED lighting. This huge demand gives the Group a competitive edge in this fieldwork. In the future, our Group is open to discovering new trends and technological breakthroughs should opportunities arise to meet the demands in the lighting industry.

'Kare For U' is a 60% owned subsidiary of the Group and is part of the expansion of the company to achieve new growth. This company aims to solve and address real society plight through providing reliable and affordable solutions to health and safety concerns. This is because we strongly empower individuals, families and communities to indulge a better quality of life through the use of protective supplies to safeguard health and well-being.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

D. New Product Development, Value & Growth (Cont'd)

We have an innovative, bright and motivated team that is committed to embrace state-of-the-art technology and strive to create extraordinary value for clients above all else. This mindset aligns with our primary goal by providing value-added products and creative solutions to meet our clients' needs. In overall, we believe there are endless possibilities to build a safer and brighter community where we live in a safe, connected and healthy environment today.

Risk Management

The Group is exposed to competition risk, credit risk, operation risk and foreign currency exchange risk. In order to mitigate these risks, 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 52.

Dividends

An interim tax-exempt single-tier dividend of RM0.018 per ordinary share amounting to RM4,121,190.17 in respect of the FYE 30 June 2022 was declared on 12 October 2021 and paid on 18 November 2021 to the shareholders whose name appeared in Company's record of depository on 28 October 2021.

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 to strive to deliver favourable results and reward its shareholders for the continuing support.

Outlook and Prospect

The reopening of international borders, which is paving the way for restoring the global economy has boosted the entire spectrum of businesses, investments, international trades, conferences, travels and transportation. The economic activities allows more businesses to rejuvenate and overall sentiment concerning the economy remains largely positive. Nonetheless, the Group will continue to remain vigilant on the potential challenges arising from the external environment including the lingering threat of Covid-19, as well as the impact of further escalation of geopolitical conflicts.

Our country has entered into the endemic phase of Covid-19 beginning 1 April 2022 and this recovery is expected to gain momentum in 2022. This is underpinned by several factors including continued expansion in external demand, ease of containment measures, reopening of international borders and further improvement in labour market conditions. However, there are uncertainty in both macro and micro economy activities that is triggered by geopolitical concerns, inflation and foreign exchange volatility across the market.

Despite all the uncertainties, the Group's growth will be supported by the demand for LED lighting to replace conventional lighting in order to increase energy efficiency and reduce its carbon footprint. Furthermore, the Group also believes it will benefit from the global development of smart cities which helps to meet sustainability goals by enhancing city living and utilise superior technology such as Intelligent Lighting Control System and sensors to address economic, social and ecological challenges of the city.

For our transformer products, the established and well-known brand name of QPS remains the key player in the local low voltage transformer market. We believe the sales momentum will drive upwards, particularly in data centres industry and within the South East Asia (S.E.A.) region through the implementation of "Industrial 4.0".

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

STC is a transformer and industrial lighting provider based in Malaysia which has the responsibility to manage key risks and opportunities relating to the four pillars of sustainability, namely the economic, environmental, social and governance. This Sustainability Statement has been prepared in accordance with the Main Market Listing Requirements & Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and follows international reporting guidelines - GRI (Global Reporting Initiative). The Group is responsible for fostering the improvement of all activities through improved sustainability performance, which will be managed by STC and its subsidiaries. We work proactively with stakeholders in maintaining sustainable practices, concerning the environments and raising employee awareness in tackling climate change.

The Group has the fiduciary duty and responsibility to integrate, evaluate and assess sustainable matters within the business operations. We work together with our stakeholders in contributing to society and the national economy, a sustainable environment by improving the quality life of the population and countering global challenges such as reducing carbon dioxide emissions and managing resources efficiently and sustainably. In respect of this matter, we communicate transparently with stakeholders, suppliers, customers, partners and investors on relevant matters, development and progress on sustainability goals. Effective plans are put forward in the management of economic, environmental, social and governance risk by providing information about our organisation’s positive contributions to sustainability.

GOVERNANCE STRUCTURE

The Board is the driving force behind the Group’s sustainable development, and is mainly responsible for the Group’s overall sustainable development performance. The Board reviews, manages goal-setting and develops effective strategy across the business and upholds fiduciary duty in strengthening relations with external stakeholders and ensure overall accountability.

The Board is primarily responsible for overseeing the Risk Management and Sustainability Governance of the Group. The supervision of Risk Management process is delegated to the Risk Management Committee (“**RMC**”), which comprises of key senior management and Directors of STC. The RMC is responsible for managing sustainability matters in the organisation.

The RMC is entrusted by the Board to identify, evaluate and implement control measures to mitigate the business and sustainability risks at acceptable levels. At times, the RMC would reports the control measures to the Audit Committee (“**AC**”) for their internal analysis, consideration and discussion prior to reporting to the Board.

The RMC has the role of overseeing the deliberation and oversight of sustainability activities, where significant sustainability issues are identified. The RMC prioritises the identified material matters, coordinates and assesses the effectiveness of the measures, actions and strategies formulated by the Management, and thereafter reports first to the AC, then to the Board.



SCOPE OF DISCLOSURE

Our Group focuses mainly on four (4) area of sustainability practices – Economic, Environmental, Social and Governance. 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 embarkment on the sustainability driven governance model for a more resilient business and setting up the right EESG policies and procedures for the company and subsidiaries located in Malaysia throughout the FYE 30 June 2022.

OUR MATERIALITY ASSESSMENT

Our material topics for the Group are related to their level of influence over stakeholder decisions and the importance of the Group. The Group identifies sustainability materials matters according to EESG aspects that are currently significant to the organisation. Identified material matters will be further discussed and prioritised during RMC meeting. In order to assist on mapping material significant issues in the materiality matrix, respective questionnaires will be created to facilitate the discussion between senior management and directors as well as procuring their views and perspective. RMC formulates strategies and implements sustainable development actions and continues to monitor progress over a few years. Thereafter, material matrix is presented to Audit Committees for review insights, feedbacks and reports to the Board. Conclusively, the Board validates and approves the materiality matrix.

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Identify risks and opportunities of material issues that the Group encounters	Review reports, insights and perspective from internal stakeholders and discussion groups and discuss identified material matter	Mapping of material significant issues in the materiality matrix based on final assessment	Formulate strategies and measures to monitor our development on sustainable progress	Validate and approve the materiality matrix proposed



SUSTAINABILITY STATEMENT (Cont'd)

STAKEHOLDERS ENGAGEMENT

In STC, we believe regular client meetings, roundtable discussions and networking activities are essential to enhance business rapport and relationships. We have implemented several approaches to identify and prioritise relationships with key stakeholders through communications channels such as general meetings, events and announcements, annual reports, internal and community events. Further, we also facilitate effective collaboration with vendors to achieve desired objectives and common goals.

The chart below outlines the engagement methodology with our stakeholders and their areas of interest.

 STAKEHOLDERS	 AREAS OF INTEREST	 METHODS OF ENGAGEMENT
Investors / Stakeholders	<ul style="list-style-type: none"> • Group's financial performance • Business strategy 	<ul style="list-style-type: none"> • Annual General Meeting • Annual reports • Quarterly reports • Company's website • Announcement
Customers	<ul style="list-style-type: none"> • Efficient complaints resolution • Customer relationship management • Product safety and security • Service quality • Pricing 	<ul style="list-style-type: none"> • Regular client meeting • Feedback sessions • Community and networking events
Employees	<ul style="list-style-type: none"> • Career development programme • Benefit and remuneration • Occupational health and safety 	<ul style="list-style-type: none"> • Management meeting / discussion • Staff performance appraisals • Circulations of internal policies • Training • Employment contract • Health and safety in light of Covid-19 pandemic
Suppliers and Vendors	<ul style="list-style-type: none"> • Payment schedule • Pricing and costing • Green sourcing material • Fair procurement system • Vendor services 	<ul style="list-style-type: none"> • Evaluation and performance reviews • Contract negotiation • Vendor registration
Regulatory Agencies and Statutory Bodies	<ul style="list-style-type: none"> • Compliance with laws and regulations • Governance compliance • Labour practices • Environmental management and compliance 	<ul style="list-style-type: none"> • Inspection or audit by local authorities • Compliance with Bursa Securities's requirements
Local Communities	<ul style="list-style-type: none"> • Social issues • Impact of business operations • Environmental impacts 	<ul style="list-style-type: none"> • Community event • Corporate Social Responsibility (CSR) programmes

SUSTAINABILITY STATEMENT (Cont'd)

For this year's Annual Report 2022 Sustainability Statement, RMC has identified 8 material topics that are significant and of utmost importance to the Group. We remain focused on product innovation, compliance and overall employee safety. We believe that these factors will enhance STC's business growth, brand reputation and quality assurance as well as maximising business revenue through new product development initiatives with corporate strategic plans.





Materiality Matrix for STC



- Economic
1. Supply Chain Management
2. Product Innovation
3. Digital Initiatives
- Environmental
4. Product Quality & Safety
5. Compliance (Environmental)
- Social
6. Employee Safety & Health
7. Training & Development
- Governance
8. Anti-Bribery & Corruption

SUSTAINABILITY STATEMENT (Cont'd)

Material Matters	Description	How We Address This Matter
<p>Supply Chain Management</p>    	<p>Procurement Practice - The Group constantly search for responsible suppliers by reviewing their company and business profile, years of operation and portfolio. We prioritise the selection of quality raw materials to ensure they meet safety standard and specifications. We continue to select suppliers and vendors that are align with our goals in terms of timely delivery, adequate supply and consistency in quality goods inspection.</p> <p>Strategic procurement decisions are evaluated with consideration such as price, materials, product functionality and business ethics.</p> <p>Warehousing and Inventory - We have an integrated ERP (Enterprise Resource Planning) system in place to manage inventory level, scheduling, order fulfilling and promising, impromptu and analysis reports to manage distributions and logistics to customers.</p> <p>The Group makes a concerted effort to ensure that stocks are sufficient upon clients' request. We plan our resources accordingly, while gathering information and insights through data analytics.</p>	<ul style="list-style-type: none"> ● Ensure transparency in the procurement process. Maintain an appropriate record of the procurement of the goods. Monitor and evaluate contracts, renewals, policy and agreements. ● Continuous effort in searching, developing and striving to establish a long-term business relationship with our suppliers through communication, negotiation, costing and budgeting. <ul style="list-style-type: none"> ● Facilitate effective workforce planning in creating a seamless workflow for assembly line. Maintain coherent levels of operational efficiency and productivity through reliable workflow processes. ● To achieve 99% inventory accuracy per quarterly Stock Take. Clearance of old inventory by offering discounts for bulk purchase. ● Fulfilling e-commerce orders with ready-stock and speedy shipping process.
<p>Product Quality & Safety</p>     	<p>Quality Assurance - The Group's main business segments comprise industrial lighting, transformers and electronics products. Our products have met the national and international safety standard requirements. Complies with strict measures and quality control to ensure the safety, assurance and reliability of the product for the user.</p> <p>Our manufacturing is capable to produce high quality, durable energy efficient lighting and transformers. The transformers are designed, manufactured and tested in accordance with International Standard IEC 61558 & IEC 60076-11 (Comply to CE Standard).</p> <p>Our certified products give us an edge in the competitive market and help to enhance our credentials and reputation.</p>	<ul style="list-style-type: none"> ● To obtain local accreditations and certifications such as SIRIM, ASTA, UKAS, TÜV SÜD and CE Marking. ● Low voltage transformers adheres and in compliance to marine standard such as ABS, DNV, RMRS, NK, GL & Lloyds. ● Most of the products are submitted for renewal certification when due expiry. New products will be sent to SIRIM-QAS to be inspected, tested and approved.

SUSTAINABILITY STATEMENT (Cont'd)

Material Matters	Description	How We Address This Matter
<p>Employee Safety & Health</p>     	<p>Employee Safety and Well-Being - We prioritise safety and security in the workplace to prevent accidents, injuries and fatalities. The Safety and Health Committee have performed periodic audits within respective departments to ensure that the standard operating environments are safe and carried out in accordance to regulations.</p> <p>Regularly assess all safety aspects and risks that occur within the business premise. Be committed while maintaining a safe workplace for all employees and minimise any occupational risks.</p> <p>Covid-19 Prevention - The Group places strong emphasis in transforming the workplace into a safer place to live and work. Supply of face masks and hand sanitisers are provided sufficiently and on regular basis by Human Resource personnel. Workplace hygiene is of utmost importance as it contributes to a healthy workforce.</p> <p>Covid-19 Vaccination Program For Employees - Vaccinations provide a paramount defence against disease and infection. Each of us plays a crucial role in supporting a healthy community to protect the general public from the pandemic. Owing to this concern, the Group ensures that employees have received their vaccinations as needed.</p>	<ul style="list-style-type: none"> • The respective managers give appropriate instructions, provide training and practical knowledge on manual handling of chemicals and various hazards. Workers are required to wear Personal Protective Equipment (“PPE”) when using chemicals and performing hazardous work. • To achieve zero case of major chemical spillage, zero case of fine or any notice by authorities on environment legal compliance. <ul style="list-style-type: none"> • Wearing a face mask is mandatory for all employees at the workplace. We encourage them to regularly sanitise their hands and maintain a social distance to contain the spread of the virus. • Minimise the risk of coronavirus exposure by sanitising and disinfecting various areas of the workplace. • The Group has arranged for employees to various designated locations for their first, second and booster of the Covid-19 vaccination.
<p>Training & Development</p>     	<p>Training Programs - The Group believes upgrading employees with necessary skills is vital to organisation. Our goal is to strengthen the first aid knowledge and skills of the Emergency Response Team (“ERT”) with a view to improving their practical knowledge.</p> <p>In addition, the Group has organised training, workshops and learning in the field of sustainability, leadership, technical aspects, safety, waste reduction and hazardous management to upskill, reskill and develop the employees.</p> <p>We continue our coordinated efforts in planning relevant training and development. This serves downright importance to strengthen Group’s business operations and sustainable growth.</p>	<ul style="list-style-type: none"> • Conducted effective safety and health training programs for the workers. We develop best practices in training employees for accident prevention and emergency response under fire drill and evacuation programs. • Set target to arrange internal and external training to the employees.

SUSTAINABILITY STATEMENT (Cont'd)

Material Matters	Description	How We Address This Matter
<p>Product Innovation</p>      	<p>Product Improvement - Innovation for better light. We are always at the forefront to stay ahead of technology trends and remain competitive in the marketplace. Our professional team strengthen and consolidates their knowledge and experience in advancing technological innovation to create intelligent lighting to meet market demands.</p> <p>Our LED products are reliable, eco-green and cost efficient. By using energy-efficient LED lighting products and Intelligent Light Control System (iLCS), greenhouse gas emission can be reduced.</p> <p>‘Building Sustainable Smart City, Beyond Illuminance’ - The Group has a world vision to develop more smart cities globally with municipalities to transform city living with modern infrastructure. A smart city can be defined when there is intelligent and superior technology to be incorporated by city operators in managing a busy city, urban and rural. It gives flexibility for operators to control luminaires and build a profound smart and safer city with neural infrastructure of Internet of Things (IoT).</p> <p>With iLCS smart light, we can establish telecommunication hubs with public WiFi installation, audio announcement, fire and siren alarms. These connected solutions create an unparalleled value for sustainability agenda and goals. City operators can manage costs, resources and environmental footprints reduction effectively.</p>	<ul style="list-style-type: none"> ● To set target on enhancement cases including raw materials, components and new product development for NIKKON, iLCS and all lighting products. ● Enhance existing products with value-added features, sensors and accessories to increase performance and energy efficiency. ● Smart lighting provides sustainable solutions in data and city management, weather and air quality sensors, traffic flow management, visual intelligence and analysis. It is equipped with surveillance features to safeguard properties, assets and public security. ● The Intelligent Light Control System (iLCS) assists municipalities in monitoring real-time security such as public area events and environmental catastrophe. Intelligent lighting also comes with additional features such as smart and meter parking, motion and occupancy detection.
<p>Digital Initiatives</p>   	<p>Digital Marketing - The business environment is rapidly changing and we need to remain relevant to increase our competitiveness in the industry. We have set up e-commerce store in various marketplace platforms to enable direct interactions with buyers and create vast opportunity to reach wider audiences. Going digital generates greater advantages which is proven effective in delivering long-term profits to the Group’s sales.</p> <p>Brand Management - One of the most valuable marketing assets and a strategy to produce imminent results over years. It is a perpetual journey in creating brand image, awareness and reputation through marketing, advertising and campaign efforts.</p>	<ul style="list-style-type: none"> ● Procure new leads and new customers by launching campaign plans including paid advertising, Google and Facebook Ads on an ongoing basis. Obtain consumer insights, data segments and valuable information to identify customers’ preference. ● Advertise our products in official e-store, Shopee, Lazada, Youbeli and other platforms to further promote and market our products with competitive pricing. ● Brand efforts and exposures by managing creative posts on social media such as Telegram, Facebook and Instagram to gain more followers and attract potential buyers.

SUSTAINABILITY STATEMENT (Cont'd)

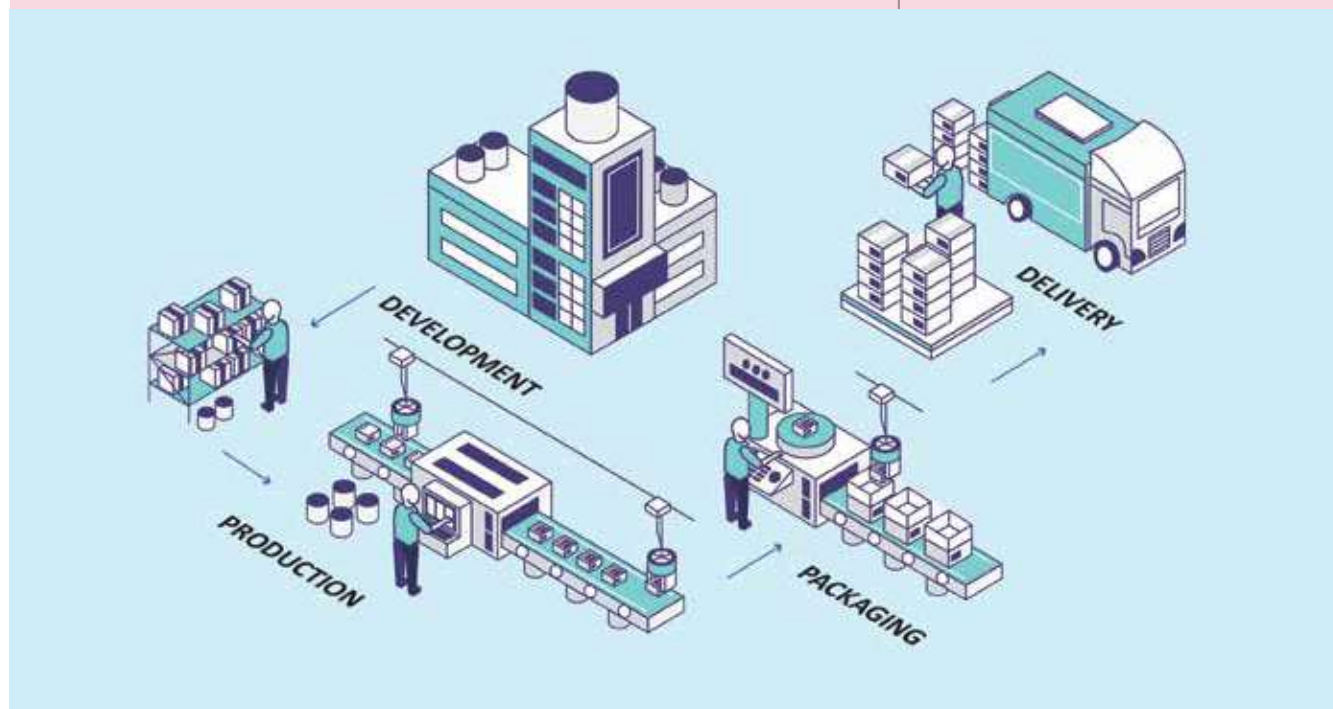
Material Matters	Description	How We Address This Matter
<p>Anti-Bribery & Corruption</p>   	<p>Corporate Governance - The Board strives to protect the principles of justice, truth, dignity and professional conduct to avoid corruption for all employees. Directors and all employees must abide by the anti-bribery and anti-corruption policy by upholding high moral standards and business ethics of corporate governance. The management and employees are subject to their Code of Ethics and Professional Conduct.</p> <p>Individual Acts - Take personal responsibility for demonstrating business ethics by endowing oneself with the utmost respect, trust and moral obligations to act professionally in the public interest, business dealings and avoiding any wrongdoings that discredit the profession.</p>	<ul style="list-style-type: none"> • Employees are required to observe and abide to Malaysian Anti-Corruption Commission Act 2009 when conducting business. The Group has enforced a zero tolerance against all forms of bribery and corruptions and takes a strong stance against such acts. • Disseminate anti-bribery and anti-corruption policy to employees. The policy can be retrieved in our corporate website. We are strictly ensuring and reminding employees do not fall into allurements.
<p>Compliance (Environmental)</p>     	<p>Environmental Awareness - The need to protect the environment is greater than ever today. The Group has a responsibility in their course of action to ensure that their activities are carried out sustainably. The Group is responsible for ensuring a healthy, clean and safe environment for its people while preserving the natural environment.</p> <p>Certifications and Accreditations - Our manufacturing operations and processes are in accordance with the Environmental Quality Act. We are ISO accredited ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System) for lightings related products.</p> <p>The Group observes the practice of Air Quality & Environmental Quality (Clean Air) Regulations 2014 by monitoring air pollutants discharged from the opening, chimney and vents to control emissions of air impurities released into the air.</p>	<ul style="list-style-type: none"> • We conducted ambient noise and vibration monitoring with measurement and assessment at several manufacturing facilities as required by the Environmental Quality Act 1974. The tests are observed and analysed for conformance. • There will be a performance evaluation of air pollution control and the installation of necessary treatment systems if needed. • Make viable decision in managing energy consumption, effective waste management solutions and engaging employees' participation in this great efforts.

SUSTAINABILITY STATEMENT (Cont'd)

Upskilling and Reskilling

In STC, we believe that skills development is vital for the continued growth and success of our business. We have recorded a total of 2,624 training hours for our employees during the FYE 30 June 2022. Through trainings, our employees are equipped with advanced skills with an understanding current trends, knowledge and skills that can steer organisational directions and future growth. The training includes operational management, safety and health, project frameworks and enhancing employee performance.

TYPE OF TRAINING	MONTH AND YEAR
Industrial Linkage Programme Soft Launch	August 2021
APEC - Policy Dialogue on SME's and Entrepreneurship Framework	September 2021
SOCISO Wage Subsidy 4.0 (Pemulih), Covid-19 workplace SOP'S, National Covid-19 Vaccination Programme and MIDA Manufactship	September 2021
Bursa Malaysia Climate Change Thematic Workshop: Practical Steps in Measuring & Managing Greenhouse Gas (GHG) Emissions	September 2021
Training Need Analysis for Organisational Effectiveness & Efficiency	September 2021
Webinar Penyediaan Penginapan Pekerja Bagi Industri Di Bawah Sektor Pembuatan	September 2021
Covid-19 Safety Stand Down	September 2021
Seminar Pemantapan Penggiat Industri Pembinaan 2021 (Cawangan Negeri Selangor) - Kontraktor G2-G7	October 2021
Briefing for Refreshment Waste Management (Scheduled Waste, 3R Concept & Waste Segregation)	October 2021
How to Declare Goods on Customs Form	November 2021
Effective Safety & Health Committee	November 2021



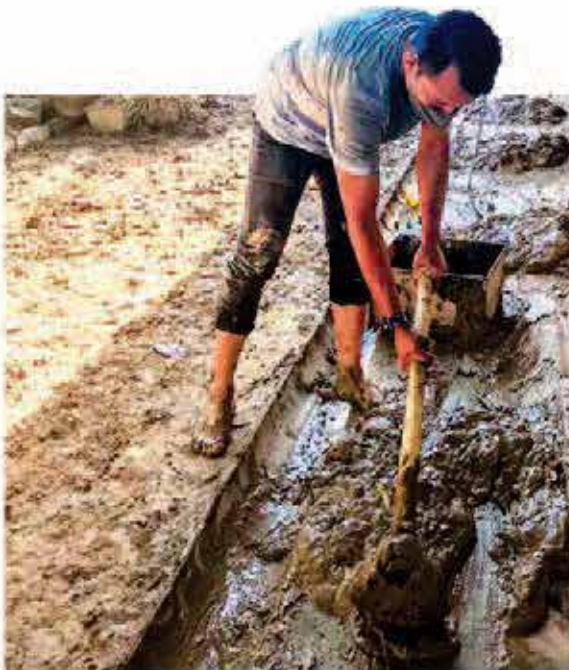
Corporate Social Responsibility

Donation and Voluntary in Flood Relief Effort

The population in areas of Klang Valley was ensnared by rapidly surging floods that had caused many to be displaced and household goods were destroyed by the torrential downpour for days. Rescue agencies and organisations had stepped in to rescue stranded victims and distributed essential items to the affected residents.

The employees of STC have lend a helping hand to relieve the plight of flood victims by volunteering in the post-clean-up efforts at Hulu Langat, Selangor on 25 December 2021. The affected areas were facing aftermath of the flood caused by the silt clogging the drains that led to emission of unpleasant odors, which resulted in a poor and unhygienic condition to stay in. We pooled our efforts to clean the impacted houses by removing debris filled with mud and silt that was caused by the flood. We were well-equipped with necessities such as scrapers, hoes, buckets and scrubbers to dispose and eliminate debris for waste collection.

Besides, we have made cash donation and non-cash contributions such as food, basic supplies and other necessities to non-profit organisation. Donations may take various form which could make a huge difference to the people who need them the most. We will constantly on the lookout for those in need in our community.



PEACE

IS THE BEAUTY OF LIFE.
LET US LIVE FOR THE
BEAUTY OF OUR OWN REALITY.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) acknowledges the importance of establishing sustainable corporate governance structure within Success Transformer Corporation Berhad (“STC” or “Company”) and its subsidiaries and associates (“Group” or “STC Group”). Steadfast in discharging its responsibilities to safeguard and increase shareholders’ value as well as the Group’s financial performance, the Board is committed to ensure that the principles and best practices of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) are implemented.

The Corporate Governance Overview Statement (“CG Statement”) provides a summary of the corporate governance practices of the Company during the FYE 30 June 2022 with reference to the three key principles of good corporate practices as set out in the MCCG 2021. This CG Statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the Company’s Corporate Governance Report (“CG Report”) for the FYE 30 June 2022. The CG report of the Company is available on Bursa Securities’ website at www.bursamalaysia.com and Company’s website at www.stcgroup.com.my.

The CG Report provides the details on how the Company has applied each of the Practice as set out in the MCCG 2021 and any departures thereof during the FYE 30 June 2022. Save for the exceptions which are fully described in the CG Report, the Board is satisfied that the Company has substantially complied with the MCCG 2021 throughout the FYE 30 June 2022.

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:

- Reviews and adopts a strategic plan for the Company, addresses the sustainability of the Company’s business policies and performance and ensures they fit in with the Company’s overall business strategy;
- Oversees the conduct of the Company’s business;
- Identifies principal risks faced by the Group and ensuring the implementation of appropriate systems to manage and mitigate these risks;
- Succession planning, including appointing, training and replacing Directors;
- Oversees the development and implementation of shareholder communication policy; and
- Reviews the adequacy and integrity of the Group’s internal control of management information system.

To assist in the discharge of its duties, the Board has established the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Employees’ Share Option Scheme (“ESOS”) Committee (“EC”) (collectively known as the “Board Committee(s)”), 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Chairman

The Chairman is responsible for the leadership of the Board in ensuring the effectiveness in all aspects of its role. The Chairman assumes the following duties and responsibilities:

- leading the Board in establishing and monitoring good corporate governance practices in the Company;
- leading the Board and ensures effectiveness in all aspects of its role;
- ensuring an efficient organisation and conduct of the Board's function and meetings;
- facilitating the effective contribution of all Directors at Board meeting;
- chairing Board meetings and encouraging active participation and allowing dissenting views to be freely expressed and discussed during the meetings;
- chairing general meetings of the Company and providing clarification on issues that may be raised by the shareholders;
- promoting constructive and respectful relations between Directors, as well as between the Board and Management of STC; and
- ensuring 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. During the FYE 30 June 2022, the Board is led by the Independent Non-Executive Chairman, Datuk Ir. Kamarudin Bin Md Derom, focusing on governance and compliance whereas the Managing Director, Tan Ah Bah @ Tan Ah Ping, manages the business and operations of the Company and implements the Board's decisions. 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 is forthcoming on matters being deliberated and that no Board member dominates discussion. The Managing Director, supported by the Key Senior Management team, implements the Group's strategic plans, policies and decisions adopted by the Board and oversees the operations and business development of the STC Group.

Independent Non-Executive Directors and Non-Independent Non-Executive Directors

The Independent Non-Executive Directors and the Non-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. They are essential for protecting the interest of shareholders and able to make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

Board Committee(s)

The Board is supported by the Board Committees comprises of Independent Non-Executive Directors to provide independent oversights of management and to ensure that there are appropriate checks and balances in discharging its oversight function. The Board may form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency.

Nonetheless, the Board Committees have their roles and functions, written terms of reference and authorities defined. The Board will review the terms of reference of the Board Committees annually to ensure that the terms of reference remains relevance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Board Committee(s) (Cont'd)

The terms of reference of the Board Committees are available on the Company's website at www.stcgroup.com.my.

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 are as follows:

- Carries out an annual evaluation of the performance of the External Auditors pursuant to the External Auditors Assessment Policy;
- Considers and recommends the appointment of the External Auditors, the audit fees and any question of resignation or dismissal;
- Reviews the quarterly results and year ended financial statements, prior to approval by the Board;
- Convenes meetings with the External Auditors, excluding the attendance of other Directors and employees of the Group, whenever the members deemed necessary;
- Performs the following in relation to the Internal audit function:
 - o reviews 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 reviews the Internal Audit results and where necessary ensures that appropriate action is taken on the recommendations of the internal audit function;
 - o reviews the appointment or re-appointment of the Internal Auditors, the audit fee and questions of resignation or dismissal; and
 - o reviews Statement on Risk Management and Internal Control to be published in the Annual Report of the Company.
- Reviews 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;
- Reviews 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;
- Identifies and directs any special project or investigate and to report on any issue or concern in regard to the Management of the Group;
- Considers other topics as defined by the Board; and
- Undertakes continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Board Committee(s) (Cont'd)

Nomination Committee

The duties and responsibilities of the NC are as follows:

- Identifies and recommends to the Board suitable nominees for appointment to the Board and Board Committees;
- Facilitates and organises the effectiveness assessment for the Board, the Board Committees, each individual Directors and the Company Secretaries on an ongoing basis;
- Reviews regularly the board structure, size and composition and makes recommendations to the Board with regard to any adjustments that are deemed necessary;
- Considers in making its recommendations, candidates for directorships proposed by the Chief Executive Officer or any other senior executive or any Director or shareholder;
- Recommends to the Board, Directors to fill the seats on Board Committees;
- Assists 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;
- Recommends to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation;
- Assesses the independence of the Independent Directors annually;
- Reviews the fulfilment of Director's training, and discloses details in the Annual Report as appropriate; and
- Carries out an annual evaluation of the Board includes a review of the Board's performance in addressing the Group's material sustainability risk and opportunities.

Remuneration Committee

The duties and responsibilities of the RC are as follows:

- Considers and recommends to the Board the remuneration framework for Directors, including Executive Director as well as the Key Senior Management;
- Provides the remuneration packages needed to attract, retain and motivate Directors of the quality required to manage the business of the Group successfully; and
- Reviews the Remuneration policy annually with due consideration on relevant factors such as the demands, complexities and performance of the Company as well as the skills and experience required for the Directors and Key Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Board Committee(s) (Cont'd)

ESOS Committee

The duties and responsibilities of the EC are as follows:

- Administers the ESOS in accordance with the provisions of the By-Laws of the ESOS by do 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;
- Exercises 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
- Recommends to the Board any modification, variation and/or amendment of the By-Laws of the ESOS as it shall in its discretion thinks fit at any time and from time to time.

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 Group.

The EC is currently headed by Ms. Chan Foong Ping and comprises of three (3) other members namely Dato' Tan Wei Neng, Dato' Yeoh Kim Wah and Ms. Tan Chung Ling.

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 lies with the Board. 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 2021, the Board Charter is available on the Company's website at <http://www.stcgroup.com.my/policy/policy-procedure.html>.

Code of Conduct

The Board has formalised a Code of Conducts, setting out the standards of conduct expected from Directors and all employees of the Group. The Code of Conduct provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment. The Board should periodically review the Code of Conduct and a summary of the Code of Conduct is available on the Company's website at <http://www.stcgroup.com.my/policy/policy-procedure.html>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 at <http://www.stcgroup.com.my/policy/policy-procedure.html>.

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 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 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.html>.

Sustainability of Business

The Board is mindful of the importance of business sustainability in conducting the Group's business and the impact of the Group's business on the economic, environmental, social and governance aspects is taken into consideration. The Board will incorporate the above aspects 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 obtain independent professional advice if so required in furtherance of their duty at the Company's expense upon approval from the Board. In additional, 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 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, the ultimate responsibility for strategy and control rests with the Directors as guided by the Managing Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 as well as decisions are properly minuted 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 together with 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 sent to the Directors electronically at least one week in advance and Board meeting papers are delivered to the Directors electronically at least five (5) 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 higher who are 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.

The Board noted that Practices 5.2 of the MCG 2021 has recommended for at least half of the Board members to be independent directors.

Based on the review of the Board's composition and assessment of individual Directors during the FYE 30 June 2022, the Board is satisfied that the current 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 8.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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, 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 delivery 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 of its members has enabled the Board to discharge its duties effectively and in a competent manner. Nevertheless, on 11 October 2022, the Board has set to have at least 30% woman directors in the Board and to maintain a composition of at least 30% woman employees in the Senior Management team.

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

As at 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	51-60	61-65	66 and above
Number of Directors	Male	-	-	1	-	1	2
	Female	-	2	-	1	-	-

Presently, there are three (3) female Directors on the Board, representing 43% the Board. Meanwhile, the total women employees composition of the Senior Management team under the subsidiaries of STC in Malaysia stood at 31%.

Time Commitment

The Board ordinarily meets at least four (4) 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 five (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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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
Datuk Ir. Kamarudin Bin Md Derom	5/5
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 as well as fully equip themselves to effectively discharge their duties. The training programmes attended by the Directors are as follows:

Name of Directors	Training Programme
Tan Ah Bah @ Tan Ah Ping	<ul style="list-style-type: none"> MSWG – Covid Unique Governance Issues
Tan Chung Ling	<ul style="list-style-type: none"> Materiality Determining ESG Topics That Matter NLP for Sales
Dato' Tan Wei Neng	<ul style="list-style-type: none"> FMM Webinar on Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): Your COVID-19 APEC Policy Dialogue on SMEs and Entrepreneurship Framework: Let's be Coherent and Cohesive Day 1, 2, & 3 from 7 Bursa Malaysia Climate Change Thematic Workshop: Practical Steps in Measuring & Managing Greenhouse Gas (GHG) Emissions CIDB's integrity course & contractor ethical code (1, 2 & 3) <ol style="list-style-type: none"> Integrity practice & contractor ethical code Integrity course for contractor in construction sector Bribery in construction sector [Suruhanjaya Pencegahan Rasuah Malaysia / SPRM]
Chan Foong Ping	<ul style="list-style-type: none"> Corporate Training on Enterprise Risk Management and Corporate Liability TCFD 101: Getting started with climate-related financial reporting TCFD 102: Building experience in climate-related financial reporting Mandatory Accreditation Programme (MAP)
Dato' Yeoh Kim Wah	<ul style="list-style-type: none"> MSWG – Covid Unique Governance Issues
Tan Chung Chay	<ul style="list-style-type: none"> NLP for Sales
Datuk Ir. Kamarudin Bin Md Derom	<ul style="list-style-type: none"> Materiality Determining ESG Topics That Matter

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Directors' Training (Cont'd)

During the FYE 30 June 2022, all Directors of the Company had attended appropriate training/seminar/briefing programs to update and enhance their knowledge to enable them to discharge their duties and responsibilities more effectively to keep abreast of the development in the marketplace.

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.

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 NC are as follows:

Name	Designation	Directorship
Chan Foong Ping	Chairman	Independent Non-Executive Director
Datuk Ir. Kamarudin Bin Md Derom	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 2022.

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.

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 and Key Senior Management 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 has been delegated the role of screening and conducting an initial selection upon recommendation by the existing Directors, Key Senior Management, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Review of the Audit Committee

Pursuant to Paragraph 15.20 of the MMLR, the NC has reviewed the terms of office of the AC and each of its members and was satisfied that the AC and 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.

Board and Board Committee Assessment

The NC is responsible for carrying out Board effectiveness assessment, including Board Committees and individual Director. The effectiveness of the Board is assessed in 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 together with roles and responsibilities.

The Directors' assessment is intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board. The assessment examines Directors' ability to give input in meetings and demonstrate high level of integrity in decision making.

The Board assessment has been carried out by the NC on 11 October 2022 via the AC evaluation questionnaire, Audit Committee 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 5.3 of the MCCG 2021. If the Board continues to retain the Independent Director beyond nine (9) years, the Board should provide justification and 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Tenure of Independent Director (Cont'd)

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 Statement, none of the Independent Directors has served the Board for more than nine (9) years.

Remuneration Policies and Procedures

The objective of the RC is to recommend the remuneration framework of Executive Directors to 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 2022. This meeting was attended by all members.

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

Name	Designation	Directorship
Chan Foong Ping	Chairman	Independent Non-Executive Director
Tan Ah Bah @ Tan Ah Ping	Member	Managing Director
Datuk Ir. Kamarudin Bin Md Derom	Member	Independent Non-Executive Chairman

The RC adopts the principles recommended by the MCG 2021 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.

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 50,001 to RM 100,000	-	3
RM 650,001 to RM 700,000	1	-
RM 900,001 to RM 950,000	1	-
RM 950,001 to RM 1,000,000	1	-
RM 2,000,001 to RM 2,050,000	1	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Remuneration Policies and Procedures (Cont'd)

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	18	4,528	-	48	4,594
Non-executive	251	9	-	-	260

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	13	1,682	-	35	1,730
Non-executive	251	9	-	-	260

* Subject to the approval of shareholders

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

The details of director fee for each of the directors of STC has been disclosed in Practice 8.1 of MCGG 2021. The Board has opined that it is not in the best interest of the Company to disclose the remuneration of directors in name basic according to the MCGG 2021 due to the sensitivity of their remuneration package and privacy.

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 7.2 of MCGG 2021.

Although the MCGG 2021 provides that the Company should disclose the details remuneration of the top Key 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 Key Senior Management due to the sensitivity of their remuneration package, privacy, competition and issue of staff poaching.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 of the AC are as follow:

Name	Designation	Directorship
Chan Foong Ping	Chairman	Independent Non-Executive Director
Dato' Yeoh Kim Wah	Member	Non-Independent Non-Executive Director
Datuk Ir. Kamarudin Bin Md Derom	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.

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 and to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 ensuring compliance with Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board in Malaysia. 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.

The AC carries out an annual review on 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 2022. With that, the AC further recommended to the Board the reappointment of the External Auditors for the financial year ending 30 June 2023.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Assessment of External Auditor (Cont'd)

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 controls 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 controls 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 timeframe. Any other significant issues would also be highlighted by AC to the Board on a quarterly basis.

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

The main activities and assignments undertaken during the financial year under review include the following:

- (i) Review of the sales and receivables cycle, purchases and payables cycle, and inventory management of Nikkon LED Sdn Bhd;
- (ii) Review the adequacy of internal controls on production planning management of Success Electronics & Transformer Manufacturer Sdn Bhd; and
- (iii) Review of the purchases and payable, recurrent related party transactions, mold identification and management of Ningbo Success Zhenye Luminaire Limited Liabilities Company.

The audit works for the internal audit function during the financial year under review were conducted in-house save for item (iii) above which was outsourced to ZheJiang Dewei Certified Public Accountants Company in China. Generally, the internal audit function will perform routine audit and reviews on operating business units within the Group. However, there is only one audit assignment has been scheduled oversea during the financial year under review due to travel restrictions imposed 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 were followed up and reported to AC accordingly.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

Risk Management and Internal Control (Cont'd)

The Board has an overall responsibility for the Group's system of internal controls 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 controls is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls 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 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. In addition, the RMC is responsible for managing sustainability matters of the Group, and report the matters to the AC and Board.

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 52 to 55.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 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 at 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, Key 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 Key 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 17th AGM held on 7 December 2021 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. The proceedings of the AGM were recorded in the minutes of the meeting and made available on the Company's website not later than 30 business days after the meeting.

In view of the Covid-19 pandemic situation and as per the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the Company is taking the necessary safety precautions and preventive measures to conduct entirely the forthcoming 18th AGM of the Company through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPV") facilities. 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 2022, the Company has applied the principles and recommendations of the corporate governance set out in the MCCG 2021, where necessary and appropriate.

This CG Statement was approved by the Board on 11 October 2022.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF AUDIT COMMITTEE

Chairman

Chan Foong Ping

(Independent Non-Executive Director)

Members

Datuk Ir. Kamarudin Bin Md Derom

(Independent Non-Executive Chairman)

Dato' Yeoh Kim Wah

(Non-Independent Non-Executive Director)

The Audit Committee ("AC") of the Company comprises three (3) members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. This meets the requirement of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Should there be a vacancy in the AC resulting in the non-compliance of Paragraphs 15.09 (1) and 15.10 of the MMLR, the Company must fill up the vacancy within three (3) months thereof.

The Chairman of the AC, Ms. Chan Foong Ping, is a member of the Malaysian Institute of Accountants. Therefore, the Company complies with Paragraph 15.09(1)(c) of the MMLR.

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.

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 five (5) meetings for the FYE 30 June 2022. Details of attendance of the Directors at AC Meetings held during the financial year are as follows:-

Name of Directors	No. of Meetings Attended
Chan Foong Ping	5/5
Datuk Ir. Kamarudin Bin Md Derom	5/5
Dato' Yeoh Kim Wah	5/5

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 and comments from external auditors in relation to audit and accounting issues arising from the audit process;
- Reviewed and endorsed the audit plan and strategy for the FYE 30 June 2022 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 their audit fees and 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 after assessing their capabilities as well as the effectiveness of the external audit process; and
- Convened meeting with external auditors without the attendance of Executive Director and Senior Management. This session allowed the external auditors to provide additional comments to the AC without the presence of the management.

Activities with Regards to Internal Audit:

- Reviewed and approved the internal audit plan to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks;
- Discussed and recommended the Internal Audit Reports together with the recommendations and Management's responses as tabled by the internal auditors for the Board's notation;
- Discussed and reviewed the annual internal audit plan for financial year ending 2023 and programs as tabled by the internal auditors for the Board's notation;
- Assessed and reviewed the internal audit function for its adequacy of resources and independency;
- Reviewed the performance and competency of the Internal Audit Function;
- Reviewed the recurrent related party transactions and control procedures for these transactions in the shareholder mandate; and
- Convened meeting with internal auditors and Board.

AUDIT COMMITTEE REPORT (Cont'd)

5. SUMMARY OF WORK (CONT'D)

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 2022, 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 2022 and to recommend to the Board for approval;
- Reviewed the Company and the Group's compliance with the MMLR, Malaysian Financial 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.

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 2021; and
- 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 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 one (1) independent associate. Some of the oversea audit assignment may outsource to external party if there is any travelling restrictions.

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

- (i) Review the sales and receivables cycle, purchases and payable cycle, and inventory management of Nikkon LED Sdn Bhd;
- (ii) Review the adequacy of internal controls on production planning management of Success Electronics & Transformer Manufacturer Sdn Bhd; and
- (iii) Review the purchases and payable, recurrent related party transactions, and mold identification and management of Ningbo Success Zhenye Luminaire Limited Liabilities Company.

The audit works for the internal audit function during the financial year under review were conducted in-house save for item (iii) above which was outsourced to ZheJiang Dewei Certified Public Accountants Company in China . Generally, the internal audit function will perform routine audit and reviews on operating business units within the Group. However, there is only one audit assignment has been scheduled oversea during the financial year under review due to travel restrictions imposed 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 11 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

Aspiring to uphold the highest ethical values, the Board is committed to build and maintain a sound system of risk management framework and internal control system. Besides its responsibility for the 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. Due to the limitation inherent in any risk management and internal control system, the Board is aware that, there is no absolute assurance against material financial loss or fraud. 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

Internal controls are regarded as an integral part of the Group’s business management processes. The principal elements of the Group’s system of internal controls are summarised as follows:

1. A documented hierarchical organisation structure defining the clear line of management responsibility, authority and appropriate reporting structure in order to enhance the internal control system of the Company’s various operations. The organisation structure enables each department to focus on the respective roles and responsibilities assigned to them and enhances operational efficiency and effectiveness;
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 and resolve key operational corporate, financial and legal matters as well as 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 the production meeting for operation related discussion is held daily; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

THE SYSTEM OF INTERNAL CONTROL (CONT'D)

- Recruitment 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 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. Also, there are formalised processes for the identification, assessment, communication, and 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 once 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 FYE 30 June 2022 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

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. To mitigate disease risk of Covid-19 outbreak, Safety and Health committee and Human Resource Department are assigned to prepared the Safe at Work procedure based on National Security Council and Ministry of Health's guideline include practice social distancing measures, regular sanitization done in the workplace and provide Personal Protection Equipment such as masks and hand sanitisers to staff and perform self-antigen test check regularly. In additions, to achieve herd immunizations for Malaysian, the Company is conveying the awareness and encouraged all staff to register for vaccination and currently all staff is 100% vaccinated.

The Group has implemented attractive remuneration schemes to attract and retain its skilled workforce to meet existing and future needs.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Group's risk management and internal controls are undertaken by the internal audit function within the company, 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. After the AC had deliberated on the reports, these are then forwarded to the operational management for attention and necessary actions. The operational management is responsible in ensuring recommended corrective actions on reported weaknesses were taken within the required time frame.

INTERNAL AUDIT FUNCTION

The Group has an in-house internal audit function that 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. Nevertheless, the Board has approved an outsourced internal audit to ZheJiang Dewei Certified Public Accountants Company in China to perform an internal audit assignment on NSZ , a subsidiary in China during the year under review due to travelling restriction imposed. The cost of internal audit function for the FYE 2022 was RM212,138.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

In accordance with the Paragraph 15.23 of the MMLR, 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 11 October 2022.

OTHER COMPLIANCE INFORMATION

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 2022 are as follows:

	Group (RM)	Company (RM)
Audit Fees:		
– current financial year	315,466	75,000
– underprovision in prior year	6,900	-
Non-Audit Fees	23,000	23,000
	345,366	98,000

2. Material Contracts

Other than the related party transactions as disclosed in Note 40 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 2022 or entered into since the end of the previous financial year.

3. Utilisation of Proceeds from Corporate Proposals

(a) Employees' Share Option Scheme ("ESOS")

During the FYE 30 June 2022, the Company has issued a total number of 788,000 ordinary shares in STC under the ESOS for a cash consideration of RM425,520. 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 17th AGM of the Company held on 7 December 2021, 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 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the detail and aggregate value of RRPT entered into between the Group with the related parties during the FYE 30 June 2022 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 2022 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	482	Gu Zhen Wu ⁽ⁱ⁾ Zhou Jie Di ⁽ⁱ⁾

OTHER COMPLIANCE INFORMATION (Cont'd)

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

In compliance with Paragraph 10.09 of the MMLR of Bursa Securities, the detail and aggregate value of RRPT entered into between the Group with the related parties during the FYE 30 June 2022 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 2022 RM	Interested Director(s)/ Major Shareholders and/or Person(s) Connected
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	186,577	Gu Zhen Wu ⁽ⁱ⁾ Zhou Jie Di ⁽ⁱ⁾
3.	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	659,883	Gu Zhen Wu ⁽ⁱ⁾ Zhou Jie Di ⁽ⁱ⁾
4.	NSZ	Ningbo Ruitao New Material Technology Limited Company ("Ruitao")	Purchase of aluminium ingot from Ruitao by NSZ, for the use of manufacturing of industrial lights fittings products	16,883,759	Gu Zhen Wu ⁽ⁱⁱ⁾
5.	NSZ	Ningbo MDG New Energy Technology Co., Ltd ("MDG")	Purchase of electrical and electronic parts from MDG by NSZ, for the use of manufacturing of industrial lights fittings products	1,733,662	Gu Zhen Wu ⁽ⁱ⁾ Zhou Jie Di ⁽ⁱ⁾

Nature of the relationships

- (i) Gu Zhen Wu and Zhou Jie Di are directors of NSZ and have indirect shareholdings of 40% in NSZ via their direct shareholdings in Zhenye. They are the close family members to the shareholders of Juncheng, Shengfeng, Zhenyu and MDG.
- (ii) Gu Zhen Wu is the director of NSZ and has indirect shareholdings of 40% in NSZ via his direct shareholdings in Zhenye. He is also a shareholder of Ruitao with direct shareholdings of 40%.

OTHER COMPLIANCE INFORMATION (Cont'd)

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 7,102,200 ESOS options were offered to the eligible employees and an executive director of the Group at RM0.54 on 16 November 2018 and a total number of 6,771,200 ESOS options were accepted by the eligible employees and executive director on 15 December 2018.

The total number of ESOS options granted, exercised or vested and outstanding since its commencement up to 30 June 2022 are set out in the table below: -

Descriptions	Number of ESOS options	
	Grand total	Director
Total number of options granted and accepted as at 1 July 2021	6,771,200	232,700
Unexercised options lapsed during the FYE 30 June 2022 due to staff resignations*	(1,030,500)	-
Options re-offered and accepted during the FYE 30 June 2022*^	1,143,200	35,900
Total number of options exercised as at 30 June 2022	(3,566,600)	(69,800)
Total number of options outstanding as at 30 June 2022	3,317,300	198,800

Notes:

* The unexercised options lapsed due to staff resignations have been subsequently re-offered to other eligible employees and an executive director at an exercise price of RM0.54, at the discretion of the ESOS Committee in accordance with the ESOS By-Laws.

^ 112,700 ESOS options were re-offered to other eligible employees at an exercise price of RM0.54, at the discretion of the ESOS Committee in accordance with the ESOS By-Laws, as a result of non-acceptance of ESOS options by the eligible employees on 15 December 2018.

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 2022
(a) Aggregate maximum allocation	50.00%	50.00%
(b) Actual granted	1.65%	15.01%

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



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DIRECTORS' REPORT

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 2022.

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/(Loss) after tax for the financial year	21,262,741	(2,555,403)
Attributable to:-		
Owners of the Company	19,241,535	(2,555,403)
Non-controlling interests	2,021,206	-
	21,262,741	(2,555,403)

DIVIDENDS

Dividends paid or declared by the Company since 30 June 2021 are as follows:-

- (i) 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 paid on 18 November 2021 to the shareholders whose names appeared in the Company's Record of Depositors on 28 October 2021.

The directors do not recommend any final dividend in respect of the financial year ended 30 June 2022.

On 11 October 2022, the Company declared an interim tax-exempt single-tier dividend of RM0.018 per ordinary share in respect of the financial year ended 30 June 2023, to be paid on 28 November 2022 to the shareholders whose names appeared in the Company's Record of Depositors on 31 October 2022.

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 RM73,148,940 to RM73,735,469 by way of:-
 - (i) an issuance of 788,000 new ordinary shares from the exercise of options under the Company's Employees' Share Option Scheme at the exercise prices as disclosed in Note 24(c) to the financial statements which amounted to RM586,529.

the new ordinary shares issued rank equally 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 477,900 of its issued ordinary shares from the open market at an average price of RM0.7737 per share. The total consideration paid for the purchase was RM369,763 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 2022, the Company held as treasury shares a total of 22,949,254 of its 252,064,800 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM15,570,770.

The details on the treasury shares are disclosed in Note 23 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 below.

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 24(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.

DIRECTORS' REPORT (Cont'd)

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 31 and 32 to the financial statements respectively.

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
Chan Foong Ping
Datuk Ir. Kamarudin Bin Md Derom
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 Chan Wai
 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*)
 Pan Kim Foon
 Paolo Toppan
 Samsul Baharin Bin Bidin
 See Boon Chun
 Tan Chee Ming
 Tan Chung Chiah
 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:-

		Number of Ordinary Shares			
		Balance at 01.07.2021	Bought	Sold	Balance at 30.06.2022
The Company					
Tan Ah Bah @ Tan Ah Ping	– Direct	209,300	-	-	209,300
	– Indirect ⁽¹⁾	105,742,428	-	-	105,742,428
Tan Chung Ling	– Direct	154,980	-	-	154,980
	– Indirect ⁽²⁾	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 ⁽³⁾	69,100	-	-	69,100
Tan Chung Chay	– Indirect ⁽²⁾	105,796,748	-	-	105,796,748
		Number of Options under ESOS			
		Balance at 01.07.2021	Reallocated	Exercised	Balance at 30.06.2022
Dato' Tan Wei Neng		162,900	35,900	-	198,800

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

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

		Balance at 01.07.2021	Number of Ordinary Shares		Balance at 30.06.2022
			Bought	Sold	
Tan Ah Bah @ Tan Ah Ping	– Direct	51,000	-	-	51,000
	– Indirect ⁽⁴⁾	49,000	-	-	49,000
Tan Chung Ling	– Indirect ⁽⁵⁾	100,000	-	-	100,000
Tan Chung Chay	– Indirect ⁽⁵⁾	100,000	-	-	100,000

Notes:

- ⁽¹⁾ 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.
- ⁽²⁾ 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.
- ⁽³⁾ Deemed interest by virtue of his wife, Datin' Chew Yoke Ying's direct interest in the Company.
- ⁽⁴⁾ Deemed interest by virtue of his wife, Pan Kim Foon's direct interest in OASB.
- ⁽⁵⁾ 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 directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 40 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' REPORT (Cont'd)

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 as follows:-

	Group RM	Company RM
Fees	269,181	264,000
Salaries, bonuses and other benefits	4,254,576	1,581,247
Defined contribution plan	282,118	110,400
	<hr/>	<hr/>
	4,805,875	1,955,647

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Group and the Company were RM48,125 and RM34,800 respectively.

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 RM22,585 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 44 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 45 to the financial statements.

DIRECTORS' REPORT (Cont'd)

AUDITORS

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

The details of the auditors' remuneration for the financial year are as follows:-

	Group RM	Company RM
Audit fees		
– current financial year	315,466	75,000
– underprovision in prior year	6,900	-
Non-audit fees	23,000	23,000
	<hr/>	<hr/>
	345,366	98,000
	<hr/>	<hr/>

Signed in accordance with a resolution of the directors dated 11 October 2022.

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 72 to 160 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 2022 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 11 October 2022.

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 72 to 160 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 11 October 2022.

Lo Chiow Lieh
MIA 32657
Chartered Accountant

Before me:

Sabrina Binti Syd Mohammed Sebir (No. W748)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUCCESS TRANSFORMER CORPORATION BERHAD

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 2022, 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 72 to 160.

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 2022, 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 Inventories

Refer to Note 15 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>The Group held significant inventories with carrying amount of RM106,059,372 as at 30 June 2022.</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">• 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.• Performing test on the inventory ageing report to ensure inventories were grouped into the appropriate age bracket.• 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUCCESS TRANSFORMER CORPORATION BERHAD (Cont'd)

Key Audit Matters (Cont'd)

Recoverability of Receivables

Refer to Note 16 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matters
<p>We focused on this area because the Group carries significant amount of RM71,323,399 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"> • Tested the reliability and accuracy of ageing report. • Assessed the reasonableness of impairment losses provided by management. • Evaluated the sufficiency and reasonableness of impairment provided by the management. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.

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 2022 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUCCESS TRANSFORMER CORPORATION BERHAD (Cont'd)

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUCCESS TRANSFORMER CORPORATION BERHAD (Cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 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: 11 October 2022

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-Current Assets					
Investment in subsidiaries	6	-	-	91,847,530	73,181,170
Investment in associates	7	430,953	441,583	-	-
Property, plant and equipment	8	97,831,077	68,852,793	-	-
Intangible asset	9	-	-	-	-
Investment properties	10	33,518,298	31,431,498	-	-
Right-of-use assets	11	8,514,204	9,478,140	-	-
Amount due from subsidiaries	12	-	-	31,378	31,378
Amount due from a related party	13	2,188,475	2,378,481	-	-
Deferred tax assets	14	514,334	509,198	-	-
		142,997,341	113,091,693	91,878,908	73,212,548
Current Assets					
Inventories	15	106,059,372	84,712,715	-	-
Trade receivables	16	71,323,399	62,500,590	-	-
Other receivables, deposits and prepayments	17	10,959,075	9,826,424	3,589	3,589
Contract assets	18	374,183	560,961	-	-
Amount due from subsidiaries	12	-	-	7,954,765	11,364,442
Amount due from associates	19	904,697	902,010	-	-
Amount due from related parties	13	293,345	194,084	-	-
Short-term investments	20	59,769,175	90,217,028	-	-
Current tax assets		8,683,589	9,453,310	330,054	300,238
Dividend receivable		-	-	-	1,092,760
Fixed deposits with licensed banks	21	346,476	1,166,956	-	-
Cash and bank balances		25,741,579	24,385,564	287,484	986,605
		284,454,890	283,919,642	8,575,892	13,747,634
TOTAL ASSETS		427,452,231	397,011,335	100,454,800	86,960,182

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	73,735,469	73,148,940	73,735,469	73,148,940
Treasury shares	23	(15,570,770)	(15,201,007)	(15,570,770)	(15,201,007)
Reserves	24	290,646,936	275,655,647	19,274,966	26,112,569
Equity Attributable to Owners of the Company		348,811,635	333,603,580	77,439,665	84,060,502
Non-Controlling Interests	6(h)	28,735,059	23,486,262	-	-
TOTAL EQUITY		377,546,694	357,089,842	77,439,665	84,060,502
Non-Current Liabilities					
Lease liabilities	25	213,389	323,168	-	-
Borrowings	26	11,998,040	974,348	-	-
Other payable	28	674,729	-	674,729	-
Deferred tax liabilities	14	2,772,186	1,739,481	-	-
		15,658,344	3,036,997	674,729	-
Current Liabilities					
Trade payables	27	19,123,761	20,913,886	-	-
Other payables and accruals	28	11,396,818	12,671,146	139,422	139,335
Contract liabilities	18	959,286	1,007,914	-	-
Amount due to subsidiaries	12	-	-	22,200,984	2,760,345
Amount due to related parties	13	922,486	701,622	-	-
Lease liabilities	25	142,122	1,059,048	-	-
Borrowings	26	1,477,007	506,892	-	-
Current tax liabilities		225,713	23,988	-	-
		34,247,193	36,884,496	22,340,406	2,899,680
TOTAL LIABILITIES		49,905,537	39,921,493	23,015,135	2,899,680
TOTAL EQUITY AND LIABILITIES		427,452,231	397,011,335	100,454,800	86,960,182

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	29	231,246,021	237,062,831	6,763,146	9,499,589
COST OF SALES		(157,585,199)	(164,020,528)	-	-
GROSS PROFIT		73,660,822	73,042,303	6,763,146	9,499,589
OTHER INCOME		5,732,302	3,141,873	682,233	5,024
SELLING AND DISTRIBUTION EXPENSES		(16,488,067)	(12,320,806)	-	-
ADMINISTRATIVE EXPENSES		(31,913,975)	(30,194,109)	(3,242,794)	(2,664,023)
OTHER EXPENSES		(3,100,458)	(3,068,350)	(6,734,983)	(1,314,830)
PROFIT/(LOSS) FROM OPERATIONS		27,890,624	30,600,911	(2,532,398)	5,525,760
FINANCE COSTS	30	(242,226)	(250,735)	(23,005)	(7,683)
NET (IMPAIRMENT LOSSES)/GAIN ON FINANCIAL ASSETS	31	(47,245)	(3,123)	-	725,526
SHARE OF (LOSS)/PROFIT OF EQUITY ACCOUNTED ASSOCIATES, NET OF TAX		(21,451)	69,851	-	-
PROFIT/(LOSS) BEFORE TAX	32	27,579,702	30,416,904	(2,555,403)	6,243,603
INCOME TAX EXPENSE	35	(6,316,961)	(7,769,781)	-	(193,170)
PROFIT/(LOSS) AFTER TAX		21,262,741	22,647,123	(2,555,403)	6,050,433
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		328,090	2,567,716	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		21,590,831	25,214,839	(2,555,403)	6,050,433

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company		19,241,535	20,738,763	(2,555,403)	6,050,433
Non-controlling interests		2,021,206	1,908,360	-	-
		<u>21,262,741</u>	<u>22,647,123</u>	<u>(2,555,403)</u>	<u>6,050,433</u>
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		19,180,317	22,438,323	(2,555,403)	6,050,433
Non-controlling interests		2,410,514	2,776,516	-	-
		<u>21,590,831</u>	<u>25,214,839</u>	<u>(2,555,403)</u>	<u>6,050,433</u>
EARNINGS PER ORDINARY SHARE (SEN)					
- Basic	36	8.40	9.08		
- Diluted	36	8.35	9.05		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Group	Note	Non-Distributable				Employees' Share		Distributable		Attributable to Owners of the Company	Non-Controlling Interests	Total Equity
		Share Capital	Treasury Shares	Translation Reserve	Capital Reserve	Option Reserve	Retained Profits	RM	RM			
At 1 July 2021		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		
Profit after tax for the financial year		-	-	-	-	-	19,241,535	19,241,535	2,021,206	21,262,741		
Foreign currency translation differences for foreign operations		-	-	(61,218)	-	-	-	(61,218)	389,308	328,090		
Total comprehensive income for the financial year		-	-	(61,218)	-	-	19,241,535	19,180,317	2,410,514	21,590,831		
Contributions by and distributions to owners of the Company :												
Purchase of treasury shares	23	-	(369,763)	-	-	-	-	(369,763)	-	(369,763)		
Employees' share options exercised		586,529	-	-	-	(161,009)	-	425,520	-	425,520		
Dividends to owners of the Company - by Company	38	-	-	-	-	-	(4,121,191)	(4,121,191)	-	(4,121,191)		
- by subsidiary to non-controlling interest		-	-	-	-	-	-	-	(2,620,000)	(2,620,000)		
Total contributions by and distributions to owners		586,529	(369,763)	-	-	(161,009)	(4,121,191)	(4,065,434)	(2,620,000)	(6,685,434)		
Accretion of interest in subsidiary	37.3	-	-	-	-	-	93,172	93,172	(93,172)	-		
Acquisition of a subsidiary	37.1(b)	-	-	-	-	-	-	-	5,951,455	5,951,455		
Arising from incorporation of subsidiary		-	-	-	-	-	-	-	40,000	40,000		
Capital reduction by a subsidiary		-	-	-	-	-	-	-	(440,000)	(440,000)		
Total changes in ownership interests in subsidiaries		-	-	-	-	-	93,172	93,172	5,458,283	5,551,455		
At 30 June 2022		73,735,469	(15,570,770)	5,112,697	14,288,147	453,854	270,792,238	348,811,635	28,735,059	377,546,694		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (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	
At 1 July 2020		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
Total comprehensive income for the financial year		-	-	1,699,560	-	-	20,738,763	22,438,323	2,776,516	25,214,839
Contributions by and distributions to owners of the Company:										
Purchase of treasury shares	23	-	(1,552,437)	-	-	-	-	(1,552,437)	-	(1,552,437)
Employees' share options granted		-	-	-	-	131,221	-	131,221	-	131,221
Employees' share options exercised		1,131,402	-	-	-	(303,204)	-	828,198	-	828,198
Dividends to owners of the Company – by Company	38	-	-	-	-	-	(2,279,703)	(2,279,703)	-	(2,279,703)
– by subsidiary to non-controlling interest		-	-	-	-	-	-	-	(1,385,600)	(1,385,600)
Changes in ownership interest in subsidiary that do not result in a loss of control		-	-	-	-	-	(592,758)	(592,758)	328,758	(264,000)
Total transactions with owners of the Company		1,131,402	(1,552,437)	-	-	(171,983)	(2,872,461)	(3,465,479)	(1,056,842)	(4,522,321)
At 30 June 2021		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

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

Company	Note	Non-Distributable			Distributable		Total Equity RM
		Share Capital RM	Treasury Shares RM	Employees' Share Options Reserve RM	Retained Profits RM		
At 1 July 2021		73,148,940	(15,201,007)	614,863	25,497,706	84,060,502	
Loss after tax for the financial year		-	-	-	(2,555,403)	(2,555,403)	
Total comprehensive expense for the financial year		-	-	-	(2,555,403)	(2,555,403)	
Contributions by and distributions to owners of the Company:							
Purchase of treasury shares	23	-	(369,763)	-	-	(369,763)	
Employees' share options exercised		586,529	-	(161,009)	-	425,520	
Dividends to owners of the Company	38	-	-	-	(4,121,191)	(4,121,191)	
Total transactions with owners of the Company		586,529	(369,763)	(161,009)	(4,121,191)	(4,065,434)	
At 30 June 2022		73,735,469	(15,570,770)	453,854	18,821,112	77,439,665	

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

Company	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Employees' Share Options Reserve RM	Distributable Retained Profits RM	Total Equity RM
At 1 July 2020		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
Total comprehensive income for the financial year		-	-	-	6,050,433	6,050,433
Contributions by and distributions to owners of the Company:						
Purchase of treasury shares	23	-	(1,552,437)	-	-	(1,552,437)
Employees' share options granted		-	-	131,221	-	131,221
Employees' share options exercised		1,131,402	-	(303,204)	-	828,198
Dividends to owners of the Company	38	-	-	-	(2,279,703)	(2,279,703)
Total transactions with owners of the Company		1,131,402	(1,552,437)	(171,983)	(2,279,703)	(2,872,721)
At 30 June 2021		73,148,940	(15,201,007)	614,863	25,497,706	84,060,502

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before tax		27,579,702	30,416,904	(2,555,403)	6,243,603
Adjustments for:-					
Bad debts written off		57,560	17,428	-	-
Depreciation of investment properties		214,950	221,012	-	-
Depreciation of property, plant and equipment		7,416,827	7,396,753	-	-
Depreciation of right-of-use assets		1,331,019	2,528,267	-	-
Gain on lease modification		-	(12,445)	-	-
Gain on disposal of investment property		-	(147,848)	-	-
Gain on disposal of property, plant and equipment		(81,278)	(39,997)	-	-
Impairment loss:-					
– investment in subsidiaries		-	-	6,734,983	1,307,493
– property, plant and equipment		19,940	272,314	-	-
– investment properties		-	138,086	-	-
– receivables		475,442	308,557	-	-
Property, plant and equipment written off		76	62,622	-	-
Reversal of:-					
– allowance for impairment loss of receivables		(428,197)	(305,434)	-	-
– allowance for impairment loss of amount due from subsidiary		-	-	-	(725,526)
– impairment loss of investment in subsidiary		-	-	(660,000)	-
– write down of inventories		(316,860)	(1,914,046)	-	-
Share of loss/(gain) of associates		21,451	(69,851)	-	-
Share options to employees		-	131,221	-	39,416
Unrealised (gain)/loss on foreign exchange		(887,089)	899,161	(10,383)	1,100
Waiver of debts		(118,563)	-	-	-
Write down of inventories		809,107	622,843	-	-
Write off of amount due from:-					
– related party		-	6,237	-	6,237
Bargain purchase		(710,959)	-	-	-
Dividend income		-	-	(4,180,000)	(7,328,400)
Interest expense		188,529	184,940	18,505	-
Interest income		(1,911,126)	(1,446,723)	-	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES					
		33,660,531	39,270,001	(652,298)	(456,077)
Changes in Working Capital					
Inventories		(17,478,393)	20,025,623	-	-
Contract assets		138,150	1,531,017	-	-
Trade and other receivables, deposits and prepayments		(4,838,816)	(10,145,526)	3,409,677	12,936,478
Trade and other payables and accruals		(7,851,614)	1,792,372	20,115,455	(5,384,465)
CASH FROM OPERATIONS					
		3,629,858	52,473,487	22,872,834	7,095,936
Dividend received		-	-	5,272,760	7,495,191
Interest paid		(24,626)	(11,440)	(18,505)	-
Interest received		1,911,126	1,446,723	-	-
CARRIED FORWARD					
		5,516,358	53,908,770	28,127,089	14,591,127

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
BROUGHT FORWARD		5,516,358	53,908,770	28,127,089	14,591,127
Tax paid		(5,944,780)	(7,138,630)	(29,816)	(52,623)
Tax refund		850,402	336,554	-	-
NET CASH FROM OPERATING ACTIVITIES		421,980	47,106,694	28,097,273	14,538,504
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Addition of investment in existing subsidiary		-	(264,000)	(17,125,120)	(11,064,000)
Addition of right-of-use asset	39(a)	(296,000)	-	-	-
Incorporation of new subsidiary		40,000	-	(60,000)	-
Acquisition of a subsidiary, net of cash and cash equivalents acquired	37.1(c)	(5,588,687)	-	(8,216,223)	-
(Payment for)/proceeds from capital reduction		(440,000)	-	660,000	-
Proceeds from disposal of investment property		-	978,209	-	-
Proceeds from disposal of property, plant and equipment		282,355	60,381	-	-
Purchase of investment properties		(2,301,750)	(2,628,650)	-	-
Purchase of property, plant and equipment	39(a)	(23,663,276)	(8,454,259)	-	-
NET CASH (FOR) INVESTING ACTIVITIES		(31,967,358)	(10,308,319)	(24,741,343)	(11,064,000)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid by the Company		(4,121,191)	(2,279,703)	(4,121,191)	(2,279,703)
Dividends paid by subsidiaries to non-controlling interests		(2,620,000)	(1,385,600)	-	-
Drawdown from term loans	39(b)	11,340,000	-	-	-
Net (increase)/decrease in deposit pledged		(272)	149,695	-	-
Interest paid	39(b)	(163,903)	(173,500)	-	-
Repayment of lease liabilities	39(b)	(1,098,102)	(2,237,696)	-	-
Repayment of hire purchase payables	39(b)	(406,838)	(234,228)	-	-
Repayment of term loans	39(b)	(1,594,563)	(345,749)	-	-
Proceeds from exercise of employees' share option		425,520	828,198	425,520	828,198
Purchase of treasury shares		(369,763)	(1,552,437)	(369,763)	(1,552,437)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		1,390,888	(7,231,020)	(4,065,434)	(3,003,942)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(30,154,490)	29,567,355	(709,504)	470,562
EFFECT OF FOREIGN EXCHANGE TRANSLATION		241,900	1,626,432	10,383	(1,100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		115,752,592	84,558,805	986,605	517,143
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39(d)	85,840,002	115,752,592	287,484	986,605

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 11 October 2022.

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 standard and/or interpretation (including the consequential amendments, if any):-

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

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

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:-

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

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 15 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 13, 16, 18 and 19 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 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

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).

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(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 (excluding interest expense) 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).

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(c) Equity Instruments (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2022. 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.

5.7 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Property, Plant and Equipment (Cont'd)

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:-

Leasehold building	50 years
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.

5.8 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

5.10 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

5.12 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 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.

(b) Impairment of Non-financial Assets

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 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 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.

5.17 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 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.

5.19 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 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.20 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.

5.21 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.

5.22 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 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 Goods

Revenue from sale of goods 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.24 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
At Cost		
Unquoted shares		
At 1 July	81,247,004	70,091,199
Addition	25,401,343	11,064,000
Share options granted to employees of subsidiaries	-	91,805
Capital reduction	(660,000)	-
At 30 June	105,988,347	81,247,004
Less : Accumulated Impairment Losses		
At 1 July	8,065,834	6,758,341
Addition	6,734,983	1,307,493
Reversal	(660,000)	-
At 30 June	14,140,817	8,065,834
Carrying Amount		
At 30 June	91,847,530	73,181,170
Represented by:-		
Unquoted shares in Malaysia	82,629,105	69,028,907
Unquoted shares outside Malaysia	9,218,425	4,152,263
	91,847,530	73,181,170

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 RM6,734,983 (2021: RM1,307,493) was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

(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 2022	Percentage of issued share capital held by parent 2021	Principal activities
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

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
		2022	2021	
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%	100%	Manufacture of metal products focusing on metal stamping parts.
Omega Metal Industries Sdn. Bhd. ("OMI")	Malaysia	100%	100%	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%	Ceased business operation.
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.
Nikkon Success Kenya Limited ("NSK")	Republic of Kenya	91%	91%	Ceased business operation.
Nikkon Lighting (Thailand) Co., Ltd. ("NLT") #	Thailand	49% ^	49% ^	Distribution of lighting and electrical products.
PT. Boxon Nikkon Jayaindo ("BNJ") # (Note (f))	Indonesia	99%	96%	Wholesale for lighting, mechanical and electrical products, metal enclosure and accessories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

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
		2022	2021	
Kare For U Sdn. Bhd. ("KARE") (Note (b))	Malaysia	60%	-	Trading and marketing of goods related to healthcare products and personal protection equipment.
Global-Pacific Manufacturing Sdn. Bhd. ("GPM") (Note (e))	Malaysia	60%	-	Provision of aluminium die casting works and distribution of automotive parts and components.
Subsidiary of STMKT				
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.
Subsidiaries of NSZ				
Ningbo Success Zhenye Casting Limited Liabilities Company ("NSC") #	People's Republic of China	60%	60%	Provision of 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.
Subsidiary of STPL				
Nikken Lighting & Electrical Pte. Ltd. ("NLE") #	Singapore	75%	75%	Marketing and distribution of electrical appliances and industrial lighting.
Subsidiary of BIH				
Boxon Industries Hardware (JB) Sdn. Bhd. ("BIHJ") (Note (g)(iii))	Malaysia	-	-	Strike off.

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 2022 (Cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) On 8 September 2021, the Company incorporated a 60% owned subsidiary known as KARE, comprises 60 ordinary shares, for a total cash consideration of RM60, representing 60% equity interest in KARE. As a result, KARE became a 60% owned subsidiary of the Company. On 22 October 2021, the issued and paid-up share capital of KARE was increased from RM100 to RM100,000 by way of an issue of 99,900 ordinary shares of RM1 per ordinary share.
- (c) On 18 October 2021, BIH, a 60% owned subsidiary of the Company, reduced its issued and paid-up share capital from RM1,300,000 to RM200,000 and that such reduction be effected by cancelling 1,100,000 ordinary issued shares that are in excess of the needs of BIH. The credit of RM1,100,000 arising there from has been returned to shareholders in proportion to their shareholdings of BIH.
- (d) On 25 October 2021, the Company subscribed an additional 9,748,000 ordinary shares at an issue price of RM1 each in the capital of OMI where OMI increase its share capital from RM252,000 to RM10,000,000 by way of allotment of an additional 9,748,000 new ordinary shares for cash by way of discharge indebtedness to SETM.
- (e) On 3 January 2022, the Company acquired 1,440,000 ordinary shares in GPM, representing 60% equity interest in GPM for a total cash consideration of RM8,216,223. As a result, GPM became a 60% owned subsidiary of the Company.
- (f) On 27 April 2022, the Company subscribed an additional 1,692,000 ordinary shares in BNJ at an issue price of USD 1 each in the capital of BNJ for a cash consideration of USD1,692,000 (equivalent to RM7,377,120). Following the completion of the acquisition, BNJ became a 99% owned subsidiary of the Company.
- (g) In the last financial year, the following transactions occurred:-
- (i) On 30 September 2020, the Company subscribed an additional 10,800,000 ordinary shares in 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.
- (ii) On 1 October 2020, the Company acquired additional 5% equity interest in 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.
- (iii) On 2 November 2020, the Company's dormant indirect subsidiary, BIHJ was being strike off.
- (iv) On 4 December 2020, the Company acquired additional 5% equity interest in 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.
- (h) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		Group	
	2022 %	2021 %	2022 RM	2021 RM
NSZ	40	40	19,586,890	17,977,325
Other individually immaterial subsidiaries	-	-	9,148,169	5,508,937
			<u>28,735,059</u>	<u>23,486,262</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (i) 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:-

	2022 RM	NSZ 2021 RM
At 30 June		
Non-current assets	13,173,700	14,265,982
Current assets	55,447,271	52,325,013
Current liabilities	(19,653,747)	(21,647,682)
Net assets	48,967,224	44,943,313
Financial year ended 30 June		
Revenue	90,435,945	87,478,242
Profit and total comprehensive income for the financial year	2,931,087	2,815,629
Total comprehensive income attributable to non-controlling interests	1,172,435	1,126,252
Dividends paid to non-controlling interests	-	1,285,600
Net cash flows from operating activities	2,116,174	6,391,131
Net cash flows for investing activities	(2,237,737)	(2,231,928)
Net cash flows for financing activities	-	(3,167,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

7. INVESTMENT IN ASSOCIATES

	Group	
	2022 RM	2021 RM
At Carrying Amount		
At 1 July	441,583	349,127
Share of post-acquisition (loss)/profit	(21,451)	69,851
Exchange differences	10,821	22,605
	430,953	441,583
At 30 June	430,953	441,583
Represented by:-		
Unquoted shares outside Malaysia	430,953	441,583

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

Name of associates	Principal place of business/ Country of incorporation	Percentage of ownership		Principle activities
		2022	2021	
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 2022 (Cont'd)**

8. PROPERTY, PLANT AND EQUIPMENT

Group – 2022	Freehold land RM	Leasehold building RM	Factory and shoplot buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in- progress RM	Total RM
At Cost								
At 1 July 2021	9,891,028	-	42,691,527	63,670,748	8,859,646	9,752,775	3,338,825	138,204,549
Acquisition of a subsidiary (Note 37.1(b))	1,073,818	-	7,614,179	7,144,687	834,729	545,172	49,994	17,262,579
Additions	13,083,959	1,383,150	835,000	4,959,706	961,423	434,539	3,628,297	25,286,074
Disposals	-	-	-	(770,304)	-	-	-	(770,304)
Reclassification	-	-	-	(359,569)	-	-	-	(359,569)
Write off	-	-	-	-	-	(1,517)	-	(1,517)
Exchange differences	-	-	258,008	790,146	76,678	63,063	-	1,187,895
At 30 June 2022	24,048,805	1,383,150	51,398,714	75,435,414	10,732,476	10,794,032	7,017,116	180,809,707
Less : Accumulated Depreciation								
At 1 July 2021	-	-	9,999,683	44,647,580	5,549,339	8,192,502	-	68,389,104
Acquisition of a subsidiary (Note 37.1(b))	-	-	843,748	4,270,998	564,324	378,062	-	6,057,132
Charge for the financial year	-	3,493	1,066,439	5,012,868	818,500	515,527	-	7,416,827
Disposals	-	-	-	(569,227)	-	-	-	(569,227)
Reclassification	-	-	-	(5,693)	-	-	-	(5,693)
Write off	-	-	-	-	-	(1,441)	-	(1,441)
Exchange differences	-	-	77,972	515,688	63,738	51,938	-	709,336
At 30 June 2022	-	3,493	11,987,842	53,872,214	6,995,901	9,136,588	-	81,996,038
Less : Impairment Loss								
At 1 July 2021	-	-	152,043	746,104	-	64,505	-	962,652
Addition	-	-	-	19,940	-	-	-	19,940
At 30 June 2022	-	-	152,043	766,044	-	64,505	-	982,592
Carrying Amount								
At 30 June 2022	24,048,805	1,379,657	39,258,829	20,797,156	3,736,575	1,592,939	7,017,116	97,831,077

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)**

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

Group – 2021	Freehold land RM	Factory and shoplot buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in- progress RM	Total RM
At Cost							
At 1 July 2020	9,891,028	42,431,687	58,037,415	8,851,932	9,347,792	-	128,559,854
Additions	-	101,610	4,413,234	-	332,495	3,338,825	8,186,164
Disposals	-	-	(192,964)	(84,825)	(20,633)	-	(298,422)
Write off	-	-	(244,150)	-	-	-	(244,150)
Exchange differences	-	158,230	1,657,213	92,539	93,121	-	2,001,103
At 30 June 2021	9,891,028	42,691,527	63,670,748	8,859,646	9,752,775	3,338,825	138,204,549
Less : Accumulated Depreciation							
At 1 July 2020	-	8,884,658	39,021,751	4,823,381	7,466,741	-	60,196,531
Charge for the financial year	-	1,041,719	4,920,282	759,082	675,670	-	7,396,753
Disposals	-	-	(174,058)	(84,825)	(19,155)	-	(278,038)
Write off	-	-	(181,528)	-	-	-	(181,528)
Exchange differences	-	73,306	1,061,133	51,701	69,246	-	1,255,386
At 30 June 2021	-	9,999,683	44,647,580	5,549,339	8,192,502	-	68,389,104
Less : Impairment Loss							
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
Carrying Amount							
At 30 June 2021	9,891,028	32,539,801	18,277,064	3,310,307	1,495,768	3,338,825	68,852,793

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

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 26(a)(i)):-

	Group 2022 RM	2021 RM
At Carrying Amount		
Freehold land	22,504,986	9,421,027
Factory and shoplot buildings	24,564,884	27,442,858
	47,069,870	36,863,885

- (b) Included in plant and machinery of the Group with carrying amount of RM1,641,766 (2021: RM1,903,894) are held in trust by supplier.
- (c) Included in plant and machinery and motor vehicles of the Group with carrying amounts of RM844,468 and RM1,023,165 (2021: RM NIL and RM 299,708) respectively are held under hire purchase arrangements (Note 26(b)).
- (d) There is no property, plant and equipment in the Company throughout the current and previous financial year.

9. INTANGIBLE ASSET

	Group 2022 RM	2021 RM
<u>License for software platform</u>		
At Cost		
At 1 July	396,505	396,505
Additions	-	-
At 30 June	396,505	396,505
Less : Accumulated Amortisation		
At 1 July	118,951	118,951
Amortised during the financial year	-	-
At 30 June	118,951	118,951
Less : Impairment losses		
At 1 July	277,554	277,554
Addition	-	-
At 30 June	277,554	277,554
Carrying Amount		
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 2022 (Cont'd)

10. INVESTMENT PROPERTIES

	Group	
	2022 RM	2021 RM
At Cost		
At 1 July	33,263,096	31,495,118
Additions	2,301,750	2,628,650
Disposal	-	(860,672)
	<hr/>	<hr/>
At 30 June	35,564,846	33,263,096
Less : Accumulated Depreciation		
At 1 July	1,693,512	1,502,811
Charge for the financial year	214,950	221,012
Disposal	-	(30,311)
	<hr/>	<hr/>
At 30 June	1,908,462	1,693,512
Less : Impairment losses		
At 1 July	138,086	-
Addition	-	138,086
	<hr/>	<hr/>
At 30 June	138,086	138,086
Carrying Amount		
At 30 June	<hr/> <hr/> 33,518,298	<hr/> <hr/> 31,431,498
Fair Value		
At 30 June	<hr/> <hr/> 67,571,397	<hr/> <hr/> 59,591,898

- (a) The investment properties of the Group comprise commercial building under construction amounting to RM4,930,400 (2021: RM2,628,650).
- (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	
	2022 RM	2021 RM
Within 1 year	54,000	27,000
Within 1 and 2 years	27,000	-
	<hr/>	<hr/>
	81,000	27,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

10. INVESTMENT PROPERTIES (CONT'D)

- (c) Investment properties of the Group with carrying amount of RM974,401 (2021: RM991,976) are charged against banking facilities granted to the Group (Note 26(a)(i)).
- (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
2022				
Investment properties	-	6,138,000	61,433,397	67,571,397
2021				
Investment properties	-	-	59,591,898	59,591,898

- (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.
- (iii) The fair value of commercial building under construction is approximate its cost. The fair value of this property is unable to be determined reliably as there are uncertainties in estimating its fair value at this juncture.
- (e) Rental income and direct operating expenses arising from investment properties during the financial year are as follows:-

	Group	
	2022 RM	2021 RM
Rental income	95,510	140,100
Direct operating expenses		
– generating rental income	222,096	225,012
– non-generating rental income	164,860	164,880

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (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	
			2022 RM	2021 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 (74 years remaining)	652,873	663,097
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 (86 years remaining)	5,733,834	5,800,897
Taman Industri, Sg. Buloh, Selangor	2 units of 1 1/2 storey terrace factory	99 years lease expiring on 24 March 2091 (69 years remaining)	1,753,397	1,785,475
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 (89 years remaining)	8,434,662	8,528,467
Bandar Bukit Puchong, Selangor	1 unit of condominium	99 years lease expiring on 9 October 2106 (84 years remaining)	378,220	390,000
Pekan Baru, Sungai Buloh, Selangor	4 units of 6 storey stratified ramped- up factory	88 years expiring on 19 January 2107 (85 years remaining)	4,930,400	2,628,650
			33,518,298	31,431,498

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)**

11. RIGHT-OF-USE ASSETS

	At 1 July 2021 RM	Additions RM	Depreciation Charges RM	Acquisition of Subsidiary (Note 37.1(b)) RM	Exchange Difference RM	At 30 June 2022 RM
<i>Carrying Amount</i>						
Leasehold land	8,092,399	-	(119,690)	-	-	7,972,709
Office and factory buildings	933,589	296,000	(1,062,569)	18,872	24,651	210,543
Hostels	47,695	-	(42,266)	18,116	-	23,545
Motor vehicle	361,342	-	(95,566)	-	8,432	274,208
Office equipment	43,115	-	(10,928)	-	1,012	33,199
	9,478,140	296,000	(1,331,019)	36,988	34,095	8,514,204

	At 1 July 2020 RM	Depreciation Charges RM	Reassessment/ Modification of Lease Liabilities RM	Derecognition due to lease modification RM	Exchange Difference RM	At 30 June 2021 RM
<i>Carrying Amount</i>						
Leasehold land	8,211,707	(119,308)	-	-	-	8,092,399
Office and factory buildings	1,226,450	(2,135,798)	-	-	59,428	933,589
Hostels	294,460	(162,624)	20,381	(104,522)	-	47,695
Motor vehicle	82,912	(98,757)	-	-	1,637	361,342
Office equipment	9,365	(11,780)	-	(8,344)	194	43,115
	9,824,894	(2,528,267)	20,381	(112,866)	61,259	9,478,140

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

11. RIGHT-OF-USE ASSETS (CONT'D)

- (a) The Group leases certain pieces of leasehold land, various buildings, motor vehicle 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 81 – 87 (2021: 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 1 – 2 (2021: 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 – 3 (2021: 2 – 5) years, with some have an option to renew the lease after that date.
 - (iv) Motor vehicle The Group has leased a motor vehicle that runs for 4 (2021: 4) years. The lease is secured by the leased asset.
 - (v) Office equipment The Group has leased an office equipment that run for 5 (2021: 5) 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 RM6,453,584 (2021: RM7,933,113) are charged against banking facilities granted to the Group (Note 26(a)(i)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

12. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Amount Due from Subsidiaries		
<i>Non-current</i>		
Non-trade balances	31,378	31,378
Less: Allowance for impairment losses	-	-
	31,378	31,378
<i>Current</i>		
Trade balances	2,877,366	1,585,792
Non-trade balances	5,077,399	9,778,650
	7,954,765	11,364,442
	7,986,143	11,395,820
Allowance for impairment losses:-		
<i>Non-current</i>		
At 1 July	-	725,526
Reversal during the financial year (Note 31)	-	(725,526)
	-	-
At 30 June	-	-
Amount Due to Subsidiaries		
<i>Current</i>		
Non-trade balances	(22,200,984)	(2,760,345)

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 2022 (Cont'd)

13. AMOUNT DUE FROM/(TO) RELATED PARTIES

	Group	
	2022 RM	2021 RM
Amount Due from Related Parties		
<i>Non-current</i>		
Trade balance	2,188,475	2,378,481
<i>Current</i>		
Trade balances	236,056	194,084
Non-trade balance	57,289	-
	293,345	194,084
	2,481,820	2,572,565
Amount Due To Related Parties		
<i>Current</i>		
Trade balances	(786,820)	(555,346)
Non-trade balance	(135,666)	(146,276)
	(922,486)	(701,622)

- (a) The trade amount due from a related party amounting to RM2,363,976 (2021: RM2,551,140) is repayable by 180 (2021: 180) monthly instalments and measured at amortised cost at imputed rate of 3.1% (2021: 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 (2021: 7 – 180 days) from invoice date or the first day of the immediate following month after sales invoices date, whichever applicable.
- (b) The non-trade amount due from a related party represents prepayment paid for the purchase of machineries. The amount is unsecured, interest-free and repayable on demand.
- (c) The trade amount due to related parties is on credit terms of 90 days (2021: 90 days) from invoice date or the first day of the immediate following month after purchases invoice date, whichever applicable.
- (d) The non-trade amount due to a related party is subject to a credit term of 30 days (2021: 30 days).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

14. 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	
	2022 RM	2021 RM
At 1 July	(1,230,283)	(551,761)
Acquisition of subsidiary (Note 37.1(b))	(688,160)	-
Recognised in profit or loss:- (Note 35(a))		
– Accelerated capital allowance	(32,818)	(22,386)
– Allowance for impairment loss on receivables	(37,853)	(25,998)
– Others	(722,893)	(673,663)
– Exchange differences	15,781	(9,399)
– Overprovision in prior years	438,374	52,924
	<hr/>	<hr/>
At 30 June	(2,257,852)	(1,230,283)
	<hr/>	<hr/>
Presented after appropriate offsetting as follow:-		
Deferred tax assets	514,334	509,198
Deferred tax liabilities	(2,772,186)	(1,739,481)
	<hr/>	<hr/>
At 30 June	(2,257,852)	(1,230,283)

15. INVENTORIES

	Group	
	2022 RM	2021 RM
Raw materials	63,145,675	51,930,501
Work-in-progress	3,736,612	3,283,929
Finished goods	39,177,085	29,498,285
	<hr/>	<hr/>
	106,059,372	84,712,715
	<hr/>	<hr/>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	157,189,083	163,942,595
Write down of inventories	809,107	622,843
Reversal of write down of inventories	(316,860)	(1,914,046)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

16. TRADE RECEIVABLES

	Group	
	2022 RM	2021 RM
Trade receivables	74,608,026	65,775,950
Less : Allowance for impairment losses	(3,284,627)	(3,275,360)
	<u>71,323,399</u>	<u>62,500,590</u>
Allowance for impairment losses:-		
At 1 July	3,275,360	3,265,956
Acquisition of subsidiary	278,427	-
Addition during the financial year (Note 31)	475,442	295,357
Reversal during the financial year (Note 31)	(414,997)	(305,434)
Written off during the financial year	(375,319)	(13,838)
Exchange differences	45,714	33,319
	<u>3,284,627</u>	<u>3,275,360</u>
At 30 June		

- (a) The Group's trade receivables are non-interest bearing and are generally on trade terms of cash – 180 days (2021: 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 RM51,546 (2021: RM66,942). The retention sums are generally on credit terms up to 360 days (2021: 360 days).

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other Receivables				
<i>Current</i>				
Sundry receivables	4,987,852	2,026,197	-	-
Less: Allowance for impairment losses	-	(13,200)	-	-
	<u>4,987,852</u>	<u>2,012,997</u>	<u>-</u>	<u>-</u>
Deposits to suppliers	2,713,911	4,798,542	-	-
Deposits	583,048	695,243	1,000	1,000
Prepayments	1,141,728	875,563	-	-
Sales tax/goods and services tax recoverable	1,532,536	1,444,079	2,589	2,589
	<u>10,959,075</u>	<u>9,826,424</u>	<u>3,589</u>	<u>3,589</u>
Allowance for impairment losses:-				
At 1 July	13,200	-	-	-
Addition during the financial year (Note 31)	-	13,200	-	-
Reversal during the financial year (Note 31)	(13,200)	-	-	-
	<u>-</u>	<u>13,200</u>	<u>-</u>	<u>-</u>
At 30 June				

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

18. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022 RM	2021 RM
Contract Assets		
Contract assets relating to sales of goods (a)	374,183	560,961
Contract Liabilities		
Contract liabilities relating to sales of goods (b)	959,286	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	
	2022 RM	2021 RM
At 1 July	(446,953)	1,084,064
Revenue recognised in profit or loss during the financial year	1,403,753	558,727
Billings to customers during the financial year	(1,397,295)	(1,086,644)
Advances received for future performance obligation	(132,094)	(993,174)
Exchange differences	(12,514)	(9,926)
At 30 June	(585,103)	(446,953)
Represented by:-		
Contract assets	374,183	560,961
Contract liabilities	(959,286)	(1,007,914)
	(585,103)	(446,953)

19. AMOUNT DUE FROM ASSOCIATES

	Group	
	2022 RM	2021 RM
<i>Current</i>		
Trade balances	904,697	902,010

The trade amount due from associates are non-interest bearing and generally on credit terms of 7 – 180 days (2021: 7 – 180 days) from invoice date or the first day of the immediate following month after sales invoice date, whichever applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

20. SHORT-TERM INVESTMENTS

	Group	
	2022 RM	2021 RM
At Fair Value		
Bond fund	44,722,651	40,000,000
Fixed income fund	239,488	-
Money market fund	14,807,036	50,217,028
	59,769,175	90,217,028
Market value of short-term investments	59,769,175	90,395,686

21. FIXED DEPOSITS WITH LICENSED BANKS

	Group	
	2022 RM	2021 RM
Fixed deposits with licensed banks	346,476	1,166,956

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period amounting to RM17,228 (2021: RM16,956) are pledged to licensed banks as security for banking facilities which has been granted to the Group (Note 26(a)(iii)).
- (b) The effective interest rates (per annum) of deposits with licensed banks at the end of the reporting period are as follows:-

	Group	
	2022 %	2021 %
Fixed deposits with licensed banks	1.5 - 2.0	1.5 - 2.7

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

	Group	
	2022 Days	2021 Days
Fixed deposits with licensed banks	30 - 365	30 - 365

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

22. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Issued and Fully Paid-Up:-				
Ordinary shares				
At 1 July	251,276,800	73,148,940	249,743,100	72,017,538
New shares issued under the employees' share option scheme for cash (Note 24 (c))	788,000	586,529	1,533,700	1,131,402
At 30 June	252,064,800	73,735,469	251,276,800	73,148,940

- (a) 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.
- (b) During the financial year, the Company increased its issued and paid-up share capital from RM73,148,940 to RM73,735,469 by way of :-
- (i) An issuance of 788,000 new ordinary shares from the exercise of options under the Company's Employees' Share Option Scheme at the exercise prices of RM0.54 which amounted to RM586,529.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

23. TREASURY SHARES

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
At Cost				
At 1 July	22,471,354	15,201,007	19,849,954	13,648,570
Buy back	477,900	369,763	2,621,400	1,552,437
At 30 June	22,949,254	15,570,770	22,471,354	15,201,007

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
Buy Back				
November 2021	407,900	315,449	0.77	0.77
December 2021	70,000	54,314	0.77	0.77
	477,900	369,763		

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

23. TREASURY SHARES (CONT'D)

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 2022.

Out of total 252,064,800 (2021: 251,276,800) issued and fully paid ordinary shares at 30 June 2022, 22,949,254 (2021: 22,471,354) ordinary shares are held as treasury shares by the Company. Therefore, the number of outstanding ordinary shares in issue and fully paid is 229,115,546 (2021: 228,805,446).

24. RESERVES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-Distributable				
Translation reserve	5,112,697	5,173,915	-	-
Capital reserve	14,288,147	14,288,147	-	-
Employees' share option reserve	453,854	614,863	453,854	614,863
Distributable				
Retained profits	270,792,238	255,578,722	18,821,112	25,497,706
	<u>290,646,936</u>	<u>275,655,647</u>	<u>19,274,966</u>	<u>26,112,569</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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

24. RESERVES (CONT'D)

(c) Employees' Share Option Reserve (Cont'd)

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).
- (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 equally 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 01.07.2021		At 30.06.2022	
			At	Reallocated	Exercised	At
16 November 2018	0.54	5 years	3,992,600	112,700	(788,000)	3,317,300

Date of offer	Exercise Price	Remaining Contractual Life of Options	Number of Options over Ordinary Shares			
			At 01.07.2020		At 30.06.2021	
			At	Reallocated	Exercised	At
16 November 2018	0.54	5 years	5,526,300	-	(1,533,700)	3,992,600

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

24. RESERVES (CONT'D)

(c) Employees' Share Option Reserve (Cont'd)

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.

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	
	2022	2021
Fair value of share options at the grant date based on vesting date (RM) – 27 December 2018	0.2043	0.2043
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

25. LEASE LIABILITIES

	Group	
	2022 RM	2021 RM
At 1 July	1,382,216	1,440,038
Acquisition of subsidiary (Note 37.1(b))	37,591	-
Acquisition of new leases	-	2,212,739
Interest expense recognised in profit or loss (Note 30)	45,329	106,156
Repayment of principal	(1,098,102)	(2,237,696)
Repayment of interest expense	(45,329)	(106,156)
Reassessment/Modification of leases	-	20,381
Derecognition due to lease modification	-	(125,311)
Exchange differences	33,806	72,065
At 30 June	355,511	1,382,216
Analysed by:-		
Current liabilities	142,122	1,059,048
Non-current liabilities	213,389	323,168
	355,511	1,382,216

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

26. BORROWINGS

		Group	
		2022 RM	2021 RM
Current			
Secured	– Term loans	898,380	355,022
	– Hire purchase payables	578,627	151,870
		1,477,007	506,892
Non-Current			
Secured	– Term loans	11,601,710	962,777
	– Hire purchase payables	396,330	11,571
		11,998,040	974,348
Total borrowings		13,475,047	1,481,240

- (a) The term loans of the Group are secured by way of:-
- (i) Registered charge over certain property, plant and equipment (Note 8(a)), certain right-of-use assets (Note 11(c)) and certain investment properties (Note 10(c)) of the Group.
 - (ii) Corporate guarantee provided by the Company;
 - (iii) Fixed deposits with licensed banks of the Group (Note 21(a)).
- (b) The hire purchase payables of the Group are secured by motor vehicles as disclosed in Note 8(c) to the financial statements.
- (c) The effective interest rates (per annum) of borrowings at the end of the reporting period were as follows:-

	Group	
	2022 %	2021 %
Term loans	3.4 – 4.0	2.3
Hire purchase payables	3.6 – 7.0	4.4 – 5.2

27. TRADE PAYABLES

The normal trade terms granted to the Group are cash - 120 days (2021: 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 2022 (Cont'd)

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<i>Non-Current</i>				
Sundry payable	674,729	-	674,729	-
<i>Current</i>				
Advance payment from customers	118,883	283,942	-	-
Accruals	8,552,660	9,843,318	138,155	136,245
Deposit received	272,490	252,058	-	-
Sales tax/goods and services tax payable	919,327	1,271,340	-	-
Sundry payables	1,533,458	1,020,488	1,267	3,090
	11,396,818	12,671,146	139,422	139,335
	12,071,547	12,671,146	814,151	139,335

Included in sundry payables of RM1,760,669 (2021: RM669,715) is for the purchase of property, plant and equipment (Note 39(a)).

29. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Revenue recognised at a point in time</u>				
Dividend income	-	-	4,180,000	7,328,400
Management fee income	-	-	2,583,146	2,171,189
Sales of transformer, industrial lighting and related products	223,148,948	236,909,503	-	-
Rendering of services	94,178	153,328	-	-
Sales of healthcare related products	376,187	-	-	-
Sales of aluminium of die casting works	7,626,708	-	-	-
	231,246,021	237,062,831	6,763,146	9,499,589

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

30. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest on:-				
Bank overdraft	1	98	-	-
Hire purchase	32,828	12,060	-	-
Imputed interest on a long-term payable	18,505	-	18,505	-
Lease liabilities	45,329	106,156	-	-
Term loans	85,746	33,767	-	-
Trade bills	6,120	11,342	-	-
Revolving credit	-	21,517	-	-
	188,529	184,940	18,505	-
Commitment fee	53,697	65,795	4,500	7,683
	242,226	250,735	23,005	7,683

31. NET (IMPAIRMENT LOSSES)/GAIN ON FINANCIAL ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Impairment losses:-				
– trade receivables (Note 16)	(475,442)	(295,357)	-	-
– other receivables (Note 17)	-	(13,200)	-	-
Reversal of impairment losses:-				
– trade receivables (Note 16)	414,997	305,434	-	-
– other receivables (Note 17)	13,200	-	-	-
– amount due from a subsidiary	-	-	-	725,526
	(47,245)	(3,123)	-	725,526

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

32. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Auditors' remuneration:-				
– audit fee:-				
– current financial year	315,466	293,418	75,000	75,000
– underprovision in prior year	6,900	2,894	-	-
– non-audit fee	23,000	23,000	23,000	23,000
Bad debts written off	57,560	17,428	-	-
Depreciation:-				
– investment properties	214,950	221,012	-	-
– property, plant and equipment	7,416,827	7,396,753	-	-
– right-of-use assets	1,331,019	2,528,267	-	-
Fair value loss on short-term investment	1,474,956	-	-	-
Impairment loss:-				
– investments in subsidiaries	-	-	6,734,983	1,307,493
– property, plant and equipment	19,940	272,314	-	-
– investment properties	-	138,086	-	-
Loss on foreign exchange:-				
– realised	-	1,088,314	-	-
– unrealised	-	899,161	-	1,100
Penalty	51,315	-	-	-
Property, plant and equipment written off	76	62,622	-	-
Short-term leases expense	1,680,440	1,686,394	-	-
Research and development expenses	5,705,789	5,530,189	-	-
Share of loss of associate	21,451	-	-	-
Write down of inventories	809,107	622,843	-	-
Write off of amount due from:-				
– related party	-	6,237	-	6,237
Total interest income of financial assets measured at fair value through profit or loss	(1,803,417)	(1,362,072)	-	-
Total interest income of financial assets measured at amortised cost	(107,709)	(84,651)	-	-
Gain on disposal of property, plant and equipment	(81,278)	(39,997)	-	-
Gain on disposal of investment property	-	(147,848)	-	-
Gain on foreign exchange:-				
– realised	(1,491,040)	-	(9,350)	(5,024)
– unrealised	(887,089)	-	(10,383)	-
Government grants	(392,655)	(652,520)	-	-
Rental income	(95,510)	(140,100)	-	-
Reversal of impairment loss of investment in subsidiary	-	-	(660,000)	-
Reversal of write down of inventories	(316,860)	(1,914,046)	-	-
Scrap sales	(178,276)	(84,520)	-	-
Waiver of debts	(118,563)	-	-	-
Bad debts recovered	-	(15)	-	-
Gain on modification of leases	-	(12,445)	-	-
Share of gain of associate	-	(69,851)	-	-
Bargain purchase	(710,959)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

33. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Executive Directors:-				
Fees	18,181	16,513	13,000	-
Salaries and other emoluments	2,586,060	2,163,544	775,847	687,244
Defined contribution plan ("EPF")	282,118	238,061	110,400	95,424
Employees' share option scheme expenses	-	22,475	-	22,475
Bonus and incentive	1,659,516	1,694,729	796,400	757,900
	4,545,875	4,135,322	1,695,647	1,563,043
Benefits-in-kind	48,125	50,525	34,800	19,800
	4,594,000	4,185,847	1,730,447	1,582,843
Non-executive Directors:-				
Fees	251,000	208,333	251,000	208,333
Salaries and other emoluments	9,000	8,500	9,000	8,500
	260,000	216,833	260,000	216,833
	4,854,000	4,402,680	1,990,447	1,799,676
Directors of the subsidiaries				
Fees	42,822	15,987	-	-
Salaries and other emoluments	2,407,943	2,034,483	-	-
EPF	212,234	163,818	-	-
Employees' share option scheme expenses	-	1,960	-	-
Bonus and incentive	967,085	683,240	-	-
	3,630,084	2,899,488	-	-
Benefits-in-kind	22,100	23,892	-	-
	3,652,184	2,923,380	-	-
Total Directors' Remunerations	8,506,184	7,326,060	1,990,447	1,799,676

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

34. EMPLOYEE BENEFITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 33)	8,175,959	7,034,810	1,695,647	1,563,043
Other Staff Costs				
Wages, salaries and bonuses	40,612,520	33,379,925	643,018	432,334
EPF	2,879,345	2,308,176	41,535	32,488
Employees' share option scheme expenses	-	106,786	-	16,941
Other benefits	5,522,500	4,609,899	12,413	5,161
	49,014,365	40,404,786	696,966	486,924
Total Staff Costs	57,190,324	47,439,596	2,392,613	2,049,967

35. INCOME TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(a) Components of tax expense				
Current tax expense:-				
– Malaysian income tax	5,888,471	6,832,360	-	-
– Foreign income tax	138,486	130,137	-	-
Deferred tax expense relating to origination of temporary differences	793,564	722,047	-	-
Withholding tax	-	193,170	-	193,170
Overprovision in prior years:-				
– current tax	(241,939)	(94,009)	-	-
– deferred tax	(438,374)	(52,924)	-	-
	6,140,208	7,730,781	-	193,170
Real property gains tax	176,753	39,000	-	-
	6,316,961	7,769,781	-	193,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

35. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follow:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(b) Reconciliation of income tax expense				
Profit/(Loss) before tax	27,579,702	30,416,904	(2,555,403)	6,243,603
Tax at statutory income tax rate of 24%	6,619,770	7,300,143	(613,000)	1,498,465
Tax effect of:-				
– different tax rates of foreign subsidiaries	(311,778)	(308,068)	-	-
– non-deductible expenses	2,145,276	1,245,306	1,725,000	386,535
– expenses available for double deduction	(61,000)	(56,000)	-	-
– non-taxable income	(1,180,329)	(1,359,975)	(1,164,000)	(1,933,000)
Reinvestment capital allowance	(173,000)	-	-	-
Deferred tax assets not recognised during the year	916,905	897,812	52,000	48,000
Difference in tax rate on capital gain	(575,000)	-	-	-
Utilisation of deferred tax assets previously not recognised	(385,691)	(34,674)	-	-
Withholding tax	-	193,170	-	193,170
Real property gains tax	2,121	39,000	-	-
Overprovision in prior years:-				
– current tax	(241,939)	(94,009)	-	-
– deferred tax	(438,374)	(52,924)	-	-
	6,316,961	7,769,781	-	193,170

(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	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses of Malaysian entities:-				
– expires year of assessment 2029	4,105,000	4,107,000	404,000	404,000
– expires year of assessment 2030	1,935,000	1,935,000	222,000	222,000
– expires year of assessment 2031	2,430,000	2,428,000	217,000	-
– expires year of assessment 2032	2,315,000	2,293,000	-	-
– expires year of assessment 2033	2,572,000	-	-	-
Unutilised tax losses of foreign entities	5,005,000	3,638,000	-	-
Unabsorbed capital allowances	3,488,000	3,315,000	-	-
	21,850,000	17,716,000	843,000	626,000

For Malaysian entities, the unutilised tax losses are allowed to be utilised for 10 (2021: 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 2022 (Cont'd)

36. 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.

	Group	
	2022 RM	2021 RM
Profit after tax attributable to owners of the Company	19,241,535	20,738,763
	Units	Units
Weighted average number of ordinary shares in issue	228,934,840	228,313,645
Basic earnings per ordinary share (sen)	8.40	9.08

(b) Diluted Earnings per Ordinary Share

	Group	
	2022 RM	2021 RM
Profit after tax attributable to owners of the Company	19,241,535	20,738,763
	Units	Units
Weighted average number of ordinary shares in issue for basic earnings per share	228,934,840	228,313,645
Shares deemed to be issued for no consideration:- Employees' share options in issue	1,626,694	963,259
Weighted average number of ordinary shares in issue for diluted earnings per share	230,561,534	229,276,904
Diluted earnings per ordinary share (sen)	8.35	9.05

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

37. ACQUISITIONS OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS

37.1 Acquisition of a Subsidiary

On 3 January 2022, the Company acquired 60% equity interest in Global-Pacific Manufacturing Sdn. Bhd. ("GPM").

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

(a) Fair Value of Purchase Consideration

	Group 2022 RM	Company 2022 RM
Cash	7,560,000	7,560,000
Contingent consideration	656,223	656,223
Total purchase consideration	<u>8,216,223</u>	<u>8,216,223</u>

Based on the share sale agreement, the vendor agreed to enter into a profit guarantee agreement with the Company on the acquisition date to guarantee to the Company that GPM shall for the FYE 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025 achieve an aggregate net profit after tax of at least RM5,000,000. The Company is required to retain 10% of the total purchase price amounting RM840,000 and will be payable to the vendor upon satisfaction of profit guarantee. The fair value of the contingent consideration of RM656,223 was estimated by calculating the present value of the future expected cash flows based on a discount rate of 5.64%.

(b) Identifiable Assets Acquired and Liabilities Assumed

	Group 2022 RM
Property, plant and equipment (Note 8)	11,205,447
Right-of-use assets (Note 11)	36,988
Inventories	4,360,511
Trade receivables	4,069,591
Other receivables, deposits and prepayments	218,510
Cash and bank balances	891,309
Fixed deposits	1,736,227
Trade and other payables	(755,001)
Bank borrowings	(2,104,457)
Lease liabilities (Note 25)	(37,591)
Deferred tax liability (Note 14)	(688,160)
Current tax liabilities	(104,737)
Amount owing to holding company	(3,950,000)
Fair value of net identifiable assets acquired	<u>14,878,637</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

37. ACQUISITIONS OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS (CONT'D)

37.1 Acquisition of a Subsidiary (Cont'd)

(c) Cash Flows Arising from Acquisition

	Group 2022 RM	Company 2022 RM
Purchase consideration settled in cash and cash equivalents (item (a) above)	8,216,223	8,216,223
Less: Cash and cash equivalents of subsidiary acquired (item (b) above)	(2,627,536)	-
Net cash outflow from the acquisition of a subsidiary	<u>5,588,687</u>	<u>8,216,223</u>

(d) Bargain Purchase Arising from Acquisition

	Group 2022 RM
Total consideration transferred (item (a) above)	8,216,223
Less: Fair value of identifiable net assets acquired (item (b) above)	(14,878,637)
Non-controlling interests (item (d)(i) below)	5,951,455
Bargain purchase from the acquisition of subsidiary	<u>(710,959)</u>

(i) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(ii) The Group has incurred acquisition-related costs of RM174,421 related to external legal fees and due diligence costs. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

(e) Impact of Acquisition on the Group's Results

	Group 2022 RM
Revenue	7,626,708
Profit after tax	<u>3,822,773</u>

There were no acquisitions of new subsidiaries in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

37. ACQUISITIONS OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS (CONT'D)

37.2 Acquisition of Non-controlling Interests

In the last financial year, the following transactions occurred:-

- (i) 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.
- (ii) On 4 December 2020, the Company acquired additional 5% equity interest in Daiichi 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.

37.3 Accretion of Interest in Subsidiary

On 27 April 2022, the Company's subsidiary, BNJ, has issued 1,692,000 new ordinary shares to the Company for cash consideration of USD1,692,000 (equivalent to RM7,377,120) and issue 8,000 new ordinary shares to its non-controlling shareholder for cash consideration of USD8,000 (equivalent to RM34,880) respectively. Consequently, the Company's effective ownership in BNJ has increased from 96% to 99%. The Group recognised an increase in NCI of RM118,409; an increase in retained profit of RM93,172 and decrease in translation reserve of RM176,700.

38. DIVIDENDS

	Group and Company	
	2022 RM	2021 RM
In respect of the financial year ended 30 June 2022		
An interim single-tier dividend of 1.8 sen per ordinary share	4,121,191	-
In respect of the financial year ended 30 June 2021		
An interim single-tier dividend of 1.0 sen per ordinary share	-	2,279,703
	4,121,191	2,279,703

On 11 October 2022, the Company declared an interim tax-exempt single-tier dividend of RM0.018 per ordinary share in respect of the financial year ended 30 June 2023, to be paid on 28 November 2022 to the shareholders whose names appeared in the Company's Record of Depositors on 31 October 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

39. 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	
	2022 RM	2021 RM
Property, plant and equipment		
Aggregate cost of property, plant and equipment acquired	25,286,074	8,186,164
Finance via hire purchase (Note (b) below)	(531,844)	-
Unpaid balance included in sundry payables (Note 28)	(1,760,669)	(669,715)
Cash paid in respect of acquisition in previous financial year	669,715	937,810
	<hr/>	<hr/>
Cash paid during the financial year	23,663,276	8,454,259
Right-of-use assets		
Cost of right-of-use assets acquired (Note 11)	296,000	2,212,739
Less: Addition of new lease liabilities (Note 25)	-	(2,212,739)
	<hr/>	<hr/>
	296,000	-

- (b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term loans RM	Lease liabilites RM	Hire purchase payables RM	Total RM
Group – 2022				
At 1 July 2021	1,317,799	1,382,216	163,441	2,863,456
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	11,340,000	-	-	11,340,000
Repayment of principal	(1,594,563)	(1,098,102)	(406,838)	(3,099,503)
Repayment of interests	(85,746)	(45,329)	(32,828)	(163,903)
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	9,659,691	(1,143,431)	(439,666)	8,076,594
<u>Non-cash Changes</u>				
Acquisition of a subsidiary (Note 37.1(b))	1,418,628	37,591	685,829	2,142,048
New hire purchase (Note 39(a))	-	-	531,844	531,844
Interest expense recognised in profit or loss (Note 30)	85,746	45,329	32,828	163,903
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	1,504,374	82,920	1,250,501	2,837,795
Exchange differences	18,226	33,806	681	52,713
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	1,522,600	116,726	1,251,182	2,890,508
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2022	12,500,090	355,511	974,957	13,830,558

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

39. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	Term loans RM	Lease liabilites RM	Hire purchase payables RM	Revolving credit RM	Total RM
Group – 2021					
At 1 July 2020	1,654,360	1,440,038	397,310	-	3,491,708
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	-	-	-	10,000,000	10,000,000
Repayment of principal	(345,749)	(2,237,696)	(234,228)	(10,000,000)	(12,817,673)
Repayment of interests	(33,767)	(106,156)	(12,060)	(21,517)	(173,500)
	(379,516)	(2,343,852)	(246,288)	(21,517)	(2,991,173)
<u>Non-cash Changes</u>					
Acquisition of new lease (Note 25)	-	2,212,739	-	-	2,212,739
Interest expense recognised in profit or loss (Note 30)	33,767	106,156	12,060	21,517	173,500
Reassessment/Modification of leases (Note 25)	-	20,381	-	-	20,381
Derecognition due to lease modification (Note 25)	-	(125,311)	-	-	(125,311)
	33,767	2,213,965	12,060	21,517	2,281,309
Exchange differences	9,188	72,065	359	-	81,612
	42,955	2,286,030	12,419	21,517	2,362,921
At 30 June 2021	1,317,799	1,382,216	163,441	-	2,863,456

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

39. CASH FLOW INFORMATION(CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2022 RM	2021 RM
Payment of short-term leases	1,680,440	1,686,394
Interest paid on lease liabilities	45,329	106,156
Payment on lease liabilities	1,098,102	2,237,696
	<u>2,823,871</u>	<u>4,030,246</u>

(d) The cash and cash equivalents comprise the following:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	25,741,579	24,385,564	287,484	986,605
Fixed deposits with licensed banks (Note 21)	346,476	1,166,956	-	-
	<u>26,088,055</u>	<u>25,552,520</u>	<u>287,484</u>	<u>986,605</u>
Add: Cash and cash equivalents included in short-term investment (Note 20)	59,769,175	90,217,028	-	-
Less: Fixed deposits pledged to licensed banks	(17,228)	(16,956)	-	-
	<u>85,840,002</u>	<u>115,752,592</u>	<u>287,484</u>	<u>986,605</u>

40. 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 2022 (Cont'd)

40. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Subsidiaries				
- Management fee income	-	-	(2,583,146)	(2,171,189)
- Dividend income	-	-	(4,180,000)	(7,328,400)
- Impairment loss of investment in subsidiaries	-	-	6,734,983	1,307,493
- Reversal of impairment loss of investment in subsidiary	-	-	(660,000)	-
- Reversal of impairment loss of amount due from subsidiary	-	-	-	(725,526)
Associates				
- Sale of goods	(1,365,522)	(1,194,913)	-	-
- Purchase of goods	137,208	135,920	-	-
Other directors' interest				
- Sale of goods	(59,322)	(13,262)	-	-
- Purchase of goods	20,079,018	6,338,487	-	-
- Rental of factory	2,578,097	1,352,021	-	-
- Rendering of services, contract wages	30,460	-	-	-
- Advisor fee	58,688	-	-	-
- Imputed interest on long term trade receivables	(51,279)	(41,435)	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

40. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term employee benefits	9,433,634	8,103,324	1,845,247	1,661,977
EPF	640,805	510,183	110,400	95,424
Employees' share option scheme expenses	-	25,990	-	22,475
	<u>10,074,439</u>	<u>8,639,497</u>	<u>1,955,647</u>	<u>1,779,876</u>
Included in the total key management personnel compensation are:-				
– Directors of the Group and of the Company (Note 33)	8,435,959	7,251,643	1,955,647	1,779,876
– Other key management personnel:-				
Short-term employee benefits	1,492,027	1,277,995	-	-
EPF	146,453	108,304	-	-
Employees' share option scheme expenses	-	1,555	-	-
	<u>1,638,480</u>	<u>1,387,854</u>	<u>-</u>	<u>-</u>
	<u>10,074,439</u>	<u>8,639,497</u>	<u>1,955,647</u>	<u>1,779,876</u>

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 2022 (Cont'd)

41. 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 and deferred tax assets.

	Revenue		Non-Current Assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	118,942,265	131,219,338	120,719,493	89,289,118
People's Republic of China	33,095,154	33,017,944	12,773,070	14,271,776
Other countries	79,208,602	72,825,549	6,801,969	6,643,120
Consolidated	231,246,021	237,062,831	140,294,532	110,204,014

The information on the disaggregation of revenue based on geographical region is summarised below:-

2022	At A Point in Time RM	Over Time RM	Group RM
Malaysia	118,942,265	-	118,942,265
People's Republic of China	33,095,154	-	33,095,154
Other countries	79,208,602	-	79,208,602
Consolidated	231,246,021	-	231,246,021

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

(c) Major Customers

The following is a major customer with revenue equal to or more than 10% of the Group's total revenue:-

	Group 2022 RM	2021 RM
Customer 1	*	24,481,028

* Not being a major customer by definition herein for the financial year

42. CAPITAL COMMITMENT

	Group 2022 RM	2021 RM
Purchase of property, plant and equipment	249,972	2,908,000
Purchase of investment properties	-	2,282,000
	249,972	5,190,000

43. 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.

43.1 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 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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
At 30 June 2022						
<u>Financial Assets</u>						
Trade receivables	9,142,068	2,983,921	13,150,300	1,147,190	44,899,920	71,323,399
Other receivables	-	50,661	1,829,368	63,144	3,044,679	4,987,852
Amount due from associates	-	-	904,697	-	-	904,697
Amount due from related parties	-	-	60,555	-	2,363,976	2,424,531
Cash and bank balances	2,284,517	4,665,803	10,362,308	2,385,721	6,043,230	25,741,579
	11,426,585	7,700,385	26,307,228	3,596,055	56,351,805	105,382,058
<u>Financial Liabilities</u>						
Lease liabilities	-	(317,379)	-	-	(38,132)	(355,511)
Borrowings	-	(6,411)	-	(99,204)	(13,369,432)	(13,475,047)
Trade payables	(879,827)	(441,780)	(13,975,306)	(66,819)	(3,760,029)	(19,123,761)
Other payables and accruals	-	(283,999)	(3,419,651)	(293,786)	(6,763,411)	(10,760,847)
Amount due to related parties	-	-	(776,463)	-	(146,023)	(922,486)
	(879,827)	(1,049,569)	(18,171,420)	(459,809)	(24,077,027)	(44,637,652)
Net financial assets	10,546,758	6,650,816	8,135,808	3,136,246	32,274,778	60,744,406
Less : Net financial (assets) denominated in the respective entities' functional currency	-	(3,123,109)	(8,135,443)	(1,891,150)	(32,274,778)	(45,424,480)
Currency exposure	10,546,758	3,527,707	365	1,245,096	-	15,319,926

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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
At 30 June 2021						
<u>Financial Assets</u>						
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	8,353,225	1,976,137	7,044,956	24,385,564
	9,719,435	9,261,525	22,768,545	3,899,117	46,725,104	92,373,726
<u>Financial Liabilities</u>						
Lease liabilities	-	(407,083)	(925,985)	-	(49,148)	(1,382,216)
Borrowings	-	(1,361,203)	-	-	(120,037)	(1,481,240)
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	3,977,947	3,404,380	35,758,391	57,030,956
Less : Net financial (assets) denominated in the respective entities' functional currency	-	(4,694,856)	(3,335,266)	(2,245,001)	(35,758,391)	(46,033,514)
Currency exposure	7,014,818	2,180,564	642,681	1,159,379	-	10,997,442

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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
At 30 June 2022			
<u>Financial Assets</u>			
Cash and bank balances	365	287,119	287,484
Net financial assets	365	287,119	287,484
Less: Net financial (assets) denominated in the Company's functional currency	-	(287,119)	(287,119)
Currency exposure	365	-	365
At 30 June 2021			
<u>Financial Assets</u>			
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Effects on profit after tax				
USD / RM				
– strengthened by 5%	400,777	266,563	-	-
– weakened by 5%	(400,777)	(266,563)	-	-
SGD / RM				
– strengthened by 5%	134,053	82,861	-	-
– weakened by 5%	(134,053)	(82,861)	-	-

There is no impact on the Group's and Company's equity.

(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	
	2022 RM	2021 RM
Floating rate instruments		
Financial liabilities	12,500,090	1,317,799

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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	
	2022 RM	2021 RM
Effects on profit after tax		
Increase of 50 basis points	(8,753)	(5,703)
Decrease of 50 basis points	8,753	5,703

There is no impact on the Group's equity.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by NIL (2021: one (1)) trade receivable, the balance of each is equal to or more than 10% of the total balances constituting approximately NIL (2021: 10.21%) 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:-

	2022 RM	Group 2021 RM
By country:-		
Malaysia	47,705,990	39,512,200
People's Republic of China	12,167,846	12,767,140
Singapore	2,983,921	5,268,419
Other countries	11,794,870	8,427,406
	74,652,627	65,975,165

(ii) Maximum 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.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of the following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 365 days past due.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related parties) 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.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (2021: 24 months) before the reporting date 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 trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate, Gross Domestic Product (GDP), inflation rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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)

Allowance for Impairment Losses

Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2022				
Current (not past due)	58,610,862	-	-	58,610,862
1 to 30 days past due	6,784,404	-	-	6,784,404
31 to 60 days past due	3,592,797	-	-	3,592,797
61 to 90 days past due	2,099,595	-	-	2,099,595
More than 91 days past due	3,405,555	-	(2,383)	3,403,172
Credit impaired	3,444,041	(2,346,322)	(935,922)	161,797
Trade receivables	77,937,254	(2,346,322)	(938,305)	74,652,627
Contract assets	374,183	-	-	374,183
	78,311,437	(2,346,322)	(938,305)	75,026,810
2021				
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	(2,148,256)	(1,127,104)	113,987
Trade receivables	69,250,525	(2,148,256)	(1,127,104)	65,975,165
Contract assets	560,961	-	-	560,961
	69,811,486	(2,148,256)	(1,127,104)	66,536,126

The movements in the loss allowances in respect of all trade receivables and contract assets are disclosed in Notes 13, 16, 18 and 19 to the financial statements respectively.

Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because they are subsidiaries with a strong financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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 its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD). In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks 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 (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to 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.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Due from Subsidiaries (Non-trade Balances) (Cont'd)

Allowance for Impairment Losses

Company	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
2022				
Low credit risk	1,022,635	-	-	1,022,635
Significant increase in credit risk	4,086,142	-	-	4,086,142
	5,108,777	-	-	5,108,777
2021				
Low credit risk	9,715,500	-	-	9,715,500
Significant increase in credit risk	94,528	-	-	94,528
	9,810,028	-	-	9,810,028

The movements in the loss allowance are disclosed in Note 12 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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	Contractual Annual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1-5 Years RM	Over 5 Years RM
2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	19,123,761	19,123,761	19,123,761	-	-
Other payables and accruals	-	10,760,847	10,926,118	10,086,118	840,000	-
Amount due to related parties	-	922,486	922,486	922,486	-	-
Lease liabilities	4.5 - 5.6	355,511	375,736	155,167	220,569	-
Borrowings:-						
– Hire purchases	3.6 - 7.0	974,957	1,035,805	566,801	469,004	-
– Term loans	3.4 - 4.0	12,500,090	15,541,716	1,314,908	5,003,349	9,223,459
		44,637,652	47,925,622	32,169,241	6,532,922	9,223,459

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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)

Group	Contractual Annual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1-5 Years RM
2021					
<u>Non-derivative Financial Liabilities</u>					
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	4.5 - 5.6	1,382,216	1,448,950	1,102,605	346,345
Borrowings:-					
– Hire purchases	4.4 - 5.2	163,441	167,655	156,030	11,625
– Term loans	2.3	1,317,799	1,370,131	381,034	989,097
		35,342,770	35,466,050	34,118,983	1,347,067

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 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	1–5 Years RM
2022				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	814,151	979,422	139,422	840,000
Amount due to subsidiaries	22,200,984	22,200,984	22,200,984	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	-	-
	23,015,135	23,180,406	22,340,406	840,000
2021				
<u>Non-derivative Financial Liabilities</u>				
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	-
	2,899,680	4,217,680	4,217,680	-

* 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.

43.2 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.3 Classification of Financial Instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	59,769,175	90,217,028	-	-
<u>Amortised Cost</u>				
Trade receivables	71,323,399	62,500,590	-	-
Other receivables	4,987,852	2,012,997	-	-
Amount due from subsidiaries	-	-	7,986,143	11,395,820
Amount due from associates	904,697	902,010	-	-
Amount due from related parties	2,424,531	2,572,565	-	-
Dividend receivables	-	-	-	1,092,760
Fixed deposits with licensed banks	346,476	1,166,956	-	-
Cash and bank balances	25,741,579	24,385,564	287,484	986,605
	<u>105,728,534</u>	<u>93,540,682</u>	<u>8,273,627</u>	<u>13,475,185</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Lease liabilities	355,511	1,382,216	-	-
Borrowings	13,475,047	1,481,240	-	-
Trade payables	19,123,761	20,913,886	-	-
Other payables and accruals	10,760,847	10,863,806	814,151	139,335
Amount due to subsidiaries	-	-	22,200,984	2,760,345
Amount due to related parties	922,486	701,622	-	-
	<u>44,637,652</u>	<u>35,342,770</u>	<u>23,015,135</u>	<u>2,899,680</u>

43.4 Gains or Losses Arising from Financial Instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	328,461	1,362,072	-	-
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	895,355	(420,951)	10,383	718,189
Financial Liabilities				
<u>Amortised Cost</u>				
Net (losses) recognised in profit or loss	(75,328)	(605,287)	(18,505)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.5 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		
2022								
<u>Financial Assets</u>								
Short-term investments	-	59,769,175	-	-	-	-	59,769,175	59,769,175
Amount due from a related party	-	-	-	-	-	2,363,976	2,363,976	2,363,976
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	12,500,090	-	12,500,090	12,500,090
Hire purchase payables	-	-	-	-	974,957	-	974,957	974,957
2021								
<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 Liabilities</u>								
Term Loans	-	-	-	-	1,317,799	-	1,317,799	1,317,799
Hire purchase payables	-	-	-	-	163,441	-	163,441	163,441
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 2022 (Cont'd)

43. FINANCIAL INSTRUMENTS (CONT'D)

43.5 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 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 hire purchase payables that carry fixed interest rates approximated their carrying amounts as the impact of discounting is not material. The fair value is determined by discounting the relevant cash flows using current market interest rates for similar instruments ranging from 3.6% – 7.0% (2021: 4.4% – 5.2%).
- (iii) 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.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 8 September 2021, the Company incorporated a 60% owned subsidiary known as KARE, comprises 60 ordinary shares, for a total cash consideration of RM60, representing 60% equity interest in KARE. As a result, KARE became a 60% owned subsidiary of the Company. On 22 October 2021, the issued and paid-up share capital of KARE was increased from RM100 to RM100,000 by way of an issue of 99,900 ordinary shares of RM1 per ordinary share.
- (b) On 18 October 2021, BIH, a 60% owned subsidiary of the Company, reduced its issued and paid-up share capital from RM1,300,000 to RM200,000 and that such reduction be effected by cancelling 1,100,000 ordinary issued shares that are in excess of the needs of BIH. The credit of RM1,100,000 arising there from has been returned to shareholders in proportion to their shareholdings of BIH.
- (c) On 25 October 2021, the Company subscribed an additional 9,748,000 ordinary shares at an issue price of RM1 each in the capital of OMI where OMI increase its share capital from RM252,000 to RM10,000,000 by way of allotment of an additional 9,748,000 new ordinary shares for cash by way of discharge indebtedness to SETM.
- (d) On 28 December 2021, SETM, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Qualand Sdn. Bhd. for the purchase of a piece of freehold land held under Geran 209009, Lot 10468, Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, State of Selangor measuring 11,456 square metres for a total purchase consideration of RM8,018,920. The purchase was completed during the financial year.
- (e) On 28 December 2021, SETM entered into a Sale and Purchase Agreement with Qualand Sdn. Bhd. for the purchase of a piece of freehold land held under Geran 209013, Lot 10472, Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, State of Selangor measuring 6,561 square metres in area for a total purchase consideration of RM4,592,575. The purchase was completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (f) On 3 January 2022, the Company acquired 1,440,000 ordinary shares in GPM, representing 60% equity interest in GPM for a total cash consideration of RM8,216,223. As a result, GPM became a 60% owned subsidiary of the Company.
- (g) On 27 April 2022, the Company subscribed an additional 1,692,000 ordinary shares in BNJ at an issue price of USD 1 each in the capital of BNJ for a cash consideration of USD1,692,000 (equivalent to RM7,377,120). Following the completion of the acquisition, BNJ became a 99% owned subsidiary of the Company.
- (h) On 6 May 2022, SETM entered into two Sale and Purchase Agreements with Emporis Sdn. Bhd. for the purchase of two service apartment bearing postal address at A-36-03 and B-36-01, Emporis, Persiaran Surian, Seksyen 3, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan and held under a leasehold strata title of 99 years expiring on 27th December 2109 respectively for a total purchase consideration of RM709,862 and RM626,930. The purchase was completed during the financial year.
- (i) During the financial year, the issued and paid-up share capital of the Company has been increased by RM586,529 pursuant to the issuance of 788,000 new ordinary shares from the exercise of options under the Company's ESOS.
- (j) During the financial year, the Malaysian Government implemented various types and phases of movement control order ("MCO") 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.

Starting on 1 April 2022, the Malaysian Government has announced that Malaysia will enter into "Transition to Endemic" phase of Covid-19.

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 2022 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 2022.

45. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) 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 Malaysian Government and evaluate their impact on the financial position, cash flows and operating results of the Group.
- (b) 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 RM124,972 pursuant to the issuance of 167,900 new ordinary shares from the exercise of options under the Company's ESOS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (Cont'd)

46. COMPARATIVE FIGURES

Reclassification (“Reclass”)

The following figures have been reclassified to conform with the presentation of the current financial year.

	As previously reported RM	Reclass RM	As restated RM
Consolidated Statement of Financial Position (Extract):-			
Non-Current Assets			
Property, plant and equipment	68,553,084	299,709	68,852,793
Right-of-use assets	9,777,849	(299,709)	9,478,140
Non-Current Liabilities			
Lease liabilities	334,739	(11,571)	323,168
Borrowings	962,777	11,571	974,348
Current Liabilities			
Lease liabilities	1,210,918	(151,870)	1,059,048
Borrowings	355,022	151,870	506,892

LIST OF PROPERTIES

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 30.06.2022 RM	Date of Revaluation/ Acquisition
<p>1. Title No. Geran 205577 Lot 19042, Seksyen 20, Bandar Rawang.</p> <p><i>Address</i> Lot. 102, Jalan Industri ¾, Taman Industri Integrasi Rawang, 48000 Rawang, Selangor Darul Ehsan.</p>	Industrial premises comprising a 1-storey factory/ warehouse/ office building annexed with a guardhouse	24,490 square meters / 16,444 square meters	Freehold	24	9,421,027 (Land) 9,268,208 (Building)	7 September 2011
<p>2. Title No. HSD 283454 PT 689, HSD 283453 PT 690 and HSD 283455 PT691, Pekan Subang, District of Petaling, State of Negeri Selangor.</p>	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 89 years	N/A	8,434,662 (Land)	25 March 2013
<p>3. Title No. Geran 209009, Lot 10468, Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor.</p>	Freehold Industrial land	11,456 square metres	Freehold	15	8,323,680 (Land)	28 December 2021
<p>4. 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.</p> <p><i>Address</i> No. 7, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.</p>	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 69 years	20	1,062,931 (Land) 7,257,740 (Building)	31 December 2009

LIST OF PROPERTIES (Cont'd)

Location/ Postal Address	Description/ Existing use	Land Area/ Built Up Area	Tenure (years)	Age of Buildings (years)	Carrying Amount as at 30.06.2022 RM	Date of Revaluation/ Acquisition
<p>5. Title No. Geran 209014, Lot 10473, Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor.</p> <p><i>Address</i> No. 6, Jalan Kamunting 3, Seksyen BB 6, Bandar Bukit Beruntung, 48300 Rawang, Selangor.</p>	Industrial premises comprising a single storey factory with an integral 2-storey warehouse annexed with a guardhouse	5,224 square metres/ 1,647 square metres	Freehold	15	3,600,000 (Land) 4,187,604 (Building)	16 June 2022
<p>6. Title No. GRN 19765, Lot 821, Mukim of Pasir Panjang, District of Port Dickson, State of Negeri Sembilan.</p>	Agriculture Land	83,972 square metres	Freehold	N/A	6,294,399 (Land)	16 February 2015
<p>7. 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.</p> <p><i>Address</i> No. 9, Jalan TSB 9, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.</p>	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 69 years	23	3,687,168 (Land) 2,363,196 (Building)	20 September 2010
<p>8. No. PT 2086, Jalan Batu Arang, Bandar Kundang, District of Gombak, State of Selangor.</p>	Agriculture Land	44,300 square metres	Leasehold interest for 99 years expiring on 3 November 2108, leaving an unexpired term of about 86 years	N/A	5,733,834 (Land)	21 February 2012

LIST OF PROPERTIES (Cont'd)

Location/ Postal Address	Description/ Existing use	Land Area/ Built Up Area	Tenure (years)	Age of Buildings (years)	Carrying Amount as at 30.06.2022 RM	Date of Revaluation/ Acquisition
9. 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
10. Title No. Geran 209013, Lot 10472, Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor.	Freehold Industrial land	6,561 square metres	Freehold	15	4,760,279 (Land)	28 December 2021

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 2022.

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

SHARE CAPITAL

Total number of issued shares (inclusive of treasury shares) : 252,232,700
 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	211	6.04	7,754	-
100 to 1,000	497	14.22	201,238	0.09
1,001 to 10,000	1,559	44.59	8,557,738	3.73
10,001 to 100,000	1,052	30.09	33,558,310	14.64
100,001 to less than 5% of issued shares	176	5.03	81,580,258	35.58
5% and above of issued shares	1	0.03	105,378,148	45.96
TOTAL :	3,496	100.00	229,283,446	100.00

Excluding 22,949,254 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	45.96	-	-
2.	Tan Ah Bah @ Tan Ah Ping	209,300	0.09	105,742,428 ⁽¹⁾	46.12
3.	Pan Kim Foon	209,300	0.09	105,742,428 ⁽²⁾	46.12
4.	Tan Chung Ling	154,980	0.07	105,796,748 ⁽³⁾	46.14
5.	Tan Chung Chiah	-	-	105,796,748 ⁽³⁾	46.14
6.	Tan Chung Chay	-	-	105,796,748 ⁽³⁾	46.14
7.	FMR LLC	-	-	15,600,800 ⁽⁴⁾	6.80
8.	Abigail P. Johnson	-	-	15,600,800 ⁽⁵⁾	6.80
9.	483A Bay Street Holdings Management Limited	-	-	15,600,800 ⁽⁴⁾	6.80
10.	483A Bay Street Holdings Management LLC	-	-	15,600,800 ⁽⁴⁾	6.80
11.	FIL Limited	-	-	15,600,800 ⁽⁴⁾	6.80
12.	Bluejay Lux 1 S.À R.L.	-	-	15,600,800 ⁽⁴⁾	6.80
13.	Fidelity Management & Research Company LLC	-	-	15,600,800 ⁽⁶⁾	6.80
14.	Fidelity Investments Canada ULC	-	-	15,600,800 ⁽⁷⁾	6.80
15.	Pandanus Associates Inc.	-	-	15,600,800 ⁽⁸⁾	6.80

Notes:

- ⁽¹⁾ 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.
- ⁽²⁾ 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.
- ⁽³⁾ 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.
- ⁽⁴⁾ Deemed interest via one or more funds managed/established by one or more of its subsidiaries.
- ⁽⁵⁾ Deemed interest in FMR LLC pursuant to Section 8(4) of the Companies Act 2016.
- ⁽⁶⁾ Deemed interest via one or more funds managed by Fidelity Management & Research Company LLC or one or more of its subsidiaries.
- ⁽⁷⁾ Deemed interest via one or more funds established by Fidelity Investments Canada ULC.
- ⁽⁸⁾ 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.

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022 (Cont'd)

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 ⁽¹⁾	46.12
2.	Tan Chung Ling	154,980	0.07	105,796,748 ⁽²⁾	46.14
3.	Dato' Tan Wei Neng	90,200	0.04	69,100 ⁽³⁾	0.03
4.	Dato' Yeoh Kim Wah	1,292,100	0.56	-	-
5.	Tan Chung Chay	-	-	105,796,748 ⁽²⁾	46.14
6.	Chan Foong Ping	-	-	-	-
7.	Datuk Ir. Kamarudin Bin Md Derom	-	-	-	-

Notes:

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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	45.959
2.	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund F9EX for Fidelity Northstar Fund	10,600,800	4.623
3.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	4,206,300	1.834
4.	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund F9LJ for Fidelity Global Intrinsic Value Investment Trust	4,000,000	1.744
5.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)	4,000,000	1.744
6.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheng Hee Long (Kuchai L-CL)	2,720,100	1.186
7.	Ding Huong Kai	2,650,000	1.155
8.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund	2,385,000	1.040
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah	2,164,000	0.943
10.	Goh Thong Beng	2,000,000	0.872

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022 (Cont'd)

D) LIST OF TOP 30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
11.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>The Bank of New York Mellon for Ensign Peak Advisors Inc.</i>	1,862,300	0.812
12.	Tan Lee Hwa	1,523,000	0.664
13.	Margarte Yuen	1,429,700	0.623
14.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Yee Hui</i>	1,200,000	0.523
15.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt an for DBS Bank Ltd (SFS)</i>	1,114,100	0.485
16.	Lam Sang	1,073,300	0.468
17.	Yeoh Kim Wah	1,042,400	0.454
18.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Jeffrey Kam Chee Keong</i>	1,030,000	0.449
19.	Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund F9N7 for Fidelity Global Growth and Value Investment Trust</i>	1,000,000	0.436
20.	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa</i>	850,000	0.370
21.	Susy Ding	729,000	0.317
22.	Public Invest Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yoong Kah Yin (C)</i>	650,000	0.283
23.	Poh Chuan Swee	620,000	0.270
24.	Sam Tuck Wah	600,000	0.261
25.	Tan Chun Yee	540,000	0.235
26.	Teo Kwee Hock	516,000	0.225
27.	Dynaquest Sdn. Bhd.	500,000	0.218
28.	Leong Wai Hong	500,000	0.218
29.	Tay Boon Pok	500,000	0.218
30.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Kong Yee Wong</i>	461,500	0.201
Total		157,845,648	68.843

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be conducted on a 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, 6 December 2022 at 11:00 a.m. using the remote participation and voting facilities for the following purposes:-

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 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 RM285,000/- for the financial year ending 30 June 2023 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 7 December 2022 to the Nineteenth Annual General Meeting of the Company to be held in year 2023 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. Chan Foong Ping; and **(Ordinary Resolution 3)**
 - ii) Dato' Yeoh Kim Wah. **(Ordinary Resolution 4)**
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** **(Ordinary Resolution 6)**

"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 Annual General Meeting of the Company;

THAT pursuant to Section 85 of the Act to be read together with Clause 9 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

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.”

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** (Ordinary Resolution 7)

“**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 28 October 2022 (“**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 Annual General Meeting 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 Annual General Meeting 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.”

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

8. PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL 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 28 October 2022 (**“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 Annual General Meeting 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 Annual General Meeting 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.”

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES (Ordinary Resolution 9)

“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 Annual General Meeting of the Company following this Annual General Meeting 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 Annual General Meeting 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.”

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

10. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO ALLOT AND ISSUE (Ordinary Resolution 10) 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 Annual General Meeting 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."

11. 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

28 October 2022

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes:-

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2022**

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 7 December 2022 to the Nineteenth Annual General Meeting (“AGM”) of the Company to be held in year 2023 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 6 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 Act at the Eighteenth AGM of the Company (“General Mandate”).

The Company had been granted a general mandate of not more than ten per centum (10%) of the total number of issued shares of the Company for the time being by its shareholders at the Seventeenth AGM of the Company held on 7 December 2021 (“Previous Mandate”). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate.

In respect of the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Act, it would allow the Directors to issue new shares to any person under the General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

The proposed Ordinary Resolution 6, 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 7 of the Agenda – Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 7, 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 28 October 2022 for further information.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes (Cont'd):-

5. **Item 8 of the Agenda – Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 8, 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 28 October 2022 for further information.

6. **Item 9 of the Agenda – Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 9, 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 28 October 2022 for further information.

7. **Item 10 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 10, 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.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:

- (a) The Eighteenth 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 Eighteenth 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. 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 2022 (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 Eighteenth 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
Weblink : <https://tiih.online>

(Please refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online)

ADMINISTRATIVE GUIDE FOR EIGHTEENTH ANNUAL GENERAL MEETING OF SUCCESS TRANSFORMER CORPORATION BERHAD

Date : Tuesday, 6 December 2022
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

As the Company continue to take safety precautions to prevent the spread of Covid-19, the Eighteenth Annual General Meeting (“18th AGM”) of the Company will be conducted on a **virtual basis through live streaming from the Broadcast Venue and online remote voting**. Pursuant to the updated version of Guidance Note on the Conduct of General Meetings for Listed Issuers published by the Securities Commission Malaysia on 7 April 2022, including any amendment that may be made from time to time, and in accordance with Section 327(2) of the Company Act 2016, the Chairman shall be present at the broadcast venue which is located in Malaysia on the day of AGM to chair the AGM. Shareholders and Proxies will **NOT** be allowed to present at the broadcast venue but participating through live streaming and to vote remotely by using Remote Participation and Voting 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 18th 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 18th 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 18th AGM will be conducted virtually, 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 18th AGM remotely using the RPV are to follow the requirements and procedures as summarized below:

Procedure	Action
BEFORE THE 18th AGM DAY	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none">Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services” by selecting “Create Account by Individual Holder”. Please do refer to the tutorial guide posted on the homepage for assistance.Registration as a user will be approved within one (1) working day and you will be notified via email.If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE GUIDE FOR EIGHTEENTH 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 18th 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 18th AGM DAY (Cont'd)

(b) Submit your registration for RPV	<ul style="list-style-type: none"> • Registration is open from Friday, 28 October 2022 until the day of 18th AGM on Tuesday, 6 December 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 18th AGM to ascertain their eligibility to participate the 18th AGM using the RPV. • Login with your user ID and password and select the corporate event: “(REGISTRATION) SUCCESS TRANSFORMER CORPORATION BERHAD 18TH AGM”. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select “Register for Remote Participation and Voting”. • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors dated 30 November 2022, the system will send you an e-mail after 4 December 2022 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. <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 18th AGM remotely).</i>
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ON THE DAY OF THE 18TH AGM

(c) Login to TIIH Online	<ul style="list-style-type: none"> • Login with your user ID and password for remote participation at the 18th AGM at any time from 10.00 a.m. i.e. 1 hour before the commencement of the AGM on Tuesday, 6 December 2022 at 11.00 a.m.
(d) Participate through Live Streaming	<ul style="list-style-type: none"> • Select the corporate event: “(LIVE STREAM MEETING) SUCCESS TRANSFORMER CORPORATION BERHAD 18TH AGM” to engage in the proceedings of the 18th AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by you during the 18th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e) Online Remote Voting	<ul style="list-style-type: none"> • Voting session commences from 11.00 a.m. on Tuesday, 6 December 2022 until a time when the Chairman announces the end of the voting session. Select the corporate event: “(REMOTE VOTING) SUCCESS TRANSFORMER CORPORATION BERHAD 18TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.

ADMINISTRATIVE GUIDE FOR EIGHTEENTH 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 18th AGM remotely using the RPV are to follow the requirements and procedures as summarized below: (Cont'd)

ON THE DAY OF THE 18TH AGM (CONT'D)

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|---------------------------------|--|
| (f) End of remote participation | • Upon the announcement by the Chairman on the closure of the 18th AGM, the live streaming will end. |
|---------------------------------|--|

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 for assistance.*

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 18th 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, 4 December 2022 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Procedure for Electronic Submission of Proxy Form.

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

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Sunday, 4 December 2022 at 11.00 a.m.** to participate via RPV in the 18th AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

ADMINISTRATIVE GUIDE FOR EIGHTEENTH ANNUAL GENERAL MEETING OF SUCCESS TRANSFORMER CORPORATION BERHAD (Cont'd)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before the time appointed for holding the 18th AGM for the appointment to be valid for the purpose of attending the 18th AGM. To participate via RPV in the 18th AGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" by selecting "Create Account by Individual Holder". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "SUCCESS TRANSFORMER CORPORATION BERHAD 18TH AGM – SUBMISSION OF PROXY FORM". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your vote. • Review and confirm your proxy(ies) appointment. • Print proxy form for your record.

ADMINISTRATIVE GUIDE FOR EIGHTEENTH ANNUAL GENERAL MEETING OF SUCCESS TRANSFORMER CORPORATION BERHAD (Cont'd)

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below: (Cont'd)

ii. Steps for Corporation or Institutional Shareholders

- (a) Register as a User with TIIH Online
- Access TIIH Online at <https://tiih.online>.
 - Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**.
 - Complete the registration form and upload the required documents.
 - Registration will be verified, and you will be notified by email within one (1) to two (2) working days.
 - Proceed to activate your account with the temporary password given in the email and re-set your own password.

*Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact the persons stated under **"ENQUIRY"** section below if you need clarifications on the user registration.*

- (b) Proceed with submission of Proxy Form
- Login to TIIH Online at <https://tiih.online>.
 - Select the corporate event: **"SUCCESS TRANSFORMER CORPORATION BERHAD 18TH AGM – SUBMISSION OF PROXY FORM"**
 - Read and agree to the Terms & Conditions and confirm the Declaration.
 - Proceed to download the file format for **"SUBMISSION OF PROXY FORM"** in accordance with the Guidance Note set therein.
 - Prepare the file for the appointment of proxy(ies) by inserting the required data.
 - Submit the proxy appointment file.
 - Login to TIIH Online, select corporate event: **"SUCCESS TRANSFORMER CORPORATION BERHAD 18TH AGM – SUBMISSION OF PROXY FORM"**.
 - Proceed to upload the duly completed proxy appointment file.
 - Select **"Submit"** to complete your submission.
 - Print the confirmation report of your submission for your record.

POLL VOTING

The voting at the 18th 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, 6 December 2022** 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 18th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ADMINISTRATIVE GUIDE FOR EIGHTEENTH ANNUAL GENERAL MEETING OF SUCCESS TRANSFORMER CORPORATION BERHAD (Cont'd)

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 18th 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, 4 December 2022 at 11.00 a.m.** The Board will endeavor to answer the questions received at the 18th AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 18th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 18th 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



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 Eighteenth Annual General Meeting (“AGM”) of the Company to be conducted on a 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, 6 December 2022 at 11:00 a.m. using the remote participation and voting (“RPV”) facilities or any adjournment thereof.

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.

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. Chan Foong Ping		
4.	Re-election of Dato’ Yeoh Kim Wah		
5.	Re-appointment of Messrs. Crowe Malaysia PLT		
6.	Authority to issue shares pursuant to the Companies Act 2016		
7.	Proposed renewal of existing shareholders’ mandate for recurrent related party transactions of a revenue or trading nature		
8.	Proposed new shareholders’ mandate for additional recurrent related party transactions of a revenue or trading nature		
9.	Proposed renewal of share buy-back authority		
10.	Proposed renewal of authority for the Company to allot and issue shares pursuant to the Dividend Reinvestment Scheme		

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 2022

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, Malaysia.

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Notes:-

- (a) The Eighteenth 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 Eighteenth 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. 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 2022 (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 Eighteenth 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
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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When you gaze from above, you glance into the future.
Lies beneath is the world of opportunities,
We seize, come forth and build
the future for our next generation.

**“Outdo realizes Dream
Strategy manifests Victory”**



SUCCESS TRANSFORMER CORPORATION BERHAD

(200301034518) (636939-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 Email: stc.corporate@success.com.my

Enquiries: marketing@success.com.my