



**SUCCESS TRANSFORMER
CORPORATION BERHAD**

(200301034518) (636939-W)



**ANNUAL
REPORT
2023**

COVER RATIONALE

SYNERGY



This concept design narrates the synergy associated with external growth, strength and partnership value. Capitalising on the business relationship and resources can strive for the ambitious path of sustainability.

‘S’ also stands for ‘social science’ and describes the synergy between the constant evolution of human behavior and the interrelated social, economic, governance and environmental aspects.

Synergy builds trust, collaboration, unity and cooperation. As such, we are committed to working well together and serving our clients efficiently. Co-creation sets the foundation for innovation and creativity.

A vibrant economy equals a thriving communities. The use of intelligent light control systems, technologies like IoT, weather and air quality sensors and real-time monitoring have the ability to develop a smart and safe city in this modern metropolis. Our innovation in energy-efficient products and adoption of solar energy installation are essential for mitigating climate change and reducing greenhouse gas emissions.

In the years ahead, our goal is to transform cities into intelligent cities, providing society with a more vibrant and dynamic life. We aim to help rural and urban regions create a secure environment where people can live, work, learn and invest, which is crucial for economic growth.

VIBRANT



DYNAMIC



While peacocks represent nature and the life factors of the environment, the colors of peacock feathers interpret vibrancy, dynamism and the beauty of nature. The peacock here symbolises recognition in the symbiotic relationship in nature conservation, versatility, regeneration, and protection between Nature and People.

Any diverse life form on Earth is vital and has its own form of interaction on the planet. Dynamic means continuous change and movement as we reflect on weather conditions, global warming, ecosystem shifts and the pace of business.

We seek to preserve biodiversity and the life form on earth by making more conscious decisions in our day-to-day operations. We have to act dynamically and adapt to a constantly changing environment.



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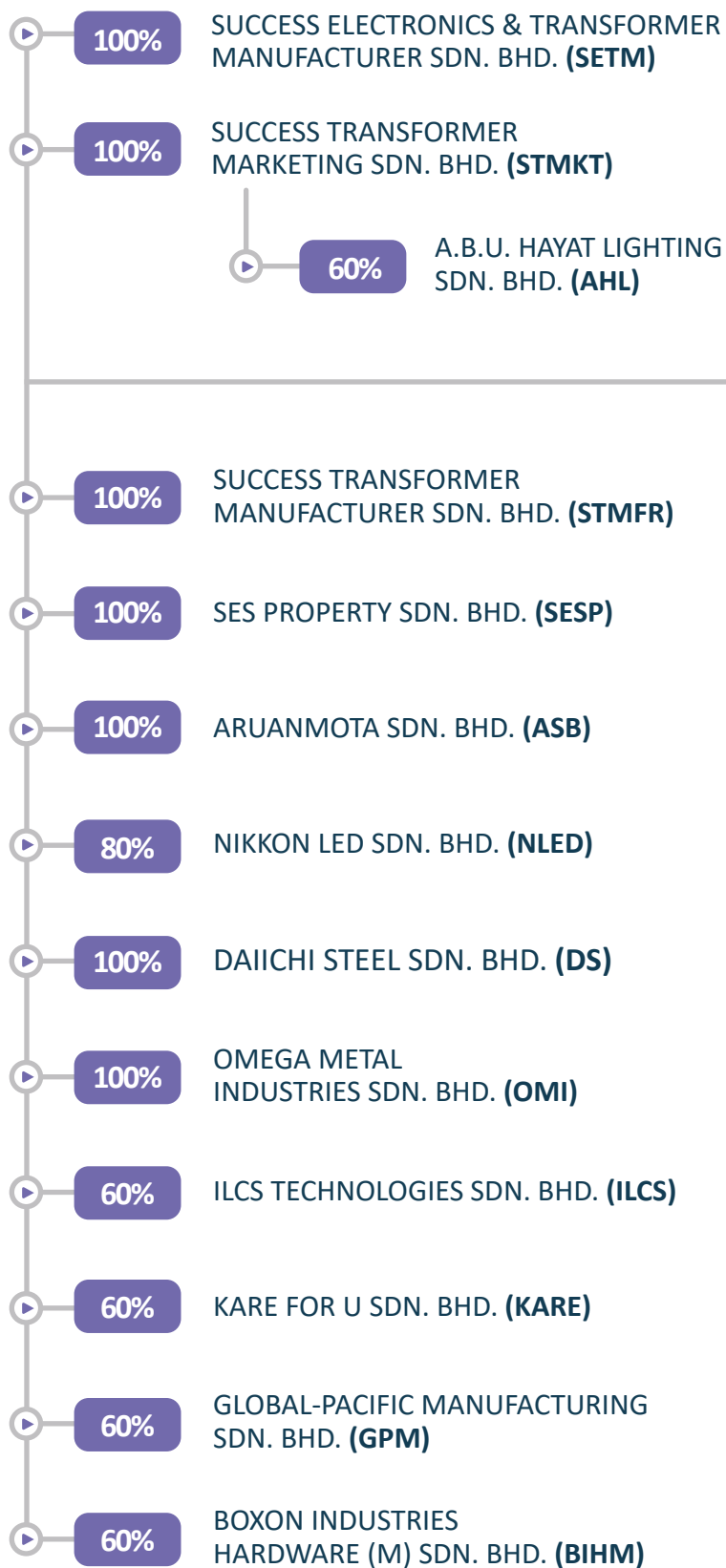
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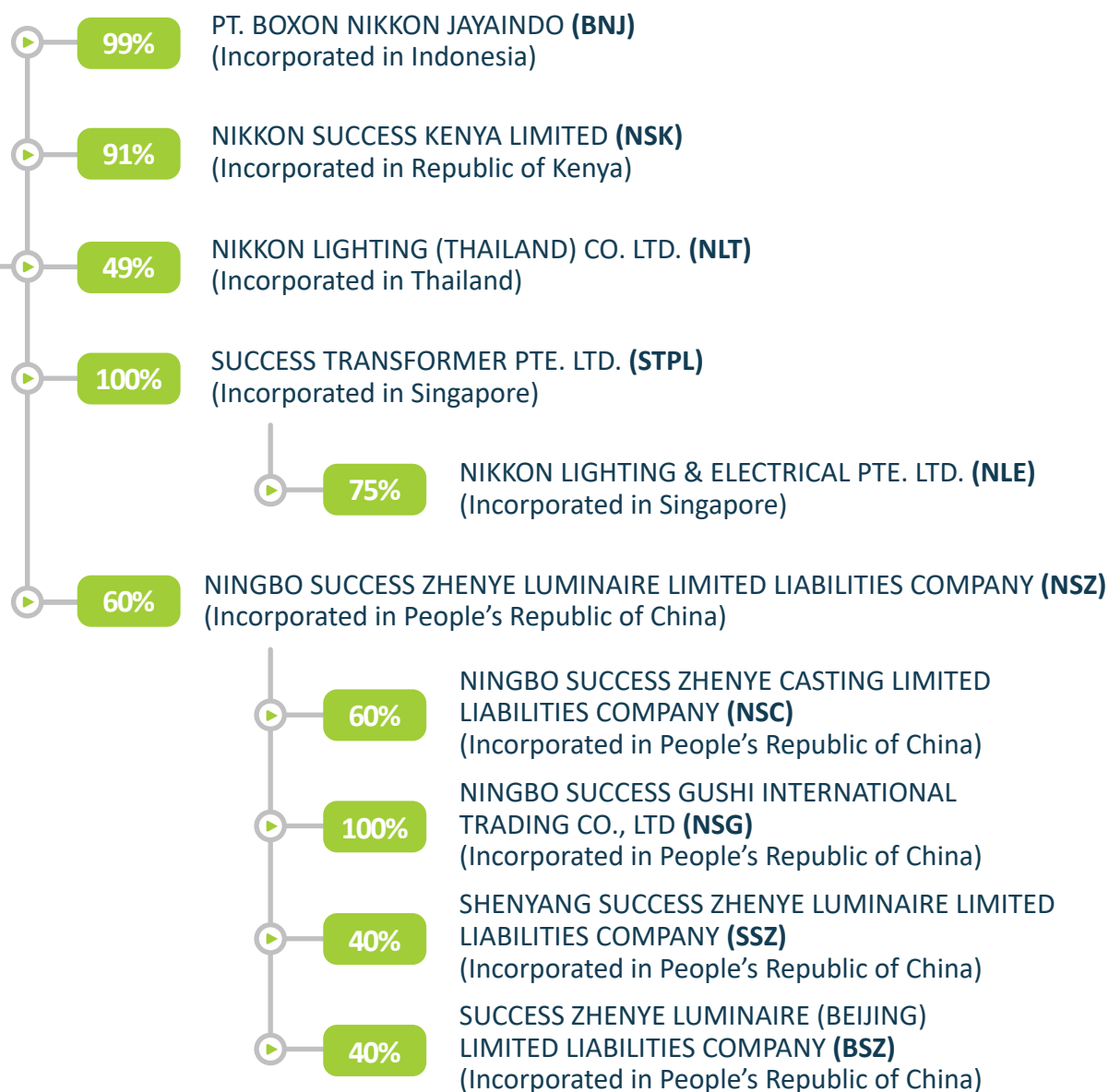
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CORPORATE STRUCTURE



CORPORATE STRUCTURE (CONT'D)



Incorporated in Malaysia



Incorporated outside Malaysia

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK IR. KAMARUDIN BIN MD DEROM

Independent Non-Executive Chairman

TAN AH BAH @ TAN AH PING

Managing Director

TAN CHUNG LING (f)

Deputy Managing Director

DATO' TAN WEI NENG

Executive Director

TAN CHUNG CHAY (f)

Executive Director

CHAN FOONG PING (f)

Independent Non-Executive Director

DATO' YEOH KIM WAH

Non-Independent Non-Executive Director

TAN CHUNG CHIAH (f)

Alternate Director to
Tan Ah Bah @ Tan Ah Ping
(Appointed on 18 May 2023)

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 4328

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

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

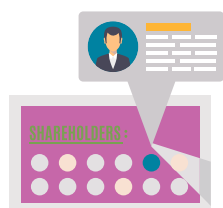
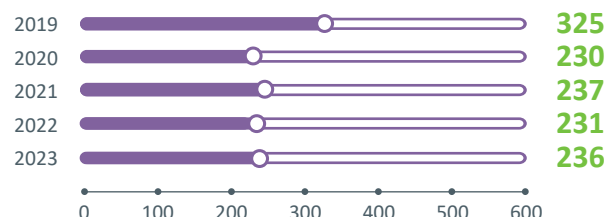


REVENUE

30 June 2023

236
(RM' MILLION)

REVENUE (RM' MILLION)

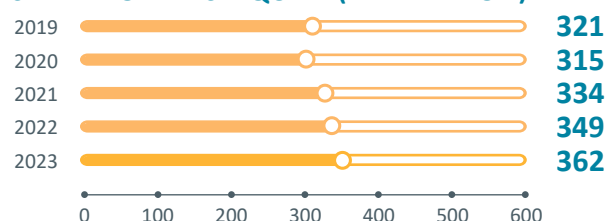


SHAREHOLDERS' EQUITY

30 June 2023

362
(RM' MILLION)

SHAREHOLDERS' EQUITY (RM' MILLION)

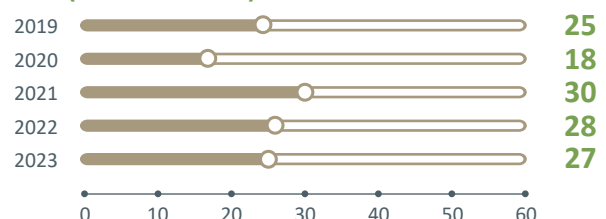


PBT

30 June 2023

27
(RM' MILLION)

PBT (RM' MILLION)

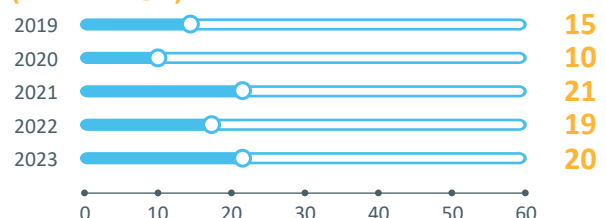


PAT ATTRIBUTABLE TO OWNERS OF THE COMPANY

30 June 2023

20
(RM' MILLION)

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



EPS

30 June 2023

8.63
(SEN)

EPS (SEN)

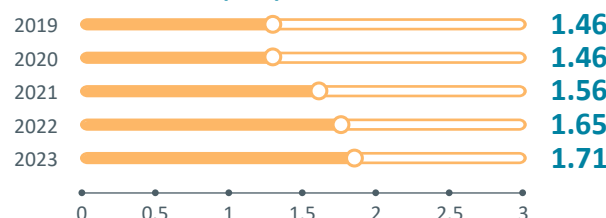


NTA PER SHARE

30 June 2023

1.71
(RM)

NTA PER SHARE (RM)



DIRECTORS AND KEY SENIOR MANAGEMENT PROFILE

Independent Non-Executive Chairman

DATUK IR. KAMARUDIN BIN MD DEROM

Age: 65 | Gender: Male | Nationality: Malaysian
Date appointed to Board: 15 July 2021

Professional Engineer
Registered with Board of Engineers, Malaysia
Member of The Institution of Engineers

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 39 years of extensive leadership and oversight role in corporate management, business turnarounds, startups, new business development, and government liaison. He has also served in international and local companies.

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

He graduated from University of Wisconsin at Madison, U.S.A in 1983 with a Bachelor of Science in Civil & Environmental Engineering. He is a registered professional engineer with the Board of Engineers Malaysia and a member of the Institution of Engineers, Malaysia (IEM).

He does not have any family relationship with the directors and/or substantial shareholders of the Company.



Managing Director

TAN AH BAH @ TAN AH PING

Age: 72 | 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 in most of STC's subsidiaries.

He is the father of Ms. Tan Chung Ling, Ms. Tan Chung Chay and Ms. Tan Chung Chiah, who are the Director and alternate Director of STC respectively.

He is the spouse of Madam Pan Kim Foon, who is a substantial shareholder of the Company.



DIRECTORS AND KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Deputy Managing Director

TAN CHUNG LING

Age: 46 | 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 and also chairwoman for Risk Management Committee and responsible to oversee the risk management of the Group.

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 are the Director and alternate Director of STC respectively.

She is the daughter of Madam Pan Kim Foon, who is a substantial shareholder of the Company.



Executive Director

DATO' TAN WEI NENG

Age: 50 | Gender: Male | Nationality: Malaysian
Date appointed to Board: 30 November 2015

Dato' Tan Wei Neng, a seasoned corporate leader and a finance professional with a remarkable career spanning over 25 years. His expertise lies in financial management, corporate exercises, taxation management, international trade and business development across diverse industries.

He was appointed as the Chief Operating Officer (COO) & Executive Director of STC on 30 November 2015. He is the driving force behind the Group's operations, corporate strategies, planning and business development. He is a distinguished Chartered Accountant and an esteemed member of the Malaysian Institute of Accountants (MIA) since 2001. At present, he is the Director of SETM, AHL, GPM, KARE, BNJ, STPL and NSZ Group. He is also a member of the ESOS Committee.

His academic journey includes a Bachelor's Degree in Accounting (Hons) from Universiti Utara Malaysia (UUM), along with the successful completion of the Senior Management Development Program at University Technology Petronas (UTP).

Dato' Tan was bestowed with the Darjah Setia Pangkuan Negeri (DSPN) of State title by the Governor of the State of Penang, Malaysia in 2021. His dedication was further acknowledged when he received an Honorary Fellowship from the Association of Professional Managers and Entrepreneurs, UK in 2022.

He does not have any family relationship with the directors and/or substantial shareholders of the Company.



DIRECTORS AND KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Executive Director **TAN CHUNG CHAY**

Age: 42 | 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 and NLE subsidiaries of the company incorporated in Singapore. She is the Head of Business Development overseeing ASEAN countries and also plays a key role in leading the development and penetration of overseas markets. Currently, she is the Head of Project Sales Team.

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 are the Director and alternate Director of STC respectively.

She is the daughter of Madam Pan Kim Foon, who is a substantial shareholder of the Company.

Non-Independent Non-Executive Director **DATO' YEOH KIM WAH**

Age: 70 | 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 was primarily responsible for business development and implementation of marketing strategies for these companies.

Independent Non-Executive Director **CHAN FOONG PING**

Age: 52 | 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. Ms. Chan 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 as an Executive Director of the subsidiary of Phillips Inc in Hong Kong, where she was responsible for overseeing the financial management system of the Asia Pacific region. She commenced her career as an Accountant at 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 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 currently serves as an Independent Non-Executive Director of Seremban Engineering Berhad, SFP Tech Holdings Berhad and PT Resources Holdings Berhad.

She does not have any family relationship with the directors and/or substantial shareholders of the Company.

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 Kuala Lumpur.

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.

He does not have any family relationship with the directors and/or substantial shareholders of the Company.

DIRECTORS AND KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Alternate Director to Tan Ah Bah @ Tan Ah Ping TAN CHUNG CHIAH

Age: 39 | Gender: Female | Nationality: Malaysian
Date appointed to Board: 18 May 2023

Ms. Tan Chung Chiah was previously appointed as an Alternate Director of STC to Madam Pan Kim Foon (a former Director of STC) on 21 October 2015 and subsequently ceased to be Alternate Director on 29 June 2020. She has been appointed as an Alternate Director to Mr. Tan Ah Bah @ Tan Ah Ping on 18 May 2023.

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

She has 6 years of financial and taxation working experience as a Tax Accountant in Australia before she joined as the company's Cost Controller in 2013.

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

She is the daughter of Mr. Tan Ah Bah @ Tan Ah Ping, who is the Managing Director of STC and sister to Ms. Tan Chung Ling and Ms. Tan Chung Chay, who are both the Directors of STC.

She is the daughter of Madam Pan Kim Foon, who is a substantial shareholder of the Company.



KEY SENIOR MANAGEMENT

Technical Director CHANG POAY HEE

Age: 65 | 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 joined SETM in 1995 as the Technical Manager. He was responsible for the designs and the technical support for both the lighting and transformer products.

He was appointed as the Technical Director for SETM in 2008 and holds the responsibility in overseeing the overall operations particularly in design and manufacturing of the transformer division.

He does not have any family relationship with the directors and/or substantial shareholders of the Company.



DIRECTORS AND KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Director

CHANG KAM KUAN

Age: 47 | 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, he was responsible in planning, coordinating and monitoring various projects and programs to be within their relevant schedules. He has resigned as Technical Lighting and Project Sales Director on September 2022. During his tenure of service in this position, he has lead the team to greater advancement in technology for the lighting industry.

He has left the above position for better focus in business development of GPM. As a Director of GPM, he is responsible for the overall management, strategic business planning and development of GPM.

He also holds directorships in iLCS and AHL. Mr. Chang Kam Kuan is the spouse of Ms. Tan Chung Ling, who is the Deputy Managing Director of STC.

Group Finance Controller

LO CHIEW LIEH

Age: 43 | Gender: Male | Nationality: Malaysian

Mr. Lo Chiow Lieh has been with the Company as a Finance Manager since September 2010. On January 2016, he was promoted as Finance Controller and appointed as 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 operations, internal audit and involved in planning, operations 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.

He does not have any family relationship with the directors and /or substantial shareholders of the Company.

Other Information Of The Directors and Key Senior Management

None of the Directors and Key Senior Management have any conflict of interest or potential conflict of interest, including interest in any competing business with the company or its subsidiaries, save for Dato' Yeoh Kim Wah as disclosed at Other Compliance Information on page 67.

All the Directors and Key Senior Management do not hold any other directorships of public companies and listed issuers, save for Ms. Chan Foong Ping as disclosed in her profile on page 8.

None of the Directors and Key Senior Management have convicted of any offences other than traffic offences within the past five years 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 2023 (refer to page 49 for number of meetings attended by each director).

MANAGEMENT DISCUSSION AND ANALYSIS



Overview of Group's Business and Operations

A. Company Profile

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

STC through its subsidiaries (collectively referred to as "Group"), is primarily engaged in design, manufacturing and distribution of electrical apparatus and industrial lighting. The Group's main production facilities are located in Taman Industri Sungai Buloh and Taman Industri Integrasi Rawang, Selangor Darul Ehsan. Additionally, 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 intelligent light control system for smart solutions system and products. In 2021, the Group set up its own e-commerce platform for trading and marketing of healthcare products and personal protective equipment under its 60% owned subsidiary, namely Kare For U Sdn. Bhd.

Apart of it, in 2022 the Group expanded its downstream activities by acquiring 60% equity interest in Global-Pacific Manufacturing Sdn. Bhd. ("GPM") which is principally involved in die-casting business. This was undertaken to enhance the management of the supply chain of the Group. The achievement of GPM includes having attained global recognition as a powerful manufacturing powerhouse that specialised in aluminium die-casting for both local and overseas markets. GPM has successfully entered into notable industries with well-known brands, such as motorcycle components parts, hardware and furniture accessories. GPM aims to become a one-stop die-casting center to further strengthen its position in similar industries.

The Group is rapidly expanding its business clientele in both local and overseas markets. With our effort, we have a large group of distributors and dealers in Malaysia and across the world, particularly in Southeast Asia.

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.

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 related to electricians, mechanical engineers or any other similar nature and general contractors.

- 75% - NLE**

- Manufacturing of electrical apparatus and industrial lighting.

- 100% - STMKT**

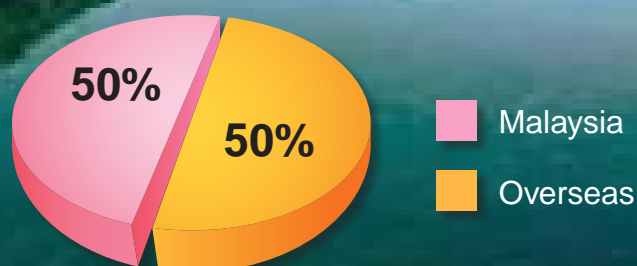
- Distribution of lighting and electrical products.

- 99% - BNJ**

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

Sales by Geographical Area

The breakdown of the revenue by geographical area for Transformer and Lighting segment for the FYE 30 June 2023 is as follows:

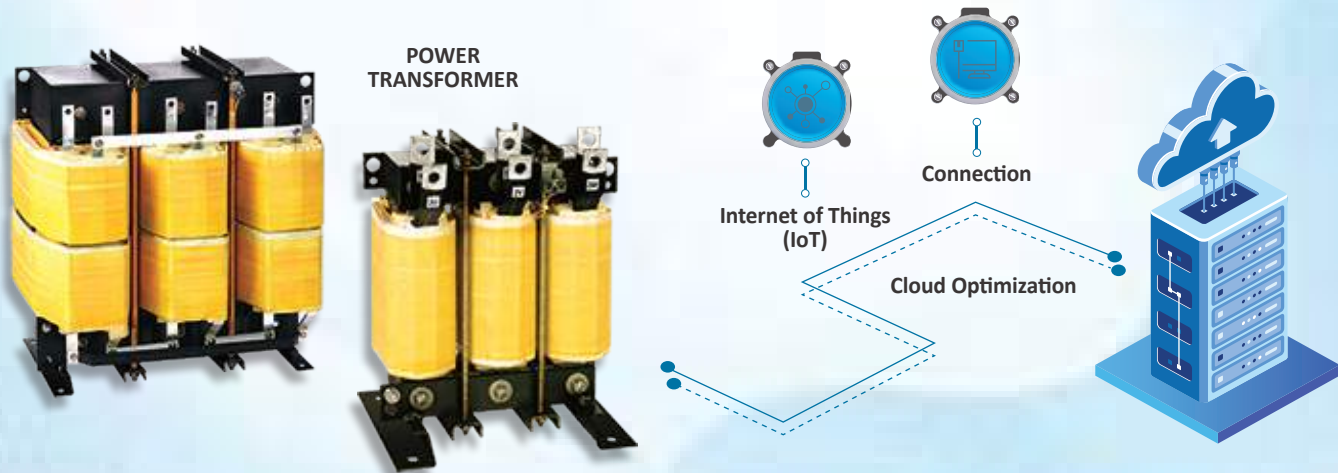


MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

QPS[®]

Trusted Brand in Transformer

QPS[®] is a transformer design specialist in data center/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 centers in both local and global markets.



Improve the quality of the 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 efficiency and reliability.



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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

NIKKON®

DESIGN A SECURE, SUSTAINABLE AND RESILIENT CITY WITH iLCS.

Our **iLCS** is to incorporate energy-efficient lighting such as LED lights across the city. Additional functions such as motion sensors, monitoring and optimizing the maintenance schedule to ensure that the lights are only lit when required and dimmable controls to further reduce energy consumption. **iLCS** provides real-time data about energy consumption, carbon footprint and other sustainability metrics and promote citizen participation in achieving sustainability goals.



Software Control

Operator able to control & monitor lights individually through software installed into computer.



Light Control Unit (LCU NEMA)

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



Data Control Unit (DCU)

Monitors, controls & manages all connected LCUs. It also functions as the gateway for the connected LCUs to the IT world.



Cloud Vision

Cloud based on platform for real time control of luminaires, real time monitoring of load & lighting levels.



**RA365 GEN 2
INTEGRATED SOLAR
LED Street Lantern**

iLCS Service & System Benefits

- Weather & Air Quality Monitoring System
- Surveillance Demand
- Intelligent Real-Time Monitoring
- Smart Metering
- Public Security Management System
- Telecommunication Hub
- Visual Intelligence & Analysis
- Wireless Smart Parking
- Motion Detection
- Traffic Flow Management System (Dynamic Dimming)



**SIGMA
LED Street Lantern**

Our Technology Partner:

iLCS®

Intelligent Light Control System



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

**Kare
ForU**
Kare For You

REMOVE 99.9% VIRUS & BACTERIA

Portable Air Purifier That Provide You Extra
Protection Against Invisible Threats

Dr.KShield
EASYSTICK™
Sterilizer, Disinfectant & Deodorizer
닥터K실드 살균/탈취 스틱



Quick and Simple Steps on How to Activate

STEP 1 BEND

The EasyStick until you
hear a cracking sound.



STEP 2 SHAKE

It until the indicator
turns yellowish.



STEP 3 SET

It at anywhere & enjoy your
worry - free environment!



Safe & Eco-Friendly

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

Convenient & 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 (ClO_2).



baa:
"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)



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Review

The key financial information and financial performance of the Group for FYE 2023 and FYE 2022.

	Statements of Profit or Loss and Other Comprehensive Income	2023 RM'000	2022 RM'000
	Revenue	235,974	231,246
	Profit Before Tax	27,358	27,580
	Profit After Tax	20,951	21,263
	Profit After Tax after ("PAT") attributable to owners of the Company	19,780	19,242
	Statements of Financial Position	2023 RM'000	2022 RM'000
	Total Assets	446,624	427,452
	Total Liabilities	54,721	49,906
	Shareholders' Equity	362,421	348,812
	Financial Indicators	2023	2022
	Earnings Per Share (SEN)	8.63	8.40
	Net Tangible Assets Per Share (RM)	1.71	1.65

Review Of Financial Results and Financial Position

In the financial year 2023, the Group managed to deliver a satisfactory performance despite facing operation and market challenges during the post-pandemic recovery.

The Group recorded a revenue of RM235.97 million for the FYE 30 June 2023 as compared to RM231.25 million in the previous FYE 30 June 2022. The increase of revenue was mainly due to higher sales recorded in overseas market.

The Group's revenue consists of 50% local sales and 50% overseas sales during the financial year.

The Group reported a PAT attributable to owners of the company of RM19.78 million for the FYE 30 June 2023, a slight increase by 3% as compared to previous year. This was mainly due to a fair value gain on short-term

investments and gain on foreign exchange. Earnings per share of the Group stood at 8.63 sen.

The financial position of the Group remains strong. The total borrowing of the Group has increased to RM16.43 million as at 30 June 2023 from RM13.48 million in FYE 30 June 2022 was mainly due to finance the acquisition of land and building in last financial year. The Group's cash and cash equivalents have been improved was mainly as a result of higher net cash generated from operating activities.

Net tangible assets per share was slightly increased from RM1.65 in FYE 30 June 2022 to RM1.71 in FYE 30 June 2023. The shareholders' equity for the Group increased from RM348.81 million to RM362.42 million, representing a growth of 4%. This increase was primarily contributed by higher operating profit during the year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Review of Operating Activities

By leveraging strong supplier partnerships, we optimise our supply chain ensuring streamlined efficient operations. Furthermore, our unwavering commitment towards integrating green initiatives into our production line does not only mitigates our environmental impact but also aligns our practices with sustainable principles. Moreover, our relentless pursuit of product innovation empowers us to stay at the forefront of the market and consistently deliver smart lighting solutions.

a. Leverage Partnerships and Technology for Synergistic Growth

Great things in business are accomplished by a team of people bringing their complementary strengths, resources, knowledge and expertise together. A great business partnership enhances overall strengths to achieve greater success collectively. Thus, we harness this immense potential for collaboration and partnership to foster synergy and growth. In the face of rapidly changing market dynamics, our organisations are progressively seeking new avenues to share vision, form strategic partnerships and expand market reach.

As we explore relevant technologies that propel product innovation, we are unlocking a plethora of opportunities. We leverage technology advancements and collaborative efforts from strategic partnerships and alliances to create products that give us a competitive edge. Technologies such as big data analytics, machine learning, real-time data exchange and IoT sensors can provide valuable insights into human behavior, usage patterns, environmental monitoring and inform decision. It helps maximises our potential and expertise for integrating advanced features in street lighting products. This includes using renewable materials, incorporating energy efficient designs and developing products that contribute to a circular economy.

While capitalising on external views and insights, our goal is to assess and collaborate with responsible suppliers on the basis of sustainable development, to abide by ethical environmental practices and safety compliance standards. The Group works closely with suppliers, customers and other stakeholders to nurture a culture of sustainability within the supply chain enabling us to unite and address the current situation.

We continue to source sustainably when procuring raw materials and components. We also purchase renewable resources in order to minimise waste and promote recycling throughout the supply chain. Additionally, we plan efficient transportation, consolidation of shipments and optimise routing to minimise fuel consumption and carbon emissions. Our aim is to mitigate risks and create long-term value for both the business and society, which is essential for building a more sustainable and resilient future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Review of Operating Activities (Cont'd)

b. Product Innovation and Enhancement

We always focus on product innovation, emphasising improvement and continuous enhancement. Our iLCS have made further progress and advancement in developing products and services that can meet the demand for building smart cities. The innovative system is based on a network of wireless sensors installed on the street lights, which provide adaptive lighting to the corresponding road category and create a telecommunications infrastructure.

Smart lighting can provide additional functions through the installation of intelligent controls. Sensors on the street lights using real-time data to perform environmental analysis such as monitoring city traffic, weather conditions and flood detection. When monitoring the system in real-time, operators have the capability to receive alerts on malfunctions and customisable reports. This is achievable through IoT automation, where sensors and actuators communicate effortlessly on a real-time platform without human intervention.

Additionally, iLCS leverages the power of computer vision to resolve costly data mining tasks. The AI Traffic & Mobility modules establish a link between the physical world and real-time information. They can monitor traffic counts and classifications, conduct pedestrian transit time analysis and evaluate the status of parking lots. Other features such as the smart metering module can be implemented to measure, analyse and optimise energy consumption of electricity, water and gas. This allows users to be conscious of consumption while more precisely identifying anomalies.

With the expertise and efforts of our team, we are able to take advantage of emerging technologies and offer a wide range of solutions to our customers. Innovation can help us anticipate market changes more swiftly to meet the changing needs and preferences of customers. That presents us with innumerable opportunities in the future. We continuously innovate to stay competitive and strive for greater customer satisfaction, reliability and loyalty.

c. Green Initiatives Across the Production Line

It is worth mentioning that our green initiatives in the production line is crucial in contributing towards a more sustainable future. We emphasise environmental factors during operation activities, such as minimising the environmental impact of the materials used, reducing waste in polyfoam materials, improving energy efficiency and ensuring that the final product is recyclable. For instance, unused raw materials in lighting products and copper aluminium windings found in transformers can be melted, re-used or recycled for future production. Most of our transformer components can also be recycled.

To reduce paper consumption, we are transitioning to electronic billing for customers and uploading most of our product catalogues on our website to enhance user accessibility. We are also replacing the instruction manual for our LED lighting, namely NIKKON, with a QR barcode. Furthermore, the cardboard and carton packaging that we collect are sent for recycling as the fibers in the cardboard are valuable and useful for the production of new products.

Furthermore, the Group has installed an EV charger at our headquarters for EV drivers, which enabling employees to benefit from it and encouraging them to drive electric vehicles. In the meantime, solar LED lighting is part of the Group's initiative targeting municipalities, operators of large-scale construction and development projects to enhance the regions, rural areas, towns and cities. Using solar LED lighting can be a long-term investment that can save an enormous amount of electricity and decrease our costs.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Review of Operating Activities (Cont'd)

d. Marketing and Social Media Management

Marketing plays a crucial role in our organisation by facilitating promotion, advertising and education of our products and services. These activities include enhanced customer engagement through various channels. We organised events and exhibitions throughout the year to attract new clientele. In addition, we implement a monthly personalised email strategy with effective content marketing to engage and reach our targeted clientele. This enables us to deliver relevant offers and build business rapport with our clientele on an ongoing basis.

The Group leverages digital marketing and social media to drive sales and brand awareness. This approach effectively promotes our products and services while allowing us to interact with our intended audience. We occasionally produce content videos, disseminate, publish and share them on our social media platforms as part of our marketing efforts. This creates more opportunities for prospective subscribers to become our customers.

Besides, we actively engage with our audience by showcasing our new products through live streams, demonstrating the benefits, providing tutorials and offering how-to guides to our customers. We believe that establishing a solid and fundamental social media presence will capture audience interest, boost sales opportunities and maintain a consistent brand image across all social media platforms.

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 62.

Dividends

An interim tax-exempt single-tier dividend of RM0.018 per ordinary share amounting to RM4,127,102 in respect of the FYE 30 June 2023 was declared on 11 October 2022 and paid on 28 November 2022 to the shareholders whose name appeared in Company's record of depositors on 31 October 2022.

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 striving to deliver favourable results and rewarding our shareholders for their continuous support.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Outlook and Prospect

While the global economy is on the road to recovery, it continues to face challenges and uncertainties. Rising inflationary pressures from factors such as surrounding trade dispute policies and barrier, currency depreciation, higher raw material prices and natural disaster have impacted the market volatility.

However, the Group remains vigilant about the challenges and continues to make progressive developments in the business by expanding its product range.

In the transformer products, we are experiencing robust demand from data centres as well as in the industrial machinery and medical industries. The recent need for sufficient cloud storage management has further driven growth of transformer demand in the data centres.

Globally, the increased emphasis on and recognition of economic, environmental, social and governance (“EESG”) factors has grown significantly in recent years, leading to an increased demand for governments, companies and other stakeholders worldwide to practice and emphasise the EESG sustainability agenda. The energy transition, along with the adoption of EESG principles through green technologies, will continue to propel increased demand for energy-saving products such as LED Lighting, intelligent light control systems (“iLCS”) and sensors.

In view of the growing demand for EESG data to address economic, social and ecological challenges of the city, the application for our in-house brand for iLCS which includes smart lighting, traffic adaptive illumination, parking management, environment analysis, smart metering and internet of things connections can generate valuable information and data for operators, municipalities and other stakeholders. Adopting EESG practices and enhancing disclosures can give us a good prospect and stronger market position.

In term of the die-casting products, besides to continuing our business expansion as the original equipment manufacturer partner for aluminium die-casting parts in the global market, we have also expanded our range of motorcycle components parts for the after-sales motorcycle spare parts industry. This strategy aims to strengthen our position as a trusted supplier in this thriving market.

In conclusion, the management will keep reassessing the goals and strategies of the Group to ensure business resilience and is committed to observing and adhering to ongoing policies and requirements related to sustainability.

Further, we anticipate that the financial performance for financial year ending 30 June 2024 will remain satisfactory and together we work towards a more sustainable future.



Framework & Standards

This Sustainability Statement is prepared aligned with the recommendation set out in the Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Apart from that, disclosures within this Sustainability Statement was also prepared in accordance to the Global Reporting Initiative ("**GRI**") Standards.

Governance Structure

The Board of Directors of Success Transformer Corporation Berhad ("**STC or Company**") ("**Board**") plays a pivotal role in advancing the sustainable development of STC and its local subsidiaries (collectively referred as "**Group**") as well as has primary responsibility for overseeing its overall performance in this regard. It plays a crucial role in reviewing, sets goals and formulates effective strategies throughout the organisation. The Board has included Economic, Environmental, Social and Governance ("**EESG**") factors in the development of the Group's strategy.

To facilitate the supervision of the Sustainability Management process, the existing Risk Management Committee ("**RMSC**") has been renamed as Risk Management and Sustainability Committee ("**RMSC**") with an objective to discharge its duty more effectively and focus on sustainability considerations. Likewise, the RMSC is headed by the Deputy Managing Director and the steering committee consists of Directors and Senior Management to oversee the execution of sustainability matters.

The Board entrusts the RMSC with the task of identifying, evaluating and implementing control measures to mitigate business and sustainability risks at acceptable levels. These control measures are occasionally reported by the RMSC to the Audit Committee ("**AC**") for analysis, review, consideration and discussion.

The RMSC will be overseeing and providing guidance on sustainability activities, particularly when significant sustainability issues arise. The RMSC prioritises the material matters that have been identified and collaborates in assessing the effectiveness of the measures, actions and strategies developed by the Management. The RMSC reports its findings and recommendations to the AC and subsequently to the Board.

A diagram of our governance structure is illustrated below:-



SUSTAINABILITY STATEMENT (CONT'D)

Scope of Disclosure

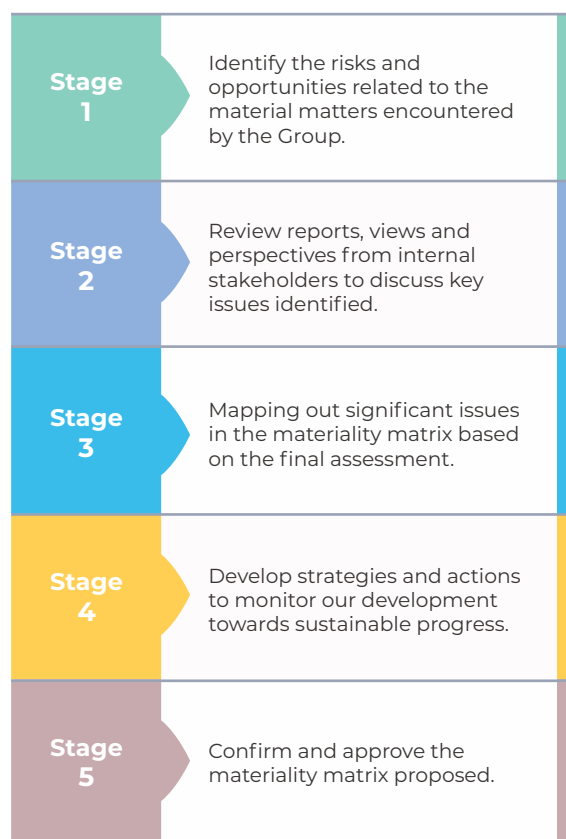
This Sustainability Statement report has taken into account of the factors listed in the EESG to address pertinent issues that have the potential to impact the Group's operational activities. The Group proactively implements measures to mitigate risks and gradually identifies sustainability issues progressively during the medium and long-term planning processes. Through collaborative efforts, the Group aims to generate value creation including business growth, profitability and long-term success.

The scope of this Sustainability Statement covers the sustainability performance of STC and its subsidiaries in Malaysia for the financial year ended 30 June 2023 ("FYE 2023").

Our Materiality Assessment

The Group determines its material topics by assessing the level of influence over stakeholder decisions and their significance to the organisation. This assessment takes into consideration of the EESG aspects and the common sustainability matters. The identified material matters are then further discussed and prioritised during the RMSC meetings. To assist in this process, questionnaires are prepared to facilitate constructive discussions among the members, enabling them to share their perspectives and insights. The RMSC develops the content according to defined material topics, sustainability trends and input from members, and then implements sustainable development actions and tracks progress over a span of several years. Furthermore, the AC reviews the materiality matrix, provides feedback, insights and reports to the Board for approval after examining it.

The steps undertaken to evaluate material matters



Stakeholders Engagement









The Board upholds their fiduciary duty by strengthening relations with external stakeholders. We engage with stakeholders such as investors, customers, employees, communities and regulators to understand their concerns, incorporate their perspectives into decision-making and foster open communication.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholders Engagement

We acknowledge that maintaining continuous engagement with stakeholders is crucial. Therefore, we have implemented several approaches to identify and prioritise relationships with key stakeholders through communication channels such as general meetings, announcements, annual reports, internal and community events. Regular client meetings, roundtable discussions and networking activities are essential to enhance business rapport and relationships. We facilitate effective collaboration with vendors to achieve desired objectives and common goals.

The table below outlines in detail our group of stakeholders, their areas of interests as well as our methods of engagement.

STAKEHOLDERS	AREAS OF INTERESTS	METHODS OF ENGAGEMENT
 Investors / Stakeholders	<ul style="list-style-type: none"> • Group's financial performance • Business strategy • Sustainability matters 	<ul style="list-style-type: none"> • Annual General Meeting • Annual reports • Quarterly reports • Announcement to Bursa Securities • Company's website
 Customers	<ul style="list-style-type: none"> • Efficient complaints resolution • Customer relationship management • Product safety and security • Service quality and delivery • Pricing 	<ul style="list-style-type: none"> • Regular client meeting • Feedback sessions • Community and networking events • Company's website
 Employees	<ul style="list-style-type: none"> • Career development programme • Benefit and remuneration • Occupational safety and health 	<ul style="list-style-type: none"> • Workplace meeting / employee briefing • Staff performance appraisals • Circulations of internal policies • Training • Employment contract • Health and safety policy
 Suppliers and Vendors	<ul style="list-style-type: none"> • Payment schedule • Pricing services • Green sourcing material • Fair procurement system 	<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 • Compliance with local statutory body Companies Commission of Malaysia (SSM)
 Local Communities	<ul style="list-style-type: none"> • Social issues • Impact of business operations • Environmental impacts 	<ul style="list-style-type: none"> • Community events • Corporate Social Responsibility (CSR) • Sustainability matters

SUSTAINABILITY STATEMENT (CONT'D)

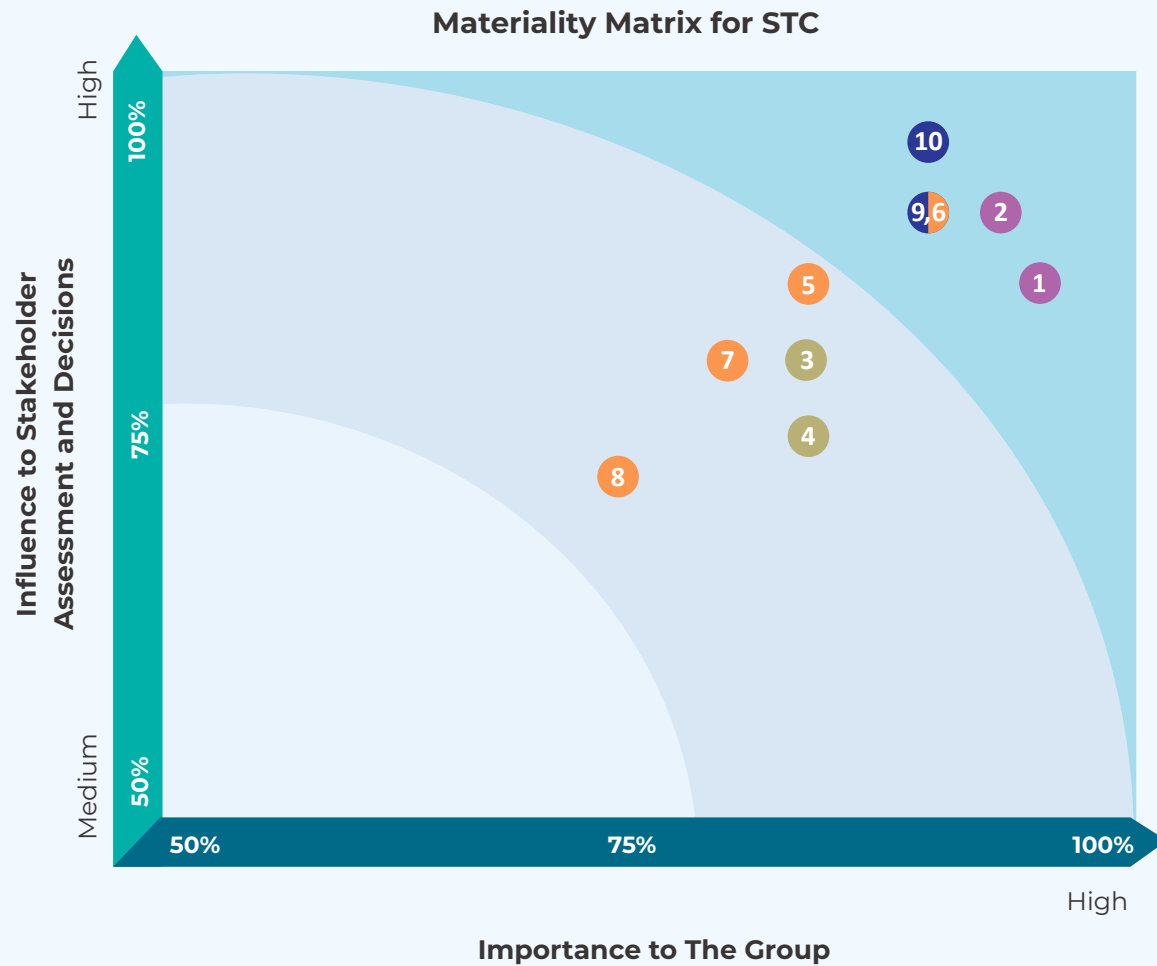
The Sustainability Statement in our Annual Report 2023 highlights 10 common sustainability matters. Overall, these matters are material topics that are significant and of utmost importance to our stakeholders and their influence on the Group's strategy and long-term growth trajectory. We focus on product innovation, compliance and overall employee safety, which are crucial factors that enhance healthy business growth, brand reputation and quality assurance.

Sustainability is an ongoing journey, and we continuously strive to improve our supply chain practices. We regularly assess our performance set targets and adapt our strategies to address emerging challenges and opportunities. The Group recognises that sustainability challenges require collective efforts and innovation solutions. Hence, we actively collaborate with our suppliers and navigate our long-term relationship to strategically manage the risk of supply chain disruption.

10 Material Topics

1.  Supply Chain Management	2.  Products Innovation		
3.  Waste Management	4.  Energy Management		
5.  Labour Practice & Standards	6.  Occupational Safety & Health	7.  Diversity	8.  Community / Society
9.  Anti-Bribery & Corruption	10.  Data Privacy & Protection		

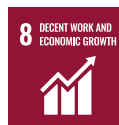
SUSTAINABILITY STATEMENT (CONT'D)



- Economic
 - 1. Supply Chain Management
 - 2. Products Innovation
- Social
 - 5. Labour Practice & Standards
 - 6. Occupational Safety and Health
 - 7. Diversity
 - 8. Community / Society
- Environment
 - 3. Waste Management
 - 4. Energy Management
- Governance
 - 9. Anti-Bribery & Corruption
 - 10. Data Privacy and Security



Supply Chain Management



Material Matters

Supplier and Product Evaluation

Description

The Group conducts assessments to select suppliers who can meet the criteria based on quality and standards evaluations. The selected suppliers are required to provide a product test report before finalising business agreements with them.

This report includes sample testing and materials inspection to ensure that the products meet our requirement in quality and standards.

We encourage suppliers to provide feedback and valuable input to help us address challenges and identify opportunities for enhancing overall performance. In the long run, this approach enables us to make better informed decisions, effectively manage risks and ensure accountability throughout the supply chain.

Our Quality Assurance team conducts site visit to the premises of our key suppliers or new suppliers to assess their capabilities and ensure they have adequate equipment to meet order fulfillment.



Local and Overseas Sourcing

The Group always focuses its procurement activities on local vendors to support local economy, job creation, reduce carbon footprint and reduce currency risk and competitiveness.

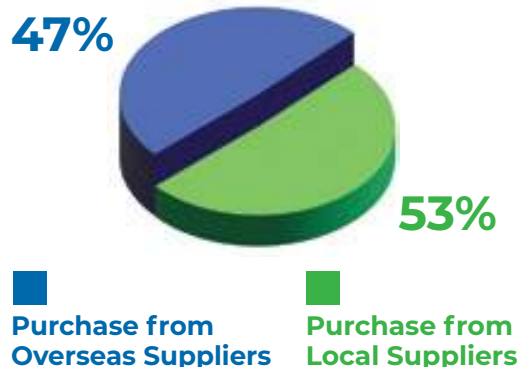
However, the Group also procures materials directly from global manufacturers to enable large volume orders and cost savings.

The choice between international and local sourcing depends on factors such as material availability, cost considerations, quality requirements, scalability needs and the sustainability priorities of the business.

How We Respond

- Perform product and sample testing as well as evaluate the materials upon received.
- Conduct site visits and audits of our key suppliers' business premises, which involve interviewing key personnel and responsible teams, assessing regulatory compliance, inspect working conditions and evaluating the reputation and track record of the businesses involved.
- Suppliers to provide certificates of compliance and conformity, where applicable, as evidence.
- Establish clear performance metrics with suppliers. These metrics include on-time delivery, quality standards, lead times, inventory levels and responsiveness.
- Encourage suppliers to provide feedback and insights regarding challenges or potential improvements in the supply chain. Regular meetings, calls and emails can facilitate effective communication.
- Promote continuous improvement mindset within our organisation and among suppliers.

Performance Outcomes





Products Innovation



Material Matters

Smart Technologies and Smart Solutions

Description

iLCS is a provider of smart lighting solutions and is at the forefront of innovation. We take pride in being pioneers, developing cutting-edge solutions tailored to the needs of municipalities and various industries. The main focus of iLCS is to offer impeccable solutions that support clients in reducing operating costs, enhancing operational efficiency and building a better society.

By leveraging iLCS energy efficiency products, our clients can make significant progress in addressing economic, environmental, social and governance concerns, thus fostering a more sustainable future.

iLCS's unwavering dedication to social responsibility is evident in our efforts to create safer, more inclusive and community-friendly spaces. iLCS significantly improves overall public safety by incorporating surveillance features and creating well-lit environments that promote a sense of security.

iLCS's smart solutions for municipalities encompass intelligent lighting systems equipped with energy-efficient LED lights and advanced controls. These systems boast features like remote monitoring, dimming capabilities and motion sensors, enabling them to capture weather conditions, address security and surveillance needs, manage traffic flow, implement smart metering and issue public hazard alerts. Through these comprehensive offerings, iLCS plays a pivotal role in facilitating the transformation of a city into a smart city.



How We Respond

- Successfully integrate several new applications into the iLCS platform such as Traffic Adaptive Illumination (TAI), Full Adaptive Illumination (FAI), weather station and radar sensors.

The weather station provides real time monitoring of the full range of weather parameters such as pressure, temperature, wind strength and humidity.

- Successfully deployed to a total of more than 50 projects accumulated.
- Integrated iLCS into solar lighting systems and outdoor feeder pillars helps to reduce the environmental impact, enhance social benefits and achieve operational cost savings.
- Continuously collaborate with industry experts to develop new products and enhance existing ones, focusing on product improvement and innovation.
- We continue to explore new and emerging technologies through Research and Development, which enables us to tap into diverse perspectives and gain access to fresh ideas.





Waste Management



Material Matters

Scheduled Waste Disposal Management

Description

Handling scheduled waste in a manufacturing environment is a crucial responsibility that demands strict adherence to environmental regulations and best practices. The objective of managing scheduled waste is to minimise its impact on human health and ensure the safety of the environment. We uphold responsible practices through the proper handling, storage, treatment and disposal of scheduled waste.

There are regulations governing the handling, transportation, disposal of hazardous waste and ensuring its safe transfer from the point of generation to the designated disposal facility. As a result, the well-being of employees and surrounding communities are protected.

Performance Outcomes

Scheduled waste disposed:

Waste Generated	FYE 2022	FYE 2023
Scheduled Waste	4.26MT	3.33MT
E-waste	-	0.95MT

MT: Metric ton

Scheduled waste: Included contaminated drums, rags, varnish and fluorescent lamp.

E-waste: Included printers, CPUs and desktop PCs that cannot be used anymore. (start recorded on FYE 2023)

How We Respond

- On-site, we have a registered Environmental Competent Person who oversees the appropriate management of industrial effluents, smoke emissions and hazardous waste (also known as scheduled waste). His responsibility involves ensuring compliance with the local environmental laws set forth by the Department of Environment (DOE).
- Safe management and correct disposal of hazardous waste in accordance with local environmental requirements. Engage with licensed waste collector (prescribed premises) to collect when necessary.
- Monitor, observe and assess the environmental aspects. Refine and implement corrective and preventive actions when needed.
- Any new discovery of hazardous chemicals will be promptly reported to the SHE officer and subsequently documented in the Safety Data Sheet (SDS).

Educate and Involve

Description

To promote environmental friendly in the workplace, it is necessary to implement waste management practices among the employees that prioritise reduce, reuse and recycle. This requires planning, commitment and engagement within the organisation together with employees contributing their part in reducing resource consumption.

Performance Outcomes

Recycle items disposed to collector during FYE 2023:

Year	Carton (kg)	Paper (kg)	Plastic (Stretch Film) (kg)
FYE 2022	17650	869	4246
FYE 2023	18413	*7657	4339

*Included a scrap of 3,790 kg of accounting paper that has been stored for over 9 years.

- Minimise the generation of solid and hazardous waste and recycle waste where feasible.
- Organise a designated space for employees to dispose of unused recyclable materials.
- Collect plastic, paper and carton for recycling efforts from employees, encouraging them to actively participate in our sustainability initiatives. (refer to page 40).
- Stored standard instruction manual at webpage and easy accessible via QR Code.
- Create awareness within the premises concerning recycling information by posting informative posters around.



Material Matters

Electricity

Description

Electric usage in the manufacturing industry plays a vital role in powering various machinery, boosting productivity, streamlining production and maintaining consistent quality throughout the manufacturing process.

The objective of replacing traditional lighting with LED lights in a manufacturing facility is to reduce operating costs and improved energy efficiency. LED lights are known for their significantly lower energy consumption compared to fluorescent lights. The Group has replaced most of the lighting in its Sungai Buloh plants with LED lights and estimated energy saving of 47% yearly.

How We Respond

- Replaced fluorescent lighting with energy-efficient LED lighting throughout the office building to reduce electricity costs.
- Perform energy consumption checks to identify areas with high energy usage and inefficiencies. This helps identify areas for improvement.
- Employees to switch off all electrical equipment and fixtures that are not in use before leaving the office. Reduce the usage of electricity when not needed.

Solar

Description

A renewable energy solution, adopted by one of our subsidiaries, involves installing solar panels to power the manufacturing production area. Specifically, these solar harness solar energy and convert it into electricity to run the production line. This initiative reflects our commitment to sustainability and environmental responsibility since solar power is a clean and renewable energy source. By utilising solar energy, our subsidiary can achieve significant reductions in its electricity bills, resulting in cost savings over the long run.

- Solar panels were installed on a subsidiary's factory rooftop during FYE 2023 and were approved by the authorities on August 2023. This solar panels with a total capacity of 0.437 mW for a period of 10 years will be fully utilised to harness solar energy to its fullest potential in FYE 2024 and onwards.

Water

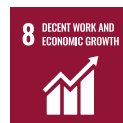
Description

In our production process, water is less directly involved. Most of the waterwaste originates from general cleaning and toilets.

- Keep track of water usage regularly and reduce consumption over time. Identify areas within the office where improvements and repairs are needed, such as addressing leaking pipes or fixtures.
- Encourage employees to adopt responsible water usage habits. For instance, slow down the water flow while applying soap on hands and turning off the tap after used.
- Utilisation of recyclable water in the testing laboratory.



Labour Practice and Standards



Material Matters

Human Rights and Labour Standards

Description

The Group regards human and labour rights as an integral part of its activities, acknowledging their significance. It adheres to fundamental human rights principles and complies with the Malaysian Employment Act (1955) and other pertinent labour laws of Malaysia.

The Employment Act (1955) in Malaysia is a key legislation that governs the terms and conditions of employment in Malaysia. Its objective is to reinforce the rights and protections of employees while protecting them from discrimination, harassment and unfair treatment in the workplace.

These standards aim to create a non-discriminatory work environment where individuals are treated fairly and have equal access to career development opportunities, benefits and workplace protections.

The Group adheres to the latest minimum wage introduced by government. In addition, the Group emphasises the importance of providing secure, safe working conditions and social protection to employees.

By having the above in place, the organisation can create a positive work environment, coupled with motivated and engaged employees, which leads to increased productivity. Employees are more likely to go the extra mile, collaborate effectively and exhibit higher levels of commitment and creativity in their work.

How We Respond

- Upholding human rights, labour standards and the responsibility of the workplace.
- Comply with the anti-discrimination regulations outlined in the Employment Act (1955). Adhere to anti-harassment policy by cultivating a working environment that prioritises non-discrimination and fosters respect for all individuals.
- Take proactive measures to support workplace environment that is free from harassment through the prominent display of posters within the office building and conducting department briefings.
- Comply with the minimum wage requirements as stipulated by the government known as the Minimum Wages Order 2022.
- Comply with the Employment Act (1955), with increased entitlement of paid maternity leave from 60 to 98 days.
- Ensure compliance with all applicable standards and regulations regarding hostel accommodation for employees under the Housing and Amenities Act (1990).
- No complaints have been received in relation to human rights violations during the financial year.

Training and Development

Description

In our organisation, training and development initiatives are integral to promote human rights and labour standards within the organisation. We provide adequate training opportunities for employees to develop their skills and knowledge. We believe that such training not only enhances productivity and performance but also boosts employee morale and motivation to better adapt to potential change in workplace with positive attitude. Furthermore, we also encourage our employees to stay up-to-date on market trends and industry standards.

- Introduce new employees the culture, policies, procedures and job responsibilities of the organisation.
- Arrange internal and external training sessions as needed through reskilling and upskilling initiatives.
- Conduct semi-annual appraisal assessments for all employees.



Labour Practice and Standards (Cont'd)



Material Matters

We have conducted trainings for a total of 2,576 training hours for employees in local subsidiaries. The training sessions covered a diverse range of topics including technical skills, safety protocols and essential soft skills like leadership, communication and problem-solving abilities.

Below are some training topics were conducted during the FYE 2023:

TRAINING TOPICS	TYPE	TRAINING HOURS	MONTH AND YEAR
Understanding ISO EMS & QMS	Technical	592	July & August 2022
Internal Auditor QMS & EMS	Technical	368	September 2022
First Aid	SHE	248	October 2022
CPML Mode 2: Principles of Developing, Managing and Leading Individuals and Teams To Achieve Success	Soft Skills	16	October 2022
Msosh - Knowledge Of OSHMP25 and OSH ethics	SHE	16	November 2022
Comprehensive & progressive agreement for Trans Pacific Partnership	Technical	3.5	November 2022
CPML Mode 3: Managing Performance	Soft Skills	16	December 2022
Scheduled Waste: Environmental Ethics & Technologies Favours Sustainability Agenda	SHE	16	December 2022
Certified Business Leader Masterclass	Soft Skills	48	March 2023
Sustainability Reporting Workshop	Technical	24	April 2023
Green Building	Technical	32	May 2023
CPML Mod 7 - Using data and information in decision making	Technical	16	May 2023
Pengenalan intergriti, governance dan anti rasuah	SHE	8	May 2023
Mastering Incoterm 2020	Technical	16	May 2023
ESG Ways Forward	Technical	352	June 2023

Performance Outcomes

2576

Total Training Hours Provided



TYPE	NUMBER OF TOPICS	TRAINING HOURS
Technical	19	1904
Safety, Health and Environment ("SHE")	4	288
Soft Skills	7	384
Total	30	2576



Occupational Safety and Health



Material Matters

Safety, Health & Environment ("SHE") Committee

Description

The SHE committee is proactively address and manage SHE matters in the workplace. This committee is established to create a safety-conscious culture, ensure compliance with relevant regulations and create a healthy and sustainable working environment for employees.

SHE ensures a detailed approach to effective problem-solving, by collaborating with various departments to achieve solutions needed. It demonstrates our commitment to responsible business practices and emphasises the importance we place on the safety, health and well-being of our people and the environment.

How We Respond

- Ensure compliance with the local safety and health laws set forth by the Department of Occupational Safety and Health ("DOSH") and relevant industrial operating guidelines.
 - The SHE team was established along with a certified Safety, Health and Environment Officer overseeing our operations, supported by two safety coordinators.
- If there is any major accidents, they will report to both the management and DOSH. Based on the investigation conducted, appropriate corrective and preventive actions are developed and implemented.
- We have zero work related fatalities reported at our premises during the year.

Safety and Health Training & Awareness

Description

Safety and health training programs and awareness initiatives are regularly conducted to continuously enhance general safety, first aid, emergency response knowledge and preparedness. These programs also cover specific knowledge required for operational tasks including the handling of chemicals and spillage as well as forklift and reach truck training.

We ensure employees understand the importance of wearing Personal Protection Equipment ("PPE") and encourage responsible behavior in hazardous work environments. There are practices and policies in place to promote safety consciousness and responsible actions among the workforce.



- An annual fire drill evacuation is conducted to ensure the preparedness of our staff in the event of a fire. Each year, our Emergency Response Team ("ERT") will organise and practice evacuation procedures, simulate an emergency situation and test the effectiveness of our fire alarm systems and evaluate the response of employees. The ERT oversees any emergency situation arise and occur in the workplace.
- Our first aid team is responsible for delivering prompt medical assistance and care to individuals who have sustained injuries or are facing medical emergencies. We have a dedicated first aid room to provide immediate attention to injured individuals.
- Provide employees with necessary PPE such as safety helmets, gloves, safety glasses and shoes to prevent any injuries and accidents.
- We had conducted a total of 288 manhours of safety training during the FYE 2023.



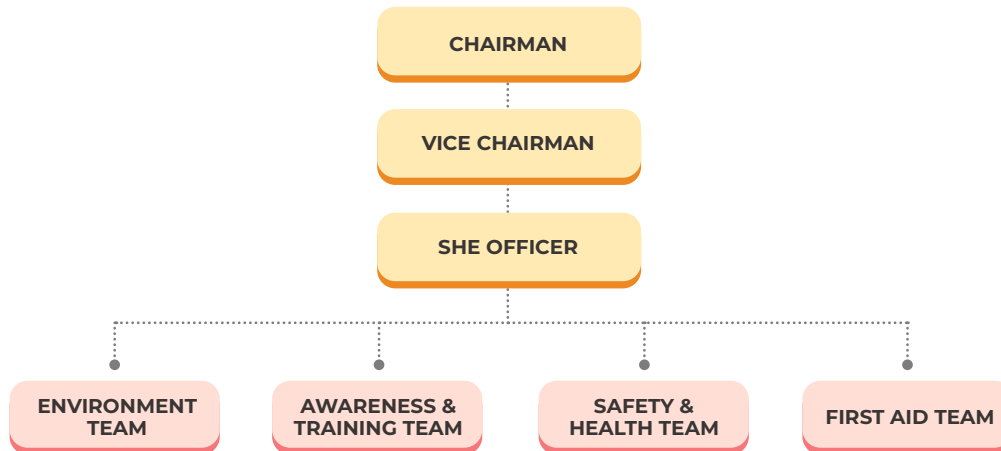
Occupational Safety and Health (Cont'd)



Material Matters

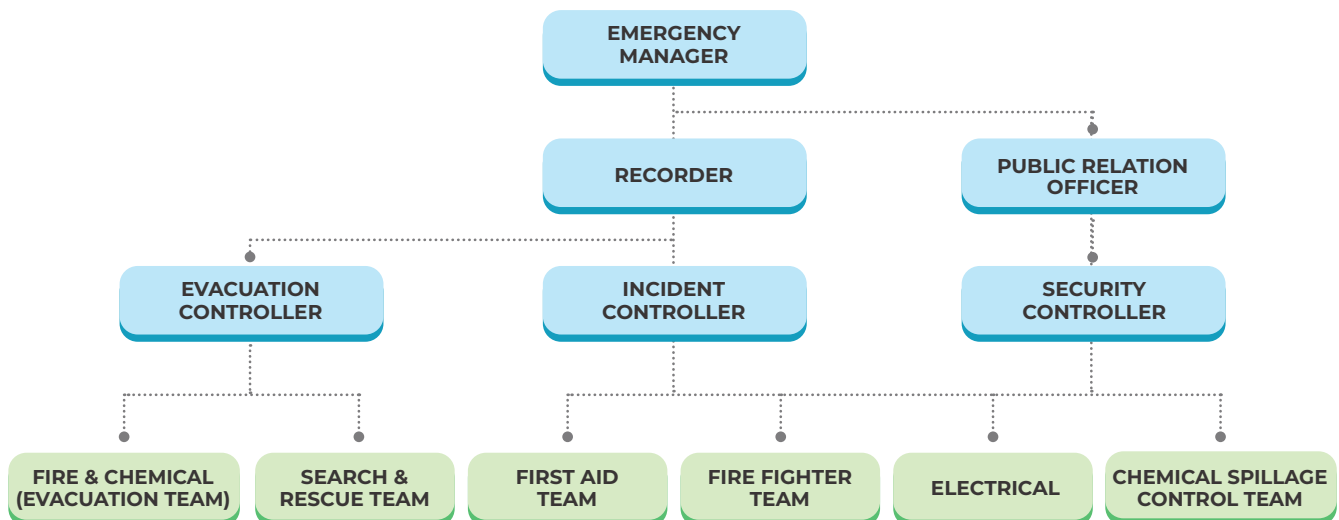
Performance Outcomes

Safety, Health and Environment (SHE) Committee Chart



The SHE committees was established with the aim to promote the implementation of best practices in manufacturing. These committees are responsible for investigating both existing and emerging safety and health concerns and subsequently report their findings to the management. Their role includes ensuring that all operational activities within the factory maintain a safe and secure environment.

Emergency Response Team Chart



The ERT Team is responsible for handling emergency cases and reporting them to the Emergency Manager in situations such as fire accidents or other incidents that require immediate first aid and emergency help. The Emergency Manager is then responsible for contacting the fire stations.

SUSTAINABILITY STATEMENT (CONT'D)



Diversity



Material Matters

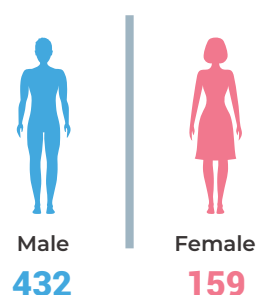
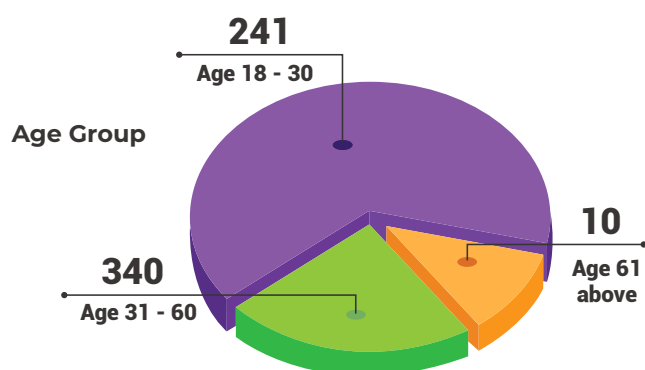
Cultivate Growth and Inclusion Across A Diverse Team

Description

We recognise the significance of acknowledging, respecting and valuing the differences, attributes and qualities of each individual within a group or organisation. We encourage the formation of a team that embraces diversity and nurtures professional development of its members. It recognises that each individual has different perspectives, experiences and background.

Likewise, diversity encompasses a broad spectrum of characteristics that individuals possess, including, but not limited to race, ethnicity, gender, age, religion, physical abilities, socioeconomic background and educational level. We exhibit our commitment to upholding and appreciating diversity within the workplace.

Total Staff of Local Subsidiaries = 591



How We Respond

- We treat all employees equally and fairly regardless of their races, colour descent, gender, marital status or nationality. We create a safe and supportive environment where everyone is treated with fairness, dignity and respect.
- Every employee has equal access to opportunities, resources and career development, irrespective of their individual differences.
- Leveraging innovative thinking by harnessing cognitive diversity in teams, fostering creativity through the exploration of diverse ideas, strategies, perspectives and solutions within various departments.
- There were no reported discrimination cases related to equality and diversity during the FYE 2023.

JOB POSITION	NUMBER OF PEOPLE	GENDER		AGE		
				18-30	31-60	61 ABOVE
Director & Key Management	11	Male	8	0	5	3
		Female	3	0	2	1
Managerial	47	Male	33	0	32	1
		Female	14	0	14	0
Executive	104	Male	49	6	43	0
		Female	55	9	45	1
Non-Executive	429	Male	342	194	147	1
		Female	87	32	52	3
TOTAL	591		591	241	340	10



Community / Society



Material Matters

Community Building & Aid

Description

Participating in activities provides employees the opportunity to engage and establish connections with one another beyond the confines of the workplace. It can strengthen work collaboration among colleagues, fostering camaraderie, teamwork and cooperation within the Group.

The Group recognises the importance of community engagement and are strive to give back to the people around us through donations. We have donated to non-profit organisation to enable them to obtain resources to address societal challenges and help those that are in need. This action plan reinforces the Group's commitment to corporate social responsibility and its desire to give back to society.

How We Respond

- Hosted the "World Cup 2022 Video Challenge Contest" in our employee community. The contest was open to all members, regardless of their race and they were given the task of creating videos in a creative manner, adhering to the theme of the World Cup.
- Arranged wellness activities like futsal tournament, aerobic classes to encourage employees to engage in healthy exercise. (refer to page 38 – 39)
- Contributed a total amount of RM165,000 as a donation to Tabung Persatuan Rumah Ibadat (TPRI) Fo Guang Shan and RM50,000 to other non-profit organisation to help the needy.

Environmental Initiatives: Reduce, Reuse & Recycle

Description

To strengthen community bonds and enhance social engagement, we have established an ESG team headed by Human Resource Department. This team is responsible for organising and implementing employees wellness programs. We firmly encourage employees to volunteer and actively participate in CSR activities that support the organisation's goals. The Group aims to foster environmental awareness among its employees.

Performance Outcomes

Total recycle items collected during the event:



- Organised an event called "Recycle Today for A Better Tomorrow" to encourage employees participation in our recycling program. Employees who took part in the program on that day will be rewarded with essential items in exchange for their contributions. (refer to page 40)
- Provide convenient recycling space and labelled bins on company premises for plastics, glass and paper.
- Educate employees to minimise paper consumption in office through broadcast emails, posters and training. Encourage staff to reduce, reuse and recycle whenever possible.



Anti-Corruption and Bribery



Material Matters

Upholding Integrity & Ethics

Description

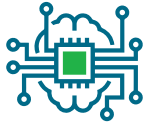
By implementing anti-corruption measures, we demonstrate our dedication to conducting business with integrity, transparency, fairness and ethical conduct which enhances trust among stakeholders, investors and the public. The Group has the responsibility to ensure that employees observe and uphold the company's Anti-Corruption and Bribery Policy ("Policy"). They have the duty to create awareness among individuals and encourage them to commit to following its principles.

The policy helps employees to understand their legal and ethical obligations concerning anti-bribery laws and regulations. Additionally, several approaches, including monitoring and assessments are in place within an internal control system to counter corruption. This ensures that an organisation's anti-corruption efforts are effective in combating unethical behaviour.

How We Respond

- New hires receive an acknowledgement letter on anti-corruption and bribery during onboarding, which they are requested to sign and date the letter.
- Our policy is available and accessible on our corporate website. This policy shall be updated, amended or reviewed from time to time to ensure its adequacy in implementation and enforcement.
- Perform regular audits of internal control systems to effectively counter corruption.
- There have been no cases report via whistleblowing platform throughout the year.





Data Privacy & Security



Material Matters

Data Privacy Protection

Description

The Personal Data Protection Act 2010 (PDPA 2010) seeks to safeguard privacy rights and personal data from misuse or unauthorised access. It ensures that personal data is handled and processed in a fair and lawful manner, thereby safeguarding the privacy of individuals and granting them control over their personal information.

The Management Information System ("MIS") department set specific guidelines and requirements on how organisations should handle and process personal data and implementing robust security measures to protect against data breaches and unauthorised disclosure.



How We Respond

- We follow strict policies and procedures that govern customer data under PDPA 2010 and other relevant laws and regulations. These measures are dedicated to protect the privacy of our customers and their data.
- MIS implements access controls to protect individuals' data from misuse or unauthorised access.
- Security measures are in place to minimise risks and report any occurrences of data breaches to the designated department.
- Disseminate informations to employees on data protection practices and security protocols.
- No complaints were received concerning breaches of customers' privacy and losses of customer data during the year.

Cybersecurity Resilience

Description

A secure network infrastructure is paramount to protect organisations from the increasing sophistication of cyber threats. To safeguard our Groups sensitive information, sustain business continuity and protect our reputation, we have established a resilient and secure network infrastructure. This infrastructure serves as a proactive defense mechanism against a wide range of cyber threats.

To enhance the overall security of our organisation, we established security policies that provide clear guidelines for employees, contractors and vendors to follow. These policies play a crucial role in mitigating risks, increasing security awareness and ensuring stakeholders follow best practices. By keeping policies up-to-date, we enable our stakeholders to actively contribute to our organisation's protection measures.

- Adopt a precautionary approach such as firewall, Intrusion Prevention System (IPS) and secure web gateway to reduce the risk of unauthorised access, data breaches and cyber-attacks.
- Perform monitoring system, regular back-up and user privilege role control. Enhance control over who can access their network remotely.
- Fortify our defense against emerging threats by regularly updating the Operating System. Stay up-to-date on the latest cyber security's threats and best practices. Address any existing security flaws that risk of exploitation.
- To counter suspicious activities, MIS blacklist those malicious email domain when needed. Isolate the infected workstation and perform antivirus / malware scanning to clean the machine.

SUSTAINABILITY STATEMENT (CONT'D)

Corporate Social Responsibility



FUTSAL TOURNAMENT WE NEED A GOAL!

We believe in the power of sport to bridge communities, inspire creative minds, enhance social development and promote an active lifestyle. Our futsal tournament held on 3rd June 2023 was a resounding success, bringing individuals together from diverse backgrounds to promote inclusiveness, intercultural exchange while creating opportunities for interaction and collaboration among participants.

The motto "We Need A Goal!" reflects the drive and determination to succeed, lead and focus. In the context of work or personal life, having a goal provides direction and purpose.

Moreover, futsal allows participants to improve agility, players' decision-making abilities, tactical understanding and overall physical fitness. We encourage them to inculcate unity, sportsmanship and comradeship.

By organising a futsal tournament, we can create meaningful and impactful experiences that enhance the well-being of employees, benefit society and cultivate a supportive and harmonious work culture.

SUSTAINABILITY STATEMENT (CONT'D)

Corporate Social Responsibility (Cont'd)



AEROBIC - STAY FIT! WORKOUT TOGETHER

We have scheduled two Aerobic classes for employees on 9th and 17th June 2023. We focus on the general well-being of our employees, including their physical and mental health. The purpose of offering these classes is to nurture a healthier mindset within our workforce.

Aerobic classes provide a valuable chance for employees to unite and take part in a collective activity that goes beyond their regular work responsibilities. Participation in group exercises strengthens relationships, enhances interpersonal connections and promotes a sense of camaraderie outside the boundaries of their typical work roles.

We encourage them to integrate exercise into their daily routines and maintain a healthy lifestyle which allowing them to strike a balance between work and personal commitments. Our objective is to support employees in their pursuit of a well-rounded life, where physical activity and self-care are integral components.

SUSTAINABILITY STATEMENT (CONT'D)

Corporate Social Responsibility (Cont'd)



RECYCLE TODAY FOR BETTER TOMORROW

Taking Action for Greener Planet!

We have taken a step towards promoting sustainability and environmental consciousness by organising a "Recycle Day". This recycle day was aimed to raise awareness about the importance of recycling and engage employees in taking action for a better and healthier environment.

On the recycle day, we collected used items such as used cooking oil, paper, cartons, tins and plastic bottles from employees of various departments. The primary goal is to encourage everyone to adopt environmentally responsible recycling practices, both at work and in their personal lives.

As a token of appreciation for their efforts, employees receive essential basic needs items in exchange from the Company. This special day is not only heightened awareness about recycling but also fostered a sense of responsibility among employees towards the environment.

We aim to motivate employees to embrace sustainable practices and educate them to learn about the significance of proper waste separation, the benefits of recycling and the impact of their individual actions on the environment.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Success Transformer Corporation Berhad (“STC” or “Company”) (“Board”) acknowledges the importance of establishing and maintaining high standards of corporate governance structure within STC 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 financial year ended 30 June 2023 (“FYE 2023”) 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 of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) and it is to be read together with the Company’s Corporate Governance Report (“CG Report”) for the FYE 2023. 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 Practices as set out in the MCCG 2021 and any departures thereof during the FYE 2023. Save for the exceptions which are fully described in the CG Report, the Board is satisfied that the Company has complied with the MCCG 2021 throughout the FYE 2023.

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 Group, addresses the sustainability of the Group’s business policies, take into consideration of Economic, Environmental, Social, and Governance (“EESG”) aspects and performance as well as to ensure they fit in with the Group’s overall Business Strategy;
- Oversees the conduct of the Group’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 and training or replacing Directors;
- 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;
- Oversees the development and implementation of a shareholder communication policy; and
- Reviews the adequacy and integrity of the Group’s internal control management information system.

To assist in the discharge of its duties, the Board has established 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 meetings;
- 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 the 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 2023, 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 Group and implements the Board's decisions. There is a 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. Independent Non-Executive Directors are essential for protecting the interest of shareholders and able to make significant contributions to the Group's decision making by bringing in the quality of detached impartiality.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 remain relevant.

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 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, audit fees and any question in regard to resignation or dismissal;
- Reviews the quarterly results and year ended financial statements, prior to obtaining approval by the Board;
- Convenes meetings with the external auditors, internal auditors or both excluding the attendance of Directors and employees of the Group, whenever the AC 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;
- Identifies and directs any special project or investigate and report on any issue or concern in regard to the Management of the Group;
- Reviews and discusses sustainability matters with the Risk Management and Sustainability Committee ("RMSC") and reports to the Board;
- Considers other topics as highlighted 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 Director 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 Managing Director or any other senior executive or any Director or shareholder;
- Recommends to the Board, Directors to fill the seats of the Board Committees;
- Assists the Board in its annual review of its required mix of skills and experience and other qualities, including core competencies which the 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 annual evaluation of the Board includes 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 Chairman 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 Group 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 doing all acts and things and/or caused the Company to enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the EC 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 Chan Foong Ping and comprises of three (3) other members namely Dato' Tan Wei Neng, Dato' Yeoh Kim Wah and 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 MCGG 2021, the Board Charter 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)

Code of Conduct

The Board has formalised a Code of Conduct, 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>.

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

The Anti-Bribery and Corruption Policy is published on the Company's website at <http://www.stcgroup.com.my/policy/policy-procedure.html>.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, 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 Group'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 addition, the Board is regularly updated and advised by the Company Secretary who is qualified and competent on statutory and regulatory requirements in carrying out its roles and responsibilities.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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.

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 agendas 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 the 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 MMLR whereby the Company requires at least two (2) or one-third (1/3) of the Board, whichever is higher, are the independent directors.

During the FYE 2023, Tan Chung Chiah is appointed as an Alternate Director to Tan Ah Bah @ Tan Ah Ping (Appointed on 18 May 2023).

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 MCCG 2021 has recommended for at least half of the Board members to be independent directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board Composition (Cont'd)

Based on the review of the Board's composition and assessment of individual Directors during the FYE 2023, 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 9.

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 are essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. 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. In addition, the Board has decided to have at least 30% women directors in the Board to achieve Practice 5.9 of the MCCG 2021 as well as to maintain 30% women in Senior Management.

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	-	1	1	1	-	-

Presently, there are three (3) female Directors (excluding Alternate Director) on the Board, representing 43% of the Board. Meanwhile, there is 30% women in the Senior Management of subsidiaries of STC in Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Time Commitment

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year and additional meetings are convened as and when necessary. The Board obtains the commitment from Directors to devote sufficient time and effort to carry out their responsibilities at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. It is also stated in the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the MMLR 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 decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

The Board held five (5) meetings during the FYE 2023 and the attendance of each Director are as follows:

Name of Directors	No. of Meetings Attended
Datuk Ir. Kamarudin Bin Md Derom	5/5
Tan Ah Bah @ Tan Ah Ping	4/5
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 of the Company 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
Datuk Ir. Kamarudin Bin Md. Derom	<ul style="list-style-type: none"> Environmental, Social and Governance (ESG) the Way Forward
Tan Ah Bah @ Tan Ah Ping	<ul style="list-style-type: none"> Environmental, Social and Governance (ESG) the Way Forward
Tan Chung Ling	<ul style="list-style-type: none"> Environmental, Social and Governance (ESG) the Way Forward
Dato' Tan Wei Neng	<ul style="list-style-type: none"> Environmental, Social and Governance (ESG) the Way Forward 3 Days Mini MBA : Strategy, Marketing, and Financial Risk Management
Tan Chung Chay	<ul style="list-style-type: none"> Environmental, Social and Governance (ESG) the Way Forward Green Building : Design, Taxation, Sustainability and Benefits
Chan Foong Ping	<ul style="list-style-type: none"> Environmental, Social and Governance (ESG) the Way Forward Corporate Training on TCFD and latest Bursa disclosure requirements Continuous Listing Obligations, MCCG and Corporate Liability under MACA Corporate Training on ESG, Climate Change and Sustainability Reporting

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Directors' Training (Cont'd)

Name of Directors	Training Programme
Dato' Yeoh Kim Wah	• Environmental, Social and Governance (ESG) the Way Forward
Tan Chung Chiah	• Environmental, Social and Governance (ESG) the Way Forward • Green Building : Design, Taxation, Sustainability and Benefits

During the FYE 2023, all Directors of the Company had attended appropriate training or seminar programs to update and enhance their knowledge to enable them to discharge their duties and responsibilities more effectively as a Director, in addition to keep abreast of the development in the marketplace.

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

The Board will on continuing basis evaluate and determine the training needed for each of the Directors, particularly on relevant new laws, 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 the appointment of new directors as well as appraisal of directors for recommendation to the Board. However, the Board has the final decision on appointments after considering the recommendations by the NC. The current NC of the Company comprises entirely of Non-Executive Directors and the members 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 held one (1) meeting during the FYE 2023 and all Committee members attended the meeting.

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 will assess the suitability of an individual by referring to the Diversity Policy of the Company, which particularly focused on the individual's mix of skills, experience and professionalism that the candidate can bring to complement the Board and Key Senior Management to discharge its responsibilities in an effective and competent manner. A diverse Board composition is crucial for promoting different perspective and ensure inclusive decision making. Therefore, to ensure a balanced board composition, the NC reviewed the diversity of the Board to ensure it can provide desired mix of experience, skills, competence, race, gender, culture and nationality.

The other factors that will be taken into account by the NC before making recommendations to the Board include the candidates' ability to commit sufficient time and attention to the Group's matters as well as to satisfy the independence test of a director, considering the candidate's character, integrity and professionalism.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Review of Candidates Proposed for Appointment as Directors and Appointments to the Board (Cont'd)

The activities undertaken by the NC during the FYE 2023 were as follows:

- Reviewed and assessed the Audit Committee;
- Assessed the effectiveness of the Board and Board Committee; and
- Assessed and recommended on the re-election of Directors.

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. The NC 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 was carried out by the NC on the AC to assess the effectiveness of each of the AC members, including the evaluation on the AC as a whole by assessing the individual AC members' skills and competencies, 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 the Board Committees and individual Director. The effectiveness of the Board is assessed in various areas, including of Board diversity, composition and governance, the 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 provide input during the meetings and demonstrate high level of integrity in decision making.

The Board and Board Committee assessment has been carried out by the NC on 10 October 2023 by answering and filling up the AC evaluation questionnaire, AC members' self and peer evaluation, Board members' self and peer evaluation form, Independent Directors' self-assessment checklist, Independent Directors' evaluation form, Board evaluation form, Board and Board Committee evaluation forms.

Re-election of Directors

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

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

The NC is responsible for recommending suitable candidates for appointment to the Board and 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 MCGG 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Tenure of Independent Director (Cont'd)

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 towards the Group's operations gained throughout the years.

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

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

As at the date of this 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 2023. This meeting was attended by all members.

The RC comprises of two (2) Non-Executive Directors and one (1) Executive Director. 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 MCGG 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 on the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Remuneration Policies and Procedures (Cont'd)

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM 50,001 to RM 100,000	-	2
RM 100,001 to RM 150,000	-	1
RM 750,001 to RM 800,000	2	-
RM 800,001 to RM 850,000	1	-
RM 2,150,001 to RM 2,200,000	1	-

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

Group	Fees* RM'000	Salaries & other emoluments RM'000	Employees share option scheme expenses RM'000	Benefits in kind RM'000	Total RM'000
Executive	11	4,585	-	47	4,643
Non-executive	266	9	-	-	275

Company	Fees* RM'000	Salaries & other emoluments RM'000	Employees share option scheme expenses RM'000	Benefits in kind RM'000	Total RM'000
Executive	-	1,443	-	34	1,477
Non-executive	266	9	-	-	275

** 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 Director and/or manager of the subsidiaries of STC.

The details of director fees for each of the Directors have been disclosed in accordance to Practice 8.1 of MCCG 2021. The Board is opined that it is not in the best interest of the Company to disclose the remuneration of directors in name basis according to the MCCG 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 the policies and procedures recommended by the RC. This is in line with Practice 7.2 of MCCG 2021.

Although the MCCG 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 skills, 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 takes responsibility to present a true and fair view of the Group's and Company's financial performance and prospects to its shareholders. The Board is assisted by the AC to review and recommend the Group's and Company's financial reporting process, the quality of financial reporting and to ensure that the financial statements are fully complied and prepared in accordance with the provisions of the Companies Act 2016 as well as the application of the Malaysian Financial Reporting Standards and International Financial Reporting Standard.

Assessment of External Auditor

The Board, through the AC, maintains a formal and transparent relationship with the Group's external auditors in seeking valuable professional advice and ensuring compliance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board. The AC meets up with the external auditors at least twice a year to review audit plans and exchange views on issues that requiring attention. There is no any significant issue raised by the external auditor during the financial year under review.

The AC reviewed the external auditors' audit plan which 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 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. Thus, the AC further recommended to the Board the re-appointment of the external auditors at the forthcoming AGM on 5 December 2023.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 the 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, the 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 adopt 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 audit works for the internal audit function during the financial year under review were conducted by our in-house internal audit function save for item (ii) below which was outsourced to Tricor Axcelasia Sdn Bhd, an independent internal consultant.

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 Warehouse Incoming Stock Management of Success Electronics & Transformer Manufacturer Sdn.Bhd.; and
- (ii) Adequacy Review of Operation Functions (Procurement, Production and Inventory) of Global-Pacific Manufacturing Sdn Bhd.

Generally, the internal audit function will perform routine audit and reviews on operating business units within the Group.

The findings of the internal audit function were communicated to the Management for 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Risk Management and Internal Control (Cont'd)

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

The RMSC comprises the following members:

Members	Designation
Tan Chung Ling	Chairlady
Lo Chiow Lieh	Chief Risk Officer
Low Shin Yi	Risk and Compliance Manager
Teh Ai Kim	Secretary
Dato' Tan Wei Neng	Steering Committee
Tan Chung Chiah	Steering Committee
Tan Chung Chay	Steering Committee
Lim Wei Yuen	Steering Committee
Quak Lee Kiang	Steering Committee
Chang Poay Hee	Steering Committee
Wong Kiet Fei	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 62 to 65.

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 MMLR, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders. Furthermore, it is outlined in the internal corporate disclosure policies and procedures that the Company is required to timely release its announcements to the relevant regulators, Board Charter, rights of the shareholders and Annual Report on the Company's website.

The Board promotes effective communication and proactive engagements with its stakeholders. As a result, various contact details can be found 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 accessible by the public through Bursa Securities' website at www.bursamalaysia.com. and is also available for download at the Company's website at www.stcgroup.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 is included in the notice of AGM and 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 will be given sufficient time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the performance of the Company or the Group 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 meeting.

Pursuant to Paragraph 8.29A of the MMLR, 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 18th AGM held on 6 December 2022 by polling in line with the requirement of the MMLR 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.

The forthcoming 19th AGM of the Company will be conducted on a virtual basis 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 2023, the Company has applied the principles and recommendations of the corporate governance set out in the MCCC 2021, where necessary and appropriate.

This CG Statement was approved by the Board on 10 October 2023.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF AUDIT COMMITTEE

Chairperson

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 Success Transformer Corporation Berhad ("STC" or "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 of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). 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 Chairperson of the AC, Madam Chan Foong Ping, is a member of the Malaysian Institute of Accountants. Therefore, the Company complies with Paragraph 15.09(1)(c) of the 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 five (5) 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 financial year ended 30 June 2023 ("FYE 2023") and were duly attended by the members as shown below:

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

AUDIT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF WORK

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

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 2023 to ensure that their scope of work adequately covers the activities of STC and its subsidiaries (collectively referred as “Group”);
- Reviewed the Statement of Risk Management and Internal Control with external auditors for the purpose of 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 to provide additional comments to the AC without the presence of Executive Directors and Senior 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 on the internal audit reports together with the recommendations and Management's responses as tabled by the internal auditors for the Board of Directors of STC (“Board”) notation;
- Discussed and reviewed the annual internal audit plan for FYE 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 the Board.

AUDIT COMMITTEE REPORT (CONT'D)

5. SUMMARY OF WORK (CONT'D)

During the financial year and up to the date of AC Report, the AC had carried out the following activities: (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 2023, together with the external auditors, before recommending the same to the Board for approval;
- Reviewed the annual budgeting of the Group for FYE 2023 and to recommend to the Board for approval;
- Reviewed the Company's and the Group's compliance with the MMLR, Malaysia 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 and Sustainability Management:

- Reviewed and monitored principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommend 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;
- Facilitated the establishment of the risk management framework and reviewed adequacy and effectiveness thereof from time to time;
- Reviewed and discussed sustainability matters related to material matters with Risk and Sustainability Management Committee and reports to the Board;
- Monitored the establishment and maintenance of a process, including controls, policies and procedures, for the systematic identification, assessment, prioritisation, management, monitoring, and reporting of the Group's material economic, environmental, and social risks and opportunities;
- Reviewed the implementation of the Group's sustainability-related strategies and initiatives; and
- Assisted the Board pertaining to disclosures in the Sustainability Statement for inclusion in the Company's Annual Report

Other Activities:

- Reviewed the disclosure statements on Corporate Governance and AC Report and recommended it for adoption to the Board;
- Reviewed its TOR periodically and recommended to the Board on revision, if necessary;
- Reviewed on the related party transaction 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 of the Management's integrity;
- Discussed summary of assessment on the performance and effectiveness of the AC and its members by the Nominating Committee.

AUDIT COMMITTEE REPORT (CONT'D)

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 Group to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by the management and/or the Board within the Group.

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

The internal audit function is independent of the activities audited by them. The internal audit function consists of one (1) independent associate.

The main activities and assignments undertaken by the internal audit function during the financial year under review include the following:

- (i) Review Warehouse Incoming Stock Management of Success Electronics & Transformer Manufacturer Sdn Bhd; and
- (ii) Adequacy Review of Operation Functions (Procurement, Production and Inventory) of Global-Pacific Manufacturing Sdn Bhd.

The audit works for item (i) above were conducted by our in-house internal audit function and item (ii) above was outsourced to Tricor Axcelasia Sdn Bhd, an independent internal control consultant.

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 10 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Success Transformer Corporation Berhad (“STC” or “Company”) (“Board”) and its subsidiaries and associates (collectively referred as “Group”) has the pleasure to present its Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“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

The Board recognises the importance of maintaining a sound risk management and internal control systems to ensure the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, regulations, policies, procedures and contracts. Hence, the Board also obtains assurance from the Executive Directors and the Management affirms its overall responsibilities for the Group's risk management and internal control systems. The oversight of these critical areas is carried out by the Audit Committee (“AC”) and Risk Management and Sustainability Committee (“RMSC”) which are empowered by their respective terms of reference to provide oversight and perform regular reviews on the risk management and internal control systems to meet the Group's objectives and for continuous improvement thereof.

The Board acknowledges the limitations that are inherent in any risk management and internal control systems. As such the systems are designed to manage and minimise the extent and severity of the risks, rather than completely eliminate the risks of failure of achieving the Group's objectives and strategies. Consequently, the Board recognises that a sound internal control system provides reasonable but not absolute assurance that the Group will not be hindered in achieving its business objectives in the ordinary course of business. 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.

This Statement on Risk Management and Internal Control has not dealt with the associate and joint venture 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 and joint venture 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 Group'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 Group's business activities at all times as the Group continues to grow. These policies, procedures and manual are further strengthened with the implementation of ISO9001:2015 Quality Management System which covers the 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. The said key performance indicators will be reviewed by the Board and AC. Performance is monitored regularly and a reporting system highlighting the variances between actual performance for each business units against the targeted performance for each business units. The variances will be tabled to each business units and the matters highlighted will be followed up by the respective head of business units.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

THE SYSTEM OF INTERNAL CONTROL (CONT'D)

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: (Cont'd)

5. Management and operational meetings are held to monitor, 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
8. 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 Group 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 skills and capabilities.

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 of the RMSC, which comprises of the Directors and management of the Group, to discuss and evaluate 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 RMSC 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 RMSC had 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 periodically.

The management of the significant risks identified for the financial year ended 30 June 2023 ("FYE 2023") 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 on our strengths and infrastructure.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

The management of the significant risks identified for the financial year ended 30 June 2023 ("FYE 2023") are outlined below: (Cont'd)

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 Group is directly exposed to foreign exchange fluctuations as the cost of raw materials and imported goods that 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. In addition, the Group has included the usage of Renminbi ("RMB") as one of its main international payment currency to reduce the foreign currency exchange risk by importers from China.

Operational Risk

Operational risk arises from the execution of a company's business including risks of systems, equipment failure and over or lack of capacity situations. 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.

As part of our mitigation efforts, we have taken up insurance policies to provide adequate coverage against the risk of fire, burglary and personal accidents for our workers.

Cybersecurity Risk

Business today more dependent than ever on digital connectivity in virtually every aspect of their existence and resulted an increased cyber threats towards the Group's network infrastructure. The Management Information System ("MIS") department has established security policies and implemented industry best practices guidelines to protect digital equipment failures, cyber-attacks, virus outbreaks and data breaches. As an effort to combat against cybercrime, file server auditing software have been implemented during the FYE 2023 to monitor data integrity, visibility of the data movement and ransomware attacks.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Group's risk management and internal controls are undertaken by the internal audit function within the Group. The internal audit function 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 the corrective actions recommended on the report has been implemented within the required time frame.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 are effective and adequate.

The internal audit adopts a risk-based approach and prepares its audit strategies and plans based on the risk profiles of the business units of the Group. These strategies and plans are presented and approved by the AC annually. During the FYE 2023, the Board has approved the resolution to outsource part of its internal audit function to Tricor Axcelasia Sdn Bhd ("Tricor"). Tricor was appointed to perform internal audit assignment on Global-Pacific Manufacturing Sdn Bhd to review its operation functions of procurement, production and inventory during FYE 2023. The total cost of internal audit function for the FYE 2023 was RM 168,028.

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND GROUP FINANCE CONTROLLER

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

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

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

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 10 October 2023.

OTHER COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to the external auditors by the Company and its subsidiaries (“Group”) for the financial year ended (“FYE”) 30 June 2023 are as follows:

	Group (RM)	Company (RM)
Audit Fees:		
– current financial year	346,321	80,000
– underprovision in prior year	6,836	2,000
Non-Audit Fees	33,426	24,200
	386,583	106,200

2. MATERIAL CONTRACTS

Other than the related party transactions as disclosed in Note 40 of 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 2023 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 2023, the Company has issued a total number of 279,200 ordinary shares in the Company under the ESOS for a cash consideration of RM150,768. 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 18th Annual General Meeting of the Company held on 6 December 2022, the Company had obtained a mandate from its shareholders to allow the 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 of Bursa Malaysia Securities Berhad, the details and aggregate value of the RRPT entered into between the Group with the related parties during the FYE 30 June 2023 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 2023 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	6,409	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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details and aggregate value of the RRPT entered into between the Group with the related parties during the FYE 30 June 2023 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 2023 RM	Interested Director(s)/ Major Shareholders and/or Person(s) Connected
2.	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	445,291	Gu Zhen Wu ⁽ⁱ⁾ Zhou Jie Di ⁽ⁱ⁾
3.	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	15,423,369	Gu Zhen Wu ⁽ⁱⁱ⁾
4.	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	880,614	Gu Zhen Wu ⁽ⁱ⁾ Zhou Jie Di ⁽ⁱ⁾
5.	Success Transformer Marketing Sdn Bhd ("STMKT")	Eco Jaya Elektrik Sdn. Bhd. ("Eco")	Sales of all types of products, which are produced by the STC Group, and supplementary trading products such as lamp and fittings, electrical apparatus from STMKT to Eco.	1,681,316	Dato' Yeoh Kim Wah ⁽ⁱⁱⁱ⁾

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 Ninghai Zhenye Luminaries Manufacturing Co. Ltd. ("Zhenye"). They are the close family members to the shareholders of Juncheng, 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%.
- ⁽ⁱⁱⁱ⁾ Dato' Yeoh Kim Wah is the Non-Independent Non-Executive Director of STC with direct shareholdings of 0.56% in STC, and also the director of Eco with direct shareholdings of 38% in Eco.

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 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. On 23 May 2023, pursuant to Clause 18.3 of the By-Laws of the ESOS, upon recommendation of the ESOS Committee, the Board has approved the extension of the duration of the ESOS, which will be expiring on 2 July 2023, for a period of 5 years from 3 July 2023 to 2 July 2028.

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 2023 are set out in the table below:-

Descriptions	Number of ESOS options	
	Grand total	Director #
Total number of options granted and accepted as at 15 December 2018	6,771,200	232,700
Unexercised options lapse due to staff resigned as at FYE 30 June 2022 *	(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 2023	(3,845,800)	(69,800)
Total number of options outstanding as at 30 June 2023	3,038,100	198,800

Notes:

ESOS options granted to an eligible director, namely Dato' Tan Wei Neng, being the Executive Director of the Company.

* 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.

The 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 2023
(a) Aggregate maximum allocation	50.00%	50.00%
(b) Actual granted	-	15.01%

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

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year, as well as the financial performance and cash flows of the Group and of the Company for the financial year ended. In preparing the financial statements for the financial year ended 30 June 2023, the Directors have:

- a) adopted the appropriate and relevant accounting policies that are consistently applied;
- b) made judgement and estimation that are reasonable and prudent; and
- c) ensured that applicable approved accounting standards in Malaysia and the provision of the Act are complied with.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose with the reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act as well as the applicable approved accounting standards in Malaysia. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The Directors confirmed that they have complied with the above requirements for the audited financial statements for the financial year ended 30 June 2023.

The Directors' Responsibility Statement for the annual audited financial statements is approved by the Board on 10 October 2023.



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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 2023.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit after tax for the financial year	20,951,070	5,826,172
Attributable to:-		
Owners of the Company	19,780,090	5,826,172
Non-controlling interests	1,170,980	-
	20,951,070	5,826,172

DIVIDENDS

Dividends paid or declared by the Company since 30 June 2022 are as follows:-

- (i) An interim tax-exempt single-tier dividend of RM0.018 per ordinary share amounting to RM4,127,101 in respect of the financial year ended 30 June 2023 was declared on 11 October 2022 and paid on 28 November 2022 to the shareholders whose names appeared in the Company's Record of Depositors on 31 October 2022.

The directors do not recommend any final dividend in respect of the financial year ended 30 June 2023.

On 10 October 2023, the Company declared an interim tax-exempt single-tier dividend of RM0.014 per ordinary share and a share dividend on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in the Company, in respect of the financial year ending 30 June 2024, payable on 28 November 2023 to the shareholders whose names appeared in the Company's Record of Depositors on 30 October 2023.

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 RM73,735,469 to RM73,943,285 by way of:-
 - (i) issuance of 279,200 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 RM207,816.

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.

DIRECTORS' REPORT (CONT'D)

TREASURY SHARES

As at 30 June 2023, the Company held as treasury shares a total of 22,949,254 of its 252,344,000 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.

On 23 May 2023, the Board of Directors of the Company approved the extension of the duration of the ESOS for an extended period of 5 years from 3 July 2023 to 2 July 2028.

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 (*Alternate Director: Tan Chung Chiah*) (*Appointed w.e.f. 18 May 2023*)
Tan Chung Ling
Chan Foong Ping
Datuk Ir. Kamarudin Bin Md Derom
Dato' Yeoh Kim Wah
Dato' Tan Wei Neng
Tan Chung Chay

DIRECTORS' REPORT (CONT'D)

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
 Chang Chan Wai
 Chang Kam Kuan
 Chang Poay Hee
 Cheng Lai Lai
 Gu Yulong
 Gu, ZhenWu
 Lim Chia Nguan
 Miswan Bin Kamid
 Muhamad Wizan Bin Sulaiman
 Ong Ngok Chong
 Pan Kim Foon
 Paolo Toppan
 Samsul Baharin Bin Bidin
 See Boon Chun
 Tan Chee Ming
 Tan Kong Chian
 Tan Siew Gek
 Tong Ming Fui
 Tong Ming Jun
 Zhou Jie Di

DIRECTORS' INTERESTS

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

			Number of Ordinary Shares		
			Balance at 01.07.2022	Bought Sold	Balance at 30.06.2023
The Company					
Tan Ah Bah @ Tan Ah Ping	– Direct	209,300	-	-	209,300
	– Indirect ⁽¹⁾	105,587,448	-	-	105,587,448
Tan Chung Ling	– Direct	154,980	-	-	154,980
Dato' Yeoh Kim Wah	– Direct	1,292,100	-	-	1,292,100
Dato' Tan Wei Neng	– Direct	90,200	-	-	90,200
	– Indirect ⁽²⁾	69,100	-	-	69,100
Tan Chung Chiah	– Direct	-	3,089,900	-	3,089,900

			Number of Options under ESOS		
			Balance at 01.07.2022	Reallocated Exercised	Balance at 30.06.2023
Dato' Tan Wei Neng			198,800	-	198,800

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

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

	Balance at 01.07.2022	Number of Ordinary Shares		Balance at 30.06.2023
		Bought	Sold	
Tan Ah Bah @ Tan Ah Ping – Direct	51,000	-	-	51,000

Notes:

⁽¹⁾ Deemed interest through OASB pursuant to Section 8(4) of the Companies Act 2016 and by virtue of his spouse, Pan Kim Foon's direct interest in the Company.

⁽²⁾ Deemed interest by virtue of his spouse, Datin' Chew Yoke Ying's direct interest in the Company.

By virtue of his shareholdings in OASB and his spouse's shareholdings in the Company, Tan Ah Bah @ Tan Ah Ping is 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' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	Group RM	Company RM
Fees	276,893	266,060
Salaries, bonuses and other benefits	4,279,899	1,338,339
Defined contribution plan ("EPF")	314,604	113,604
	<u>4,871,396</u>	<u>1,718,003</u>

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM47,175 and RM33,850 respectively.

DIRECTORS' REPORT (CONT'D)

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 RM5,000,000 and RM9,232 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 6 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

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.

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	346,321	80,000
– underprovision in prior year	6,836	2,000
Non-audit fees	33,426	24,200
	<hr/> 386,583	<hr/> 106,200

Signed in accordance with a resolution of the directors dated 10 October 2023.

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 pages 82 to 169 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 2023 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 10 October 2023.

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 82 to 169 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 10 October 2023

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

(INCORPORATED IN MALAYSIA)

Registration No. : 200301034518 (636939-W)

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 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the 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
The Group held significant inventories with carrying amount of RM96,665,551 as at 30 June 2023.	Our procedures included, amongst others:- <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.
The carrying value of inventories is stated at the lower of cost and net realisable value.	
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.	

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF SUCCESS TRANSFORMER CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)

Registration No. : 200301034518 (636939-W)

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
We focused on this area because the Group carries significant amount of RM71,331,480 as at financial year end.	Our procedures included, amongst others:-
There is judgement in the identification of doubtful debts and assumptions used in the making of impairment losses.	<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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the 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, 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 (CONT'D) TO THE MEMBERS OF SUCCESS TRANSFORMER CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)

Registration No. : 200301034518 (636939-W)

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.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF SUCCESS TRANSFORMER CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)

Registration No. : 200301034518 (636939-W)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Ng Kim Hian

02506/04/2025 J

Chartered Accountant

Muar, Johor Darul Takzim

Date: 10 October 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-Current Assets					
Investment in subsidiaries	6	-	-	92,776,535	91,847,530
Investment in associates	7	320,646	430,953	-	-
Property, plant and equipment	8	97,463,197	97,831,077	-	-
Intangible asset	9	-	-	-	-
Investment properties	10	40,447,775	33,518,298	-	-
Right-of-use assets	11	6,899,698	8,514,204	-	-
Trade receivable	16	2,153,316	2,913,324	-	-
Amount due from subsidiaries	12	-	-	-	31,378
Amount due from a related party	13	1,995,211	2,188,475	-	-
Deferred tax assets	14	262,467	514,334	-	-
		149,542,310	145,910,665	92,776,535	91,878,908
Current Assets					
Inventories	15	96,665,551	106,059,372	-	-
Trade receivables	16	69,178,164	68,410,075	-	-
Other receivables, deposits and prepayments	17	7,773,334	10,959,075	1,000	3,589
Contract assets	18	342,329	374,183	-	-
Amount due from subsidiaries	12	-	-	6,175,803	7,954,765
Amount due from associates	19	694,312	904,697	-	-
Amount due from related parties	13	355,057	293,345	-	-
Short-term investments	20	76,462,045	59,769,175	-	-
Current tax assets		7,082,685	8,683,589	346,950	330,054
Fixed deposits with licensed banks	21	354,438	346,476	-	-
Cash and bank balances		38,173,291	25,741,579	489,197	287,484
		297,081,206	281,541,566	7,012,950	8,575,892
TOTAL ASSETS		446,623,516	427,452,231	99,789,485	100,454,800

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	73,943,285	73,735,469	73,943,285	73,735,469
Treasury shares	23	(15,570,770)	(15,570,770)	(15,570,770)	(15,570,770)
Reserves	24	304,048,529	290,646,936	20,916,989	19,274,966
Equity Attributable to Owners of the Company		362,421,044	348,811,635	79,289,504	77,439,665
Non-Controlling Interests	6(f)	29,481,090	28,735,059	-	-
TOTAL EQUITY		391,902,134	377,546,694	79,289,504	77,439,665
Non-Current Liabilities					
Lease liabilities	25	294,178	213,389	-	-
Borrowings	26	14,898,287	11,998,040	-	-
Other payable	28	714,517	674,729	714,517	674,729
Deferred tax liabilities	14	2,949,411	2,772,186	-	-
		18,856,393	15,658,344	714,517	674,729
Current Liabilities					
Trade payables	27	16,181,803	19,134,117	-	-
Other payables and accruals	28	15,107,463	12,356,104	148,013	139,422
Amount due to subsidiaries	12	-	-	19,637,451	22,200,984
Amount due to related parties	13	886,506	912,130	-	-
Lease liabilities	25	1,868,646	142,122	-	-
Borrowings	26	1,530,031	1,477,007	-	-
Current tax liabilities		290,540	225,713	-	-
		35,864,989	34,247,193	19,785,464	22,340,406
TOTAL LIABILITIES		54,721,382	49,905,537	20,499,981	23,015,135
TOTAL EQUITY AND LIABILITIES		446,623,516	427,452,231	99,789,485	100,454,800

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 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
REVENUE	29	235,974,472	231,246,021	11,269,297	6,763,146
COST OF SALES		(163,211,560)	(157,585,199)	-	-
GROSS PROFIT		72,762,912	73,660,822	11,269,297	6,763,146
OTHER INCOME		8,812,022	5,732,302	63,000	682,233
SELLING AND DISTRIBUTION EXPENSES		(16,115,229)	(16,488,067)	-	-
ADMINISTRATIVE EXPENSES		(34,990,893)	(31,913,975)	(2,897,171)	(3,242,794)
OTHER EXPENSES		(1,639,683)	(3,100,458)	(2,371,016)	(6,734,983)
PROFIT/(LOSS) FROM OPERATIONS		28,829,129	27,890,624	6,064,110	(2,532,398)
FINANCE COSTS	30	(854,218)	(242,226)	(44,288)	(23,005)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	31	(516,420)	(47,245)	-	-
SHARE OF LOSS OF EQUITY ACCOUNTED ASSOCIATES, NET OF TAX		(100,160)	(21,451)	-	-
PROFIT/(LOSS) BEFORE TAX	32	27,358,331	27,579,702	6,019,822	(2,555,403)
INCOME TAX EXPENSE	35	(6,407,261)	(6,316,961)	(193,650)	-
PROFIT/(LOSS) AFTER TAX		20,951,070	21,262,741	5,826,172	(2,555,403)
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(3,486,297)	328,090	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		17,464,773	21,590,831	5,826,172	(2,555,403)

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
PROFIT/(LOSS) AFTER TAX					
ATTRIBUTABLE TO:-					
Owners of the Company		19,780,090	19,241,535	5,826,172	(2,555,403)
Non-controlling interests		1,170,980	2,021,206	-	-
		20,951,070	21,262,741	5,826,172	(2,555,403)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		17,585,742	19,180,317	5,826,172	(2,555,403)
Non-controlling interests		(120,969)	2,410,514	-	-
		17,464,773	21,590,831	5,826,172	(2,555,403)
EARNINGS PER ORDINARY SHARE (SEN)					
- Basic	36	8.63	8.40		
- Diluted	36	8.60	8.35		

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

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

Group	Note	←Non-Distributable→					→Distributable←					Total Equity RM
		Share Capital RM	Treasury Shares RM	Translation Reserve RM	Capital Reserve RM	Employees' Share Option Reserve RM	Retained Profits RM	Attributable to Owners Company RM	Non- Controlling Interests RM			
At 1 July 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		
Profit after tax for the financial year		-	-	-	-	-	19,780,090	19,780,090	1,170,980	20,951,070		
Foreign currency translation differences for foreign operations		-	-	(2,194,348)	-	-	-	(2,194,348)	(1,291,949)	(3,486,297)		
Total comprehensive income for the financial year		-	-	(2,194,348)	-	-	19,780,090	17,585,742	(120,969)	17,464,773		
Contributions by and distributions to owners of the Company:												
Employees' share options exercised	38	207,816	-	-	-	(57,048)	-	150,768	-	150,768		
Dividends to owners of the Company – by Company		-	-	-	-	-	(4,127,101)	(4,127,101)	-	(4,127,101)		
– by subsidiary to non-controlling interest		-	-	-	-	-	-	-	(1,291,000)	(1,291,000)		
Total contributions by and distributions to owners		207,816	-	-	-	(57,048)	(4,127,101)	(3,976,333)	(1,291,000)	(5,267,333)		
Arising from additional investment in subsidiary												
Capital reduction by a subsidiary		-	-	-	-	-	-	-	2,200,000	2,200,000		
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	(42,000)	(42,000)		
At 30 June 2023		73,943,285	(15,570,770)	2,918,349	14,288,147	396,806	286,445,227	362,421,044	29,481,090	391,902,134		

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group	Note	←Non-Distributable→Distributable									
		Share Capital RM	Treasury Shares RM	Translation Reserve RM	Capital Reserve RM	Employees' Share		Attributable to Owners		Non-Controlling Interests RM	Total Equity RM
						Option Reserve RM	Retained Profits RM	Company RM	of the Controlling 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		-	-	-	-	-	(4,121,191)	(4,121,191)	-	(4,121,191)	
- by Company	38	-	-	-	-	-	-	-	(2,620,000)	(2,620,000)	
- by subsidiary to non-controlling interest		-	-	-	-	-	-	-	-	-	
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(d)	-	-	-	-	-	-	-	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	

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2022		73,735,469	(15,570,770)	453,854	18,821,112	77,439,665
Profit after tax for the financial year		-	-	-	5,826,172	5,826,172
Total comprehensive income for the financial year		-	-	-	5,826,172	5,826,172
Contributions by and distributions to owners of the Company:						
Employees' share options exercised	38	207,816	-	(57,048)	-	150,768
Dividends to owners of the Company		-	-	-	(4,127,101)	(4,127,101)
Total transactions with owners of the Company		207,816	-	(57,048)	(4,127,101)	(3,976,333)
At 30 June 2023		73,943,285	(15,570,770)	396,806	20,520,183	79,289,504

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Company	Note	Non-Distributable			Distributable	
		Share Capital RM	Treasury Shares RM	Employees' Share Options Reserve RM	Retained Profits RM	Total Equity 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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before tax		27,358,331	27,579,702	6,019,822	(2,555,403)
Adjustments for:-					
Bad debts written off		48,674	57,560	-	-
Depreciation of investment properties		218,193	214,950	-	-
Depreciation of property, plant and equipment		7,729,819	7,416,827	-	-
Depreciation of right-of-use assets		2,084,448	1,331,019	-	-
Loss/(Gain) on disposal of property, plant and equipment		469,519	(81,278)	-	-
Impairment loss:-					
– investment in subsidiaries		-	-	2,370,995	6,734,983
– property, plant and equipment		-	19,940	-	-
– receivables		777,476	475,442	-	-
Property, plant and equipment written off		140	76	-	-
Reversal of:-					
– allowance for impairment loss of receivables		(261,056)	(428,197)	-	-
– impairment loss of investment in subsidiary		-	-	(63,000)	(660,000)
– write down of inventories		(28,338)	(316,860)	-	-
Share of loss of associates		100,160	21,451	-	-
Unrealised gain on foreign exchange		(2,112,297)	(887,089)	-	(10,383)
Waiver of debts		-	(118,563)	-	-
Write down of inventories		1,055,771	809,107	-	-
Inventories written off		85,450	-	-	-
Lost of inventories		4,290	-	-	-
Gain on strike off of subsidiary		(1,138,720)	-	-	-
Bargain purchase		-	(710,959)	-	-
Dividend income		-	-	(8,936,500)	(4,180,000)
Interest expense		807,186	188,529	39,788	18,505
Interest income		(992,566)	(1,911,126)	-	-
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES					
		36,206,480	33,660,531	(568,895)	(652,298)
Changes in Working Capital					
Inventories		8,276,648	(17,478,393)	-	-
Contract assets		31,854	138,150	-	-
Trade and other receivables, deposits and prepayments		4,672,256	(4,838,816)	1,812,929	3,409,677
Trade and other payables and accruals		1,371,251	(7,851,614)	4,484,846	20,115,455
CASH FROM OPERATIONS					
		50,558,489	3,629,858	5,728,880	22,872,834
Dividend received		-	-	1,936,500	5,272,760
Interest paid		(44,652)	(24,626)	(39,788)	(18,505)
Interest received		992,566	1,911,126	-	-
CARRIED FORWARD					
		51,506,403	5,516,358	7,625,592	28,127,089

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

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
BROUGHT FORWARD		51,506,403	5,516,358	7,625,592	28,127,089
Tax paid		(5,202,263)	(5,944,780)	(210,546)	(29,816)
Tax refund		883,618	850,402	-	-
NET CASH FROM OPERATING ACTIVITIES		47,187,758	421,980	7,415,046	28,097,273
CASH FLOWS (FOR) INVESTING ACTIVITIES					
Additional of investment in existing subsidiary		-	-	(3,300,000)	(17,125,120)
Additional of investment in existing subsidiary by non-controlling interests		2,200,000	-	-	-
Addition of right-of-use asset	39(a)	(326,201)	(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		(42,000)	(440,000)	63,000	660,000
Proceeds from disposal of property, plant and equipment		157,346	282,355	-	-
Purchase of investment properties		-	(2,301,750)	-	-
Purchase of property, plant and equipment	39(a)	(13,733,550)	(23,663,276)	-	-
NET CASH (FOR) INVESTING ACTIVITIES		(11,744,405)	(31,967,358)	(3,237,000)	(24,741,343)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid by the Company		(4,127,101)	(4,121,191)	(4,127,101)	(4,121,191)
Dividends paid by subsidiaries to non-controlling interests		(1,291,000)	(2,620,000)	-	-
Drawdown of term loans	39(b)	5,525,000	11,340,000	-	-
Net (increase)/decrease in deposit pledged		(311)	(272)	-	-
Interest paid	39(b)	(762,534)	(163,903)	-	-
Repayment of lease liabilities	39(b)	(1,938,536)	(1,098,102)	-	-
Repayment of hire purchase payables	39(b)	(560,705)	(406,838)	-	-
Repayment of term loans	39(b)	(2,197,190)	(1,594,563)	-	-
Proceeds from exercise of employees' share option		150,768	425,520	150,768	425,520
Purchase of treasury shares		-	(369,763)	-	(369,763)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(5,201,609)	1,390,888	(3,976,333)	(4,065,434)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		30,241,744	(30,154,490)	201,713	(709,504)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(1,109,511)	241,900	-	10,383
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		85,840,002	115,752,592	287,484	986,605
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39(d)	114,972,235	85,840,002	489,197	287,484

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 10 October 2023.

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

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
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
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
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 112: International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

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

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) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(b) 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.

(c) Impairment of Investment Properties

The Group determines whether an item of its investment properties is 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. The carrying amounts of investment properties as at the reporting date are disclosed in Note 10 to the financial statements.

(d) 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.

(e) 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 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.

(f) 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. 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities of the Group as at the reporting date are RM 7,082,685 and RM 290,540 (2022: RM 8,683,589 and RM 225,713).

(h) 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).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation (Cont'd)

(d) Loss of Control

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

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

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

5.3 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

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

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

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

5.4 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

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.

(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.

(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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

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

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

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

(d) Derecognition

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(e) Financial Guarantee Contracts (Cont'd)

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

5.5 Investment in Subsidiaries

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

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

5.6 Investments in Associates

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 June 2023. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Property, Plant and Equipment

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 Investment Properties (Cont'd)

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

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

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

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

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

5.9 Intangible Assets

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

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

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

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

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

5.10 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 Leases (Cont'd)

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

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

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

5.11 Inventories

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

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

5.12 Contract Asset

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.

5.13 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.

5.14 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Impairment (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

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 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 determines 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.

5.15 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 Employee Benefits

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

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

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

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

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

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

5.17 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 Income Taxes (Cont'd)

(b) Deferred Tax (Cont'd)

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.

5.18 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.

5.19 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.

5.20 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. 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.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

5.22 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.22 Revenue from Contracts with Customers (Cont'd)

(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.

5.23 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
At Cost		
Unquoted Shares		
At 1 July	105,988,347	81,247,004
Addition	3,300,000	25,401,343
Capital reduction	(63,000)	(660,000)
Strike off of subsidiary	(27,750)	-
At 30 June	109,197,597	105,988,347
Less : Accumulated Impairment Losses		
At 1 July	14,140,817	8,065,834
Addition	2,370,995	6,734,983
Reversal	(63,000)	(660,000)
Strike off of subsidiary	(27,750)	-
At 30 June	16,421,062	14,140,817
Carrying Amount		
At 30 June	92,776,535	91,847,530
Represented by:-		
Unquoted shares in Malaysia	83,678,643	82,629,105
Unquoted shares outside Malaysia	9,097,892	9,218,425
	92,776,535	91,847,530

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 RM2,370,995 (2022: RM6,734,983) 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		Principal activities
		2023	2022	
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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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
		2023	2022	
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") (Note(b))	Australia	-	100%	Strike off during the financial year.
Success Transformer Pte. Ltd. ("STPL") #	Singapore	100%	100%	Investment holding and to carry on business of electricians, mechanical engineers of any other of alike nature and general contractors
Boxon Industries Hardware (M) Sdn. Bhd. ("BIHM")	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 (e)(v))	Indonesia	99%	99%	Wholesale for lighting, mechanical and electrical products, metal enclosure and accessories.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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
		2023	2022	
Kare For U Sdn. Bhd. ("KARE") (Note (e)(i))	Malaysia	60%	60%	Trading and marketing of goods related to healthcare products and personal protection equipment.
Global-Pacific Manufacturing Sdn. Bhd. ("GPM") (Note (e)(iv))	Malaysia	60%	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				
Nikkon Lighting & Electrical Pte. Ltd. ("NLE") #	Singapore	75%	75%	Marketing and distribution of electrical appliances and industrial lighting.

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) On 2 October 2022, the Company's dormant direct subsidiary, NLPL was being struck off.
- (c) On 29 December 2022, the Company subscribed an additional 3,300,000 ordinary shares in GPM at an issue price of RM1 each in the capital of GPM by way of offsetting amount due from GPM of RM3,300,000. Following the completion of the transaction, GPM remained a 60% owned subsidiary of the Company.
- (d) On 20 February 2023, BIHM, a 60% owned subsidiary of the Company, reduced its issued and paid-up share capital from RM200,000 to RM95,000 and that such reduction be effected by cancelling 105,000 ordinary issued shares.
- (e) In the last financial year, the following transactions occurred:-
- (i) 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.
 - (ii) On 18 October 2021, BIHM, 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.
 - (iii) 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.
 - (iv) 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.
 - (v) 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.
- (f) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		Group	
	2023 %	2022 %	2023 RM	2022 RM
NSZ	40	40	18,706,651	19,586,890
Other individually immaterial subsidiaries	-	-	10,774,439	9,148,169
			<u>29,481,090</u>	<u>28,735,059</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (g) 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:-

	2023 RM	NSZ 2022 RM
At 30 June		
Non-current assets	14,827,979	13,173,700
Current assets	49,880,846	55,447,271
Non-current liabilities	(3,335)	-
Current liabilities	(17,938,862)	(19,653,747)
Net assets	46,766,628	48,967,224
Financial year ended 30 June		
Revenue	83,297,466	90,435,945
Profit and total comprehensive income for the financial year	2,251,004	2,931,087
Total comprehensive income attributable to non-controlling interests	900,402	1,172,435
Dividends paid to non-controlling interests	1,291,000	-
Net cash flows from operating activities	8,579,891	2,116,174
Net cash flows for investing activities	(6,863,290)	(2,237,737)
Net cash flows for financing activities	(3,231,000)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

7. INVESTMENT IN ASSOCIATES

	Group 2023 RM	2022 RM
At Carrying Amount		
At 1 July	430,953	441,583
Share of post-acquisition (loss)	(100,160)	(21,451)
Exchange differences	(10,147)	10,821
At 30 June	320,646	430,953
Represented by:-		
Unquoted shares outside Malaysia	320,646	430,953

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

Name of associates	Principal place of business/ Country of incorporation	Percentage of ownership		Principal activities
		2023	2022	
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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

Group – 2023	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 2022	26,574,987	1,383,150	48,243,936	75,435,414	10,732,476	10,794,032	7,017,116	180,181,111
Additions	-	-	3,021,832	7,506,252	818,416	415,010	378,314	12,139,824
Disposals	-	-	(591,398)	(771,129)	(807,354)	(376,218)	-	(2,546,099)
Reclassification	-	(648,564)	(3,647,645)	(506,930)	-	-	(1,062,732)	(5,865,871)
Write off	-	-	-	(7,500)	-	(8,101)	-	(15,601)
Exchange differences	-	-	596,145	(819,577)	44,518	7,936	-	(170,978)
At 30 June 2023	26,574,987	734,586	47,622,870	80,836,530	10,788,056	10,832,659	6,332,698	183,722,386
Less : Accumulated Depreciation								
At 1 July 2022	-	3,493	11,359,246	53,872,214	6,995,901	9,136,588	-	81,367,442
Charge for the financial year	-	24,420	1,041,515	5,349,472	839,445	474,967	-	7,729,819
Disposals	-	-	(108,641)	(665,187)	(772,173)	(373,232)	-	(1,919,233)
Reclassification	-	(11,366)	(770,448)	(542,126)	-	-	-	(1,323,940)
Write off	-	-	-	(7,499)	-	(7,962)	-	(15,461)
Exchange differences	-	-	132,975	(757,816)	50,811	12,000	-	(562,030)
At 30 June 2023	-	16,547	11,654,647	57,249,058	7,113,984	9,242,361	-	85,276,597
Less : Impairment Loss								
At 1 July 2022	-	-	152,043	766,044	-	64,505	-	982,592
Addition	-	-	-	-	-	-	-	-
At 30 June 2023	-	-	152,043	766,044	-	64,505	-	982,592
Carrying Amount								
At 30 June 2023	26,574,987	718,039	35,816,180	22,821,428	3,674,072	1,525,793	6,332,698	97,463,197

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

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))								
Additions	3,600,000	-	4,459,401	7,144,687	834,729	545,172	49,994	16,633,983
Disposals	13,083,959	1,383,150	835,000	4,959,706	961,423	434,539	3,628,297	25,286,074
Reclassification	-	-	-	(770,304)	-	-	-	(770,304)
Write off	-	-	-	(359,569)	-	-	-	(359,569)
Exchange differences	-	-	-	-	-	(1,517)	-	(1,517)
	-	-	258,008	790,146	76,678	63,063	-	1,187,895
At 30 June 2022	26,574,987	1,383,150	48,243,936	75,435,414	10,732,476	10,794,032	7,017,116	180,181,111
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))								
Charge for the financial year	-	-	215,152	4,270,998	564,324	378,062	-	5,428,536
Disposals	-	3,493	1,066,439	5,012,868	818,500	515,527	-	7,416,827
Reclassification	-	-	-	(569,227)	-	-	-	(569,227)
Write off	-	-	-	(5,693)	-	-	-	(5,693)
Exchange differences	-	-	-	-	-	(1,441)	-	(1,441)
	-	-	77,972	515,688	63,738	51,938	-	709,336
At 30 June 2022	-	3,493	11,359,246	53,872,214	6,995,901	9,136,588	-	87,367,442
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	26,574,987	1,379,657	36,732,647	20,797,156	3,736,575	1,592,939	7,017,116	97,831,077

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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)):-

	2023 RM	Group 2022 RM
Carrying Amount		
Freehold land	26,104,987	22,504,986
Factory and shoplot buildings	26,865,435	24,564,884
	<u>52,970,422</u>	<u>47,069,870</u>

- (b) Included in plant and machinery of the Group with carrying amount of RM1,079,846 (2022: RM1,641,766) are held in trust by supplier.
- (c) Included in plant and machinery and motor vehicles of the Group with carrying amounts of RM390,000 and RM857,022 (2022: RM844,468 and RM1,023,165) 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

	2023 RM	Group 2022 RM
<u>License for software platform</u>		
At Cost		
At 1 July	396,505	396,505
Additions	-	-
At 30 June	<u>396,505</u>	<u>396,505</u>
Less : Accumulated Amortisation		
At 1 July	118,951	118,951
Amortised during the financial year	-	-
At 30 June	<u>118,951</u>	<u>118,951</u>
Less : Impairment losses		
At 1 July	277,554	277,554
Additions	-	-
At 30 June	<u>277,554</u>	<u>277,554</u>
Carrying Amount		
At 30 June	<u>-</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

10. INVESTMENT PROPERTIES

	Group 2023 RM	2022 RM
At Cost		
At 1 July	35,564,846	33,263,096
Additions	-	2,301,750
Reclassification	8,606,873	-
At 30 June	44,171,719	35,564,846
Less : Accumulated Depreciation		
At 1 July	1,908,462	1,693,512
Charge for the financial year	218,193	214,950
Reclassification	1,459,203	-
At 30 June	3,585,858	1,908,462
Less : Impairment losses		
At 1 July	138,086	138,086
Addition	-	-
At 30 June	138,086	138,086
Carrying Amount		
At 30 June	40,447,775	33,518,298
Fair Value		
At 30 June	80,652,402	67,571,397

- (a) The investment properties of the Group comprise commercial building under construction amounting to RM4,930,400 (2022: RM4,930,400).
- (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 (2022: 1 to 2 years) with some have an option that is exercisable by the tenant to extend its lease for another 2 years (2022: 2 years).

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

	Group 2023 RM	2022 RM
Within 1 year	657,480	54,000
Within 1 and 2 years	465,400	27,000
	1,122,880	81,000

- (c) Investment properties of the Group with carrying amount of RM956,825 (2022: RM974,401) are charged against banking facilities granted to the Group (Note 26(a)(i)).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

10. INVESTMENT PROPERTIES (CONT'D)

- (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
2023				
Investment properties	-	15,532,043	65,120,359	80,652,402
2022				
Investment properties	-	6,138,000	61,433,397	67,571,397

- (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. Included in the level 2 fair value of investment property is an amount of RM13,351,548 which has been determined based on purchase consideration in the Letter of Intent dated on 23 August 2023.
- (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) For financial year 2022, 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	
	2023 RM	2022 RM
Rental income	219,680	95,510
Direct operating expenses		
– generating rental income	170,745	60,084
– non-generating rental income	58,047	164,860

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	2023 RM	Group 2022 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 (73 years remaining)	642,649	652,873
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 (85 years remaining)	5,666,772	5,733,834
Taman Industri, Sg. Buloh, Selangor	4 (2022: 2) units of 1 1/2 storey terrace factory	99 years lease expiring on 24 March 2091 (68 years remaining)	8,231,790	1,753,397
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 (88 years remaining)	8,340,857	8,434,662
Bandar Bukit Puchong, Selangor	1 unit of condominium	99 years lease expiring on 9 October 2106 (83 years remaining)	366,440	378,220
Pekan Baru, Sungai Buloh, Selangor	4 units of 6 storey stratified ramped- up factory	88 years lease expiring on 19 January 2107 (84 years remaining)	4,930,400	4,930,400
Kota Damansara, Petaling Jaya, Selangor	1 unit of service apartment	99 years lease expiring on 27 December 2109 (86 years remaining)	633,955	-
			40,447,775	33,518,298

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

11. RIGHT-OF-USE ASSETS

	At 1 July 2022 RM	Additions RM	Depreciation Charges RM	Reclassification RM	Reassessment/ Modification of Lease Liabilities RM	Exchange Difference RM	At 30 June 2023 RM
Group 2023							
<i>Carrying Amount</i>							
Leasehold land	7,972,709	-	(119,690)	(3,633,275)	-	-	4,219,744
Office and factory buildings	210,543	3,678,386	(1,719,301)	-	-	(37,931)	2,131,697
Hostels	23,545	417,031	(132,902)	-	22,416	-	330,090
Motor vehicle	274,208	-	(101,051)	-	2,096	18,908	194,161
Office equipment	33,199	-	(11,504)	-	-	2,311	24,006
	8,514,204	4,095,417	(2,084,448)	(3,633,275)	24,512	(16,712)	6,899,698

	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
Group 2022						
<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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 83 - 87 (2022: 81 - 87) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land.
 - (ii) Office and factory buildings The Group has leased a number of office and factory building that run between 2 - 3 (2022: 1 - 2) 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 (2022: 2 - 3) 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 (2022: 4) years. The lease is secured by the leased asset.
 - (v) Office equipment The Group has leased an office equipment that run for 5 (2022: 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 RM3,770,207 (2022: RM7,516,521) are charged against banking facilities granted to the Group (Note 26(a)(i)).

12. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Amount Due from Subsidiaries		
<i>Non-current</i>		
Non-trade balances	-	31,378
<i>Current</i>		
Trade balances	4,407,244	2,877,366
Non-trade balances	1,768,559	5,077,399
	6,175,803	7,954,765
	6,175,803	7,986,143
Amount Due to Subsidiaries		
<i>Current</i>		
Non-trade balances	(19,637,451)	(22,200,984)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

13. AMOUNT DUE FROM/(TO) RELATED PARTIES

	Group	
	2023 RM	2022 RM
Amount Due From Related Parties		
<i>Non-current</i>		
Trade balance	1,995,211	2,188,475
<i>Current</i>		
Trade balances	233,077	236,056
Non-trade balance	121,980	57,289
	355,057	293,345
	2,350,268	2,481,820
Amount Due To Related Parties		
<i>Current</i>		
Trade balances	(760,006)	(776,464)
Non-trade balance	(126,500)	(135,666)
	(886,506)	(912,130)

- (a) The trade amount due from a related party amounting to RM2,217,913 (2022: RM2,363,976) is repayable by 180 (2022: 180) monthly instalments and measured at amortised cost at imputed rate of 3.1% (2022: 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 (2022: 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 (2022: 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 (2022: 30 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 RM	2022 RM
At 1 July	(2,257,852)	(1,230,283)
Acquisition of subsidiary (Note 37.1(b))	-	(688,160)
Recognised in profit or loss:- (Note 35(a))		
– Accelerated capital allowance	(116,688)	(32,818)
– Allowance for impairment loss on receivables	(108,932)	(37,853)
– Others	(150,073)	(722,893)
– Exchange differences	11,293	15,781
– (Under)/Overprovision in prior years	(64,692)	438,374
At 30 June	(2,686,944)	(2,257,852)
Presented after appropriate offsetting as follow:-		
Deferred tax assets	262,467	514,334
Deferred tax liabilities	(2,949,411)	(2,772,186)
At 30 June	(2,686,944)	(2,257,852)

15. INVENTORIES

	Group 2023 RM	2022 RM
Raw materials	58,862,299	63,145,675
Work-in-progress	5,469,508	3,736,612
Finished goods	32,333,744	39,177,085
	96,665,551	106,059,372
Recognised in profit or loss:-		
Inventories recognised as cost of sales	163,133,628	157,189,083
Write down of inventories	1,055,771	809,107
Reversal of write down of inventories	(28,338)	(316,860)
Write off of inventories	85,450	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

16. TRADE RECEIVABLES

	Group	
	2023 RM	2022 RM
<i>Non-current</i>		
Trade receivable	2,153,316	2,913,324
<i>Current</i>		
Trade receivables	72,941,863	71,694,702
Less : Allowance for impairment losses	(3,763,699)	(3,284,627)
	69,178,164	68,410,075
	71,331,480	71,323,399
Allowance for impairment losses:-		
At 1 July	3,284,627	3,275,360
Acquisition of subsidiary	-	278,427
Addition during the financial year (Note 31)	777,476	475,442
Reversal during the financial year (Note 31)	(261,056)	(414,997)
Written off during the financial year	(34,903)	(375,319)
Exchange differences	(2,445)	45,714
At 30 June	3,763,699	3,284,627

- (a) Included in the Group's non-current and current trade receivables is an amount of RM3,039,992 (2022: RM 3,800,000) which is repayable by 60 (2022: 60) monthly instalments.
- (b) The Group's remaining trade receivables are non-interest bearing and are generally on trade terms of cash - 180 days (2022: 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.
- (c) Included in trade receivables are retention sums of RM37,270 (2022: RM51,546). The retention sums are generally on credit terms up to 360 days (2022: 360 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other Receivables				
Sundry receivables	1,155,437	4,987,852	-	-
Deposits to suppliers	3,078,584	2,713,911	-	-
Deposits	635,114	583,048	1,000	1,000
Prepayments	1,074,035	1,141,728	-	-
Sales tax/goods and services tax recoverable	1,830,164	1,532,536	-	2,589
	<u>7,773,334</u>	<u>10,959,075</u>	<u>1,000</u>	<u>3,589</u>
Allowance for impairment losses:-				
At 1 July	-	13,200	-	-
Reversal during the financial year (Note 31)	-	(13,200)	-	-
At 30 June	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) Included in the deposits to suppliers is an amount of RM 20,000 (2022: RM NIL) paid for the purchase of property, plant and equipment (Note 39(a)).

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

18. CONTRACT ASSETS

	Group	
	2023 RM	2022 RM
Contract Assets		
Contract assets relating to sales of goods (a)	<u>342,329</u>	<u>374,183</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

18. CONTRACT ASSETS (CONT'D)

(b) The changes to contract asset balance during the financial year are summarised below:-

	Group	
	2023 RM	2022 RM
At 1 July	374,183	560,962
Performance obligation performed	281,714	801,374
Transfer to trade receivables	(342,587)	(1,000,598)
Exchange differences	29,019	12,445
At 30 June	342,329	374,183
Represented by:-		
Contract assets	342,329	374,183

19. AMOUNT DUE FROM ASSOCIATES

	Group	
	2023 RM	2022 RM
<i>Current</i>		
Trade balances	694,312	904,697

The trade amount due from associates are non-interest bearing and generally on credit terms of 7 - 180 days (2022: 7 - 180 days) from invoice date or the first day of the immediate following month after sales invoice date, whichever applicable.

20. SHORT-TERM INVESTMENTS

	Group	
	2023 RM	2022 RM
At Fair Value		
Bond fund	47,229,682	44,722,651
Fixed income fund	19,582,371	239,488
Money market fund	9,649,992	14,807,036
	76,462,045	59,769,175
Market value of short-term investments	76,462,045	59,769,175

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

21. FIXED DEPOSITS WITH LICENSED BANKS

	Group 2023 RM	2022 RM
Fixed deposits with licensed banks	354,438	346,476

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period amounting to RM17,539 (2022: RM17,228) 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 2023 %	2022 %
Fixed deposits with licensed banks	2.3 - 2.5	1.5 - 2.0

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

	Group 2023 Days	2022 Days
Fixed deposits with licensed banks	30 - 365	30 - 365

22. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1 July	252,064,800	73,735,469	251,276,800	73,148,940
New shares issued under the employees' share option scheme for cash (Note 24 (c))	279,200	207,816	788,000	586,529
At 30 June	252,344,000	73,943,285	252,064,800	73,735,469

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

22. SHARE CAPITAL (CONT'D)

- (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 RM73,735,469 to RM73,943,285 by way of :-
 - (i) Issuance of 279,200 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 RM207,816.

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

23. TREASURY SHARES

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
At Cost				
At 1 July	22,949,254	15,570,770	22,471,354	15,201,007
Buy back	-	-	477,900	369,763
At 30 June	22,949,254	15,570,770	22,949,254	15,570,770

During the financial year, the Company did not purchase its issued ordinary shares from the open market. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and presented as a deduction from total equity.

Out of total 252,344,000 (2022: 252,064,800) issued and fully paid ordinary shares at 30 June 2023, 22,949,254 (2022: 22,949,254) ordinary shares are held as treasury shares by the Company. Therefore, the number of outstanding ordinary shares in issue and fully paid is 229,394,746 (2022: 229,115,546).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

24. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-Distributable				
Translation reserve	2,918,349	5,112,697	-	-
Capital reserve	14,288,147	14,288,147	-	-
Employees' share option reserve	396,806	453,854	396,806	453,854
Distributable				
Retained profits	286,445,227	270,792,238	20,520,183	18,821,112
	304,048,529	290,646,936	20,916,989	19,274,966

(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.

On 23 May 2023, the Board of Directors of the Company approved the extension of the duration of the ESOS for an extended period of 5 years from 3 July 2023 to 2 July 2028.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

24. RESERVES (CONT'D)

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

The main features of the ESOS are as follows:- (Cont'd)

- (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 01.07.2022		At 30.06.2023	
			Reallocated	Exercised	Reallocated	Exercised
16 November 2018	0.54	5 years	3,317,300	-	(279,200)	3,038,100

Date of offer	Exercise Price	Remaining Contractual Life of Options	Number of Options over Ordinary Shares			
			At 01.07.2021		At 30.06.2022	
			Reallocated	Exercised	Reallocated	Exercised
16 November 2018	0.54	1 year	3,992,600	112,700	(788,000)	3,317,300

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

24. RESERVES (CONT'D)

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

On 23 May 2023, the Board of Directors of the Company approved the extension of the duration of the ESOS for an extended period of 5 years from 3 July 2023 and expire on 2 July 2028.

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	
	2023	2022
Fair value of share options at the grant date (RM)	0.0735 - 0.2043	0.0735 - 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	
	2023 RM	2022 RM
At 1 July	355,511	1,382,216
Acquisition of subsidiary (Note 37.1(b))	-	37,591
Acquisition of new leases	3,769,216	-
Interest expense recognised in profit or loss (Note 30)	185,114	45,329
Repayment of principal	(1,938,536)	(1,098,102)
Repayment of interest expense	(185,114)	(45,329)
Reassessment/Modification of leases	24,512	-
Exchange differences	(47,879)	33,806
At 30 June	2,162,824	355,511
Analysed by:-		
Current liabilities	1,868,646	142,122
Non-current liabilities	294,178	213,389
	2,162,824	355,511

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

26. BORROWINGS

		Group 2023 RM	2022 RM
Current			
Secured	– Term loans	1,124,352	898,380
	– Hire purchase payables	405,679	578,627
		<hr/> 1,530,031	<hr/> 1,477,007
Non-Current			
Secured	– Term loans	14,703,548	11,601,710
	– Hire purchase payables	194,739	396,330
		<hr/> 14,898,287	<hr/> 11,998,040
Total borrowings		<hr/> 16,428,318	<hr/> 13,475,047

- (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 investment properties (Note 10(c)) and certain right-of-use assets (Note 11(c)) of the Group.
 - (ii) Corporate guarantee provided by the Company;
 - (iii) Fixed deposits with licensed banks of the Group (Note 21(a)).
- (b) The hire purchase payables of the Group are secured by plant and machinery and 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 2023 %	2022 %
Term loans	4.6	3.4 - 4.0
Hire purchase payables	3.6 - 6.9	3.6 - 7.0

27. TRADE PAYABLES

The normal trade terms granted to the Group are cash - 120 days (2022: 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>Non-Current</i>				
Sundry payable	714,517	674,729	714,517	674,729
<i>Current</i>				
Advance payment from customers	1,367,070	1,078,169	-	-
Accruals	10,651,331	8,552,660	146,533	138,155
Deposit received	144,582	272,490	-	-
Sales tax/goods and services tax payable	1,325,469	919,327	-	-
Sundry payables	1,601,511	1,533,458	1,480	1,267
Amount due to directors	17,500	-	-	-
	15,107,463	12,356,104	148,013	139,422
	15,821,980	13,030,833	862,530	814,151

- (a) The amount due to directors is unsecured, interest-free and repayable on demand.
- (b) Included in sundry payables of the Group is an amount of RM4,543 (2022: RM1,760,669) for the purchase of property, plant and equipment (Note 39(a)).

29. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Revenue recognised at a point in time</u>				
Dividend income	-	-	8,936,500	4,180,000
Management fee income	-	-	2,332,797	2,583,146
Sales of transformer, industrial lighting and related products	222,137,256	223,148,948	-	-
Rendering of services	308,106	94,178	-	-
Sales of healthcare related products	144,851	376,187	-	-
Sales of aluminium of die casting works	13,384,259	7,626,708	-	-
	235,974,472	231,246,021	11,269,297	6,763,146

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

30. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest on:-				
Bank overdraft	199	1	-	-
Hire purchase	49,023	32,828	-	-
Imputed interest on a long-term payable	39,788	18,505	39,788	18,505
Lease liabilities	185,114	45,329	-	-
Term loans	528,397	85,746	-	-
Trade bills	4,665	6,120	-	-
	807,186	188,529	39,788	18,505
Commitment fee	47,032	53,697	4,500	4,500
	854,218	242,226	44,288	23,005

31. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Impairment losses:-				
– trade receivables (Note 16)	777,476	475,442	-	-
Reversal of impairment losses:-				
– trade receivables (Note 16)	(261,056)	(414,997)	-	-
– other receivables (Note 17)	-	(13,200)	-	-
	516,420	47,245	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

32. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Auditors' remuneration:-				
– audit fee:-				
– current financial year	346,321	318,466	80,000	78,000
– underprovision in prior year	6,836	6,900	2,000	-
– non-audit fee:-				
– auditors of the Company	24,200	24,200	24,200	24,200
– other auditors	9,226	-	-	-
Bad debts written off	48,674	57,560	-	-
Depreciation:-				
– investment properties	218,193	214,950	-	-
– property, plant and equipment	7,729,819	7,416,827	-	-
– right-of-use assets	2,084,448	1,331,019	-	-
Fair value loss on short-term investment	-	1,474,956	-	-
Impairment loss:-				
– investments in subsidiaries	-	-	2,370,995	6,734,983
– property, plant and equipment	-	19,940	-	-
Property, plant and equipment written off	140	76	-	-
Loss on disposal of property, plant and equipment	469,519	-	-	-
Short-term lease expenses	438,220	1,680,440	-	-
Rental expenses	29,190	-	-	-
Research and development expenses	7,037,982	5,705,789	-	-
Share of loss of associate	100,160	21,451	-	-
Write down of inventories	1,055,771	809,107	-	-
Write off of inventories	85,450	-	-	-
Lost of inventories	4,290	-	-	-
Total interest income of financial assets measured at fair value through profit or loss	(871,439)	(1,803,417)	-	-
Total interest income of financial assets measured at amortised cost	(121,127)	(107,709)	-	-
Fair value gain on short-term investments	(2,171,432)	-	-	-
Gain on disposal of property, plant and equipment	-	(81,278)	-	-
Gain on foreign exchange:-				
– realised	(1,680,140)	(1,491,040)	-	(9,350)
– unrealised	(2,112,297)	(887,089)	-	(10,383)
Government grants	(461,401)	(392,655)	-	-
Rental income	(219,680)	(95,510)	-	-
Reversal of impairment loss of investment in subsidiary	-	-	(63,000)	(660,000)
Reversal of write down of inventories	(28,338)	(316,860)	-	-
Waiver of debts	-	(118,563)	-	-
Bargain purchase	-	(710,959)	-	-
Gain on strike off of subsidiary	(1,138,720)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

33. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company				
Executive Directors:-				
Fees	10,833	18,181	-	13,000
Salaries, bonuses and other benefits	4,270,899	4,245,576	1,329,339	1,572,247
Defined contribution plan ("EPF")	314,604	282,118	113,604	110,400
	4,596,336	4,545,875	1,442,943	1,695,647
Benefits-in-kind	47,175	48,125	33,850	34,800
	4,643,511	4,594,000	1,476,793	1,730,447
Non-executive Directors:-				
Fees	266,060	251,000	266,060	251,000
Salaries, bonuses and other benefits	9,000	9,000	9,000	9,000
	275,060	260,000	275,060	260,000
	4,918,571	4,854,000	1,751,853	1,990,447
Directors of the subsidiaries				
Fees	28,113	42,822	-	-
Salaries, bonuses and other benefits	4,329,538	3,375,028	-	-
EPF	318,118	212,234	-	-
	4,675,769	3,630,084	-	-
Benefits-in-kind	37,750	22,100	-	-
	4,713,519	3,652,184	-	-
Total Directors' Remunerations	9,632,090	8,506,184	1,751,853	1,990,447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

34. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 33)	9,272,105	8,175,959	1,442,943	1,695,647
Other Staff Costs				
Wages, salaries and bonuses	42,225,452	40,612,520	663,175	643,018
EPF	3,293,330	2,879,345	44,841	41,535
Other benefits	6,902,338	5,522,500	9,313	12,413
	52,421,120	49,014,365	717,329	696,966
Total Staff Costs	61,693,225	57,190,324	2,160,272	2,392,613

35. INCOME TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(a) Components of tax expense				
Current tax expense:-				
– Malaysian income tax	5,660,862	5,888,471	-	-
– Foreign income tax	129,412	138,486	-	-
Deferred tax expense relating to origination of temporary differences	375,693	793,564	-	-
Withholding tax	193,650	-	193,650	-
(Over)/Underprovision in prior years:-				
– current tax	(17,048)	(241,939)	-	-
– deferred tax	64,692	(438,374)	-	-
	6,407,261	6,140,208	193,650	-
Real property gains tax	-	176,753	-	-
	6,407,261	6,316,961	193,650	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
	2023 RM	2022 RM	2023 RM	2022 RM
(b) Reconciliation of income tax expense				
Profit/(Loss) before tax	27,358,331	27,579,702	6,019,822	(2,555,403)
Tax at statutory income tax rate of 24%	6,566,356	6,619,770	1,445,000	(613,000)
Tax effect of:-				
– different tax rates of foreign subsidiaries	(170,917)	(311,778)	-	-
– non-deductible expenses	1,078,051	2,145,276	647,000	1,725,000
– expenses available for double deduction	-	(61,000)	-	-
– non-taxable income	(1,566,643)	(1,180,329)	(2,160,000)	(1,164,000)
Reinvestment capital allowance	(83,000)	(173,000)	-	-
Deferred tax assets not recognised during the year	617,504	916,905	68,000	52,000
Difference in tax rate on capital gain	-	(575,000)	-	-
Utilisation of deferred tax assets previously not recognised	(275,384)	(385,691)	-	-
Withholding tax	193,650	-	193,650	-
Real property gains tax	-	2,121	-	-
(Over)/Underprovision in prior years:-				
– current tax	(17,048)	(241,939)	-	-
– deferred tax	64,692	(438,374)	-	-
	6,407,261	6,316,961	193,650	-

- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses of Malaysian entities:-				
– expires year of assessment 2029	3,718,000	4,105,000	-	-
– expires year of assessment 2030	1,711,000	1,935,000	-	-
– expires year of assessment 2031	2,430,000	2,430,000	404,000	404,000
– expires year of assessment 2032	2,315,000	2,315,000	222,000	222,000
– expires year of assessment 2033	2,627,000	2,627,000	226,000	226,000
– expires year of assessment 2034	967,000	-	307,000	-
Unused tax losses of foreign entities	4,711,000	5,005,000	-	-
Unabsorbed capital allowances	4,117,000	3,781,000	-	-
	22,596,000	22,198,000	1,159,000	852,000

Certain comparative figures have been restated to reflect the revised tax losses carry-forward and other temporary differences available to the Group.

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 RM	2022 RM
Profit after tax attributable to owners of the Company	19,780,090	19,241,535
	Units	Units
Weighted average number of ordinary shares in issue	229,302,436	228,934,840
Basic earnings per ordinary share (sen)	8.63	8.40

(b) Diluted Earnings Per Ordinary Share

	Group 2023 RM	2022 RM
Profit after tax attributable to owners of the Company	19,780,090	19,241,535
	Units	Units
Weighted average number of ordinary shares in issue for basic earnings per share	229,302,436	228,934,840
Shares deemed to be issued for no consideration:- Employees' share options in issue	678,924	1,626,694
Weighted average number of ordinary shares in issue for diluted earnings per share	229,981,360	230,561,534
Diluted earnings per ordinary share (sen)	8.60	8.35

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

37. ACQUISITIONS OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS

37.1 Acquisition of a Subsidiary

There were no acquisitions of new subsidiaries during the current financial year.

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

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	8,216,223	8,216,223

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	14,878,637

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

37.2 Acquisition of Non-controlling Interests

There were no acquisitions of non-controlling interests during the current and last financial years.

37.3 Accretion of Interest in Subsidiary

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

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	
	2023	2022
	RM	RM
In respect of the financial year ended 30 June 2023		
An interim single-tier dividend of 1.8 sen per ordinary share	4,127,101	-
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
	4,127,101	4,121,191

On 10 October 2023, the Company declared an interim tax-exempt single-tier dividend of RM0.014 per ordinary share and a share dividend on the basis of one (1) treasury share for every forty (40) existing ordinary shares held in the Company, in respect of the financial year ending 30 June 2024, payable on 28 November 2023 to the shareholders whose names appeared in the Company's Record of Depositors on 30 October 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 RM	2022 RM
Property, plant and equipment		
Aggregate cost of property, plant and equipment acquired	12,139,824	25,286,074
Finance via hire purchase (Note (b) below)	(182,400)	(531,844)
Unpaid balance included in sundry payables (Note 28)	(4,543)	(1,760,669)
Deposit paid for future purchase (Note 17(a))	20,000	-
Cash paid in respect of acquisition in previous financial year	1,760,669	669,715
	<hr/>	<hr/>
Cash paid during the financial year	13,733,550	23,663,276
	<hr/>	<hr/>
Right-of-use assets		
Cost of right-of-use assets acquired (Note 11)	4,095,417	296,000
Less: Addition of new lease liabilities (Note 25)	(3,769,216)	-
	<hr/>	<hr/>
	326,201	296,000
	<hr/>	<hr/>

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

	Term loans RM	Lease liabilities RM	Hire purchase payables RM	Total RM
Group – 2023				
At 1 July 2022	12,500,090	355,511	974,957	13,830,558
Changes in Financing Cash Flows				
Proceeds from drawdown	5,525,000	-	-	5,525,000
Repayment of principal	(2,197,190)	(1,938,536)	(560,705)	(4,696,431)
Repayment of interests	(528,397)	(185,114)	(49,023)	(762,534)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,799,413	(2,123,650)	(609,728)	66,035
Non-cash Changes				
Acquisition of new leases	-	3,769,216	-	3,769,216
New hire purchase (Note 39(a))	-	-	182,400	182,400
Reassessment / Modification of leases	-	24,512	-	24,512
Interest expense recognised in profit or loss (Note 30)	528,397	185,114	49,023	762,534
	<hr/>	<hr/>	<hr/>	<hr/>
	528,397	3,978,842	231,423	4,738,662
Exchange differences	-	(47,879)	3,766	(44,113)
	<hr/>	<hr/>	<hr/>	<hr/>
	528,397	3,930,963	235,189	4,694,549
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	15,827,900	2,162,824	600,418	18,591,142
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

39. CASH FLOW INFORMATION (CONT'D)

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

	Term loans RM	Lease liabilities RM	Hire purchase payables RM	Total RM
Group – 2022				
At 1 July 2021	1,317,799	1,382,216	163,441	2,863,456
Changes in Financing Cash Flows				
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)
	9,659,691	(1,143,431)	(439,666)	8,076,594
Non-cash Changes				
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
	1,504,374	82,920	1,250,501	2,837,795
Exchange differences	18,226	33,806	681	52,713
	1,522,600	116,726	1,251,182	2,890,508
At 30 June 2022	12,500,090	355,511	974,957	13,830,558

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

	Group	
	2023 RM	2022 RM
Payment of short-term leases	438,220	1,680,440
Interest paid on lease liabilities	185,114	45,329
Payment on lease liabilities	1,938,536	1,098,102
	2,561,870	2,823,871

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

39. CASH FLOW INFORMATION (CONT'D)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	38,173,291	25,741,579	489,197	287,484
Fixed deposits with licensed banks (Note 21)	354,438	346,476	-	-
	38,527,729	26,088,055	489,197	287,484
Add: Cash and cash equivalents included in short-term investment (Note 20)	76,462,045	59,769,175	-	-
Less: Fixed deposits pledged to licensed banks	(17,539)	(17,228)	-	-
	114,972,235	85,840,002	489,197	287,484

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries				
– Management fee income	-	-	(2,332,797)	(2,583,146)
– Dividend income	-	-	(8,936,500)	(4,180,000)
Associates				
– Sale of goods	(801,015)	(1,365,522)	-	-
– Purchase of goods	140,146	137,208	-	-
Other directors' interest				
– Sale of goods	(118,237)	(59,322)	-	-
– Purchase of goods	17,536,654	20,079,018	-	-
– Rental of factory	2,008,375	2,578,097	-	-
– Rendering of services, contract wages	30,975	30,460	-	-
– Advisor fee	-	58,688	-	-
– Imputed interest on long term trade receivables	(37,355)	(51,279)	-	-
Director				
– Short-term lease expenses	9,000	-	-	-

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term employee benefits	10,192,594	9,433,634	1,604,399	1,845,247
EPF	742,890	640,805	113,604	110,400
	10,935,484	10,074,439	1,718,003	1,955,647
Included in the total key management personnel compensation are:-				
– Directors of the Group and of the Company (excluding benefits-in-kind) (Note 33)	9,547,165	8,435,959	1,718,003	1,955,647
– Other key management personnel:-				
Short-term employee benefits	1,278,151	1,492,027	-	-
EPF	110,168	146,453	-	-
	1,388,319	1,638,480	-	-
	10,935,484	10,074,439	1,718,003	1,955,647

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Malaysia	116,973,409	118,942,265	123,694,714	120,719,493
People's Republic of China	40,346,987	33,095,154	14,068,630	12,773,070
Other countries	78,654,076	79,208,602	7,367,972	6,801,969
Consolidated	235,974,472	231,246,021	145,131,316	140,294,532

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

2023	At A Point in Time RM	Over Time RM	Group RM
Malaysia	116,973,409	-	116,973,409
People's Republic of China	40,346,987	-	40,346,987
Other countries	78,654,076	-	78,654,076
Consolidated	235,974,472	-	235,974,472

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

(c) **Major Customers**

There is no single customer that contributed 10% or more to the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

42. CAPITAL COMMITMENT

	Group 2023 RM	2022 RM
Purchase of property, plant and equipment	447,784	249,972

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023						
Financial Assets						
Trade receivables	5,620,635	4,587,543	17,533,469	1,919,065	41,670,768	71,331,480
Other receivables	-	17,677	702,359	41,356	394,045	1,155,437
Amount due from associates	-	-	694,312	-	-	694,312
Amount due from related parties	-	-	10,375	-	2,217,913	2,228,288
Cash and bank balances	6,707,162	11,185,608	7,689,117	2,541,077	10,050,327	38,173,291
	12,327,797	15,790,828	26,629,632	4,501,498	54,333,053	113,582,808
Financial Liabilities						
Lease liabilities	-	(231,191)	(1,592,452)	-	(339,181)	(2,162,824)
Borrowings	-	-	-	(70,586)	(16,357,732)	(16,428,318)
Trade payables	(2,302,664)	(282,981)	(11,252,458)	(147,916)	(2,195,784)	(16,181,803)
Other payables and accruals	-	(326,316)	(3,087,447)	(301,091)	(9,270,005)	(12,984,859)
Amount due to related parties	-	-	(760,006)	-	(126,500)	(886,506)
	(2,302,664)	(840,488)	(16,692,363)	(519,593)	(28,289,202)	(48,644,310)
Net financial assets	10,025,133	14,950,340	9,937,269	3,981,905	26,043,851	64,938,498
Less : Net financial (assets) denominated in the respective entities' functional currency	-	(5,251,665)	(9,937,269)	(2,550,085)	(26,043,851)	(43,782,870)
Currency exposure	10,025,133	9,698,675	-	1,431,820	-	21,155,628

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2022						
Financial Assets						
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
Financial Liabilities						
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)	(3,770,385)	(19,134,117)
Other payables and accruals	-	(283,999)	(3,419,651)	(293,786)	(6,763,411)	(10,760,847)
Amount due to related parties	-	-	(776,463)	-	(135,667)	(912,130)
	(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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	Others RM	RM RM	Total RM
At 30 June 2023				
<u>Financial Liabilities</u>				
Amount due to subsidiaries	-	(942,013)	(18,695,438)	(19,637,451)
Net financial (liabilities)	-	(942,013)	(18,695,438)	(19,637,451)
Less: Net financial liabilities denominated in the Company's functional currency	-	-	18,695,438	18,695,438
Currency exposure	-	(942,013)	-	(942,013)
At 30 June 2022				
<u>Financial Assets</u>				
Cash and bank balances	365	-	287,119	287,484
<u>Financial Liabilities</u>				
Amount due to subsidiaries	-	(942,013)	(21,258,971)	(22,200,984)
Net financial assets/(liabilities)	365	(942,013)	(20,971,852)	(21,913,500)
Less: Net financial liabilities denominated in the Company's functional currency	-	-	20,971,852	20,971,852
Currency exposure	365	(942,013)	-	(941,648)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Effects on profit after tax				
USD / RM				
– strengthened by 5%	380,955	400,777	-	-
– weakened by 5%	(380,955)	(400,777)	-	-
SGD / RM				
– strengthened by 5%	368,550	134,053	-	-
– weakened by 5%	(368,550)	(134,053)	-	-

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	
	2023 RM	2022 RM
Floating rate instruments		
Financial liabilities	15,827,900	12,500,090

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
	2023 RM	2022 RM
Effects on profit after tax		
Increase of 50 basis points	(43,682)	(8,753)
Decrease of 50 basis points	43,682	8,753

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.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty which the balance of each is equal to or more than 10% of the total balances of the Group's trade receivables (including associates and related parties) at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including associates and related parties) at the end of the reporting period is as follows:-

	Group 2023 RM	2022 RM
By country:-		
Malaysia	44,345,864	47,705,990
People's Republic of China	17,055,107	12,167,846
Singapore	4,435,862	2,983,921
Other countries	8,417,247	11,794,870
	74,254,080	74,652,627

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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)

A financial asset is credit impaired when any of 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 90 - 210 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 associates and 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 (2022: 24 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates for certain subsidiaries were 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 as the key macroeconomic factor of the forward-looking information for certain subsidiaries. However, the historical loss rates of remaining subsidiaries were not adjusted as they have not identified any forward-looking assumptions which correlate to the historical loss rates.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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
2023				
Current (not past due)	60,326,158	-	-	60,326,158
1 to 30 days past due	9,419,875	-	-	9,419,875
31 to 60 days past due	1,888,412	-	-	1,888,412
61 to 90 days past due	801,674	-	-	801,674
More than 91 days past due	1,667,558	-	(2,383)	1,665,175
Credit impaired	3,914,102	(2,505,397)	(1,255,919)	152,786
Trade receivables	78,017,779	(2,505,397)	(1,258,302)	74,254,080
Contract assets	342,329	-	-	342,329
	78,360,108	(2,505,397)	(1,258,302)	74,596,409
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

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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
2023				
Low credit risk	6,175,803	-	-	6,175,803
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

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 (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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
2023						
Non-derivative Financial Liabilities						
Trade payables	-	16,181,803	16,181,803	16,181,803	-	-
Other payables and accruals	-	12,984,859	13,110,342	12,270,342	840,000	-
Amount due to related parties	-	886,506	886,506	886,506	-	-
Lease liabilities	2.7 - 6.9	2,162,824	2,237,812	1,938,238	299,574	-
Borrowings:-						
– Hire purchase payables	3.6 - 6.9	600,418	624,311	422,987	201,324	-
– Term loans	4.6	15,827,900	20,958,813	1,825,362	8,351,901	10,781,550
		48,644,310	53,999,587	33,525,238	9,692,799	10,781,550

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	Over 5 Years RM
2022						
Non-derivative Financial Liabilities						
Trade payables	-	19,134,117	19,134,117	19,134,117	-	-
Other payables and accruals	-	10,760,847	10,926,118	10,086,118	840,000	-
Amount due to related parties	-	912,130	912,130	912,130	-	-
Lease liabilities	4.5 - 5.6	355,511	375,736	155,167	220,569	-
Borrowings:-						
– Hire purchase payables	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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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
2023				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	862,530	988,013	148,013	840,000
Amount due to subsidiaries	19,637,451	19,637,451	19,637,451	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	5,433,000	5,433,000	-
	<u>20,499,981</u>	<u>26,058,464</u>	<u>25,218,464</u>	<u>840,000</u>
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*	-	-	-	-
	<u>23,015,135</u>	<u>23,180,406</u>	<u>22,340,406</u>	<u>840,000</u>

* 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 (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

43. FINANCIAL INSTRUMENTS (CONT'D)

43.3 Classification of Financial Instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	76,462,045	59,769,175	-	-
<u>Amortised Cost</u>				
Trade receivables	71,331,480	71,323,399	-	-
Other receivables	1,155,437	4,987,852	-	-
Amount due from subsidiaries	-	-	6,175,803	7,986,143
Amount due from associates	694,312	904,697	-	-
Amount due from related parties	2,228,288	2,424,531	-	-
Fixed deposits with licensed banks	354,438	346,476	-	-
Cash and bank balances	38,173,291	25,741,579	489,197	287,484
	113,937,246	105,728,534	6,665,000	8,273,627
Financial Liabilities				
<u>Amortised Cost</u>				
Lease liabilities	2,162,824	355,511	-	-
Borrowings	16,428,318	13,475,047	-	-
Trade payables	16,181,803	19,134,117	-	-
Other payables and accruals	12,984,859	10,760,847	862,530	814,151
Amount due to subsidiaries	-	-	19,637,451	22,200,984
Amount due to related parties	886,506	912,130	-	-
	48,644,310	44,637,652	20,499,981	23,015,135

43.4 Gains or Losses Arising from Financial Instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	3,042,871	328,461	-	-
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	1,866,413	895,355	-	10,383
Financial Liabilities				
<u>Amortised Cost</u>				
Net (losses) recognised in profit or loss	(1,005,269)	(75,328)	(39,788)	(18,505)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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:-

	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		
Group								
2023								
<u>Financial Assets</u>								
Trade receivable (non-current) (Note 16(a))	-	-	-	-	-	2,886,948	2,886,948	3,039,992
Short-term investments	-	76,462,045	-	-	-	-	76,462,045	76,462,045
Amount due from a related party (non-current) (Note 13(a))	-	-	-	-	-	2,230,164	2,230,164	2,217,913
<u>Financial Liabilities</u>								
Other payable (non-current) (Note 28)	-	-	-	-	-	688,191	688,191	714,517
Term loans	-	-	-	-	15,827,900	-	15,827,900	15,827,900
Hire purchase payables	-	-	-	-	614,166	-	614,166	600,418

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

43. FINANCIAL INSTRUMENTS (CONT'D)

43.5 Fair Value Information (Cont'd)

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:- (Cont'd)

	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		
Group 2022								
<u>Financial Assets</u>								
Trade receivable (non-current) (Note 16(a))	-	-	-	-	-	3,800,000	3,800,000	3,800,000
Short-term investments	-	59,769,175	-	-	-	-	59,769,175	59,769,175
Amount due from a related party (non-current) (Note 13(a))	-	-	-	-	-	2,363,976	2,363,976	2,363,976
<u>Financial Liabilities</u>								
Other payable (non-current) (Note 28)	-	-	-	-	-	674,729	674,729	674,729
Term loans	-	-	-	-	12,500,090	-	12,500,090	12,500,090
Hire purchase payables	-	-	-	-	974,957	-	974,957	974,957
Company 2023								
<u>Financial Liability</u>								
Other payable (non-current) (Note 28)	-	-	-	-	-	688,191	688,191	714,517
2022								
<u>Financial Liability</u>								
Other payable (non-current) (Note 28)	-	-	-	-	-	674,729	674,729	674,729

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 values of the Group's trade receivable and amount due from a related party (non-current) are calculated based on the present value of the projected repayment instalments using discount rates equal to the current market interest rates.
- (ii) The fair value of the Group's and the Company's other payable (non-current) is determined by discounting the future contractual cash flow using current market interest rate for similar instruments at the end of the reporting period. The interest rate used to discount the estimated cash flow is 6.9% (2022: 5.6%).
- (iii) 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.
- (iv) The fair value of the Group's hire purchase payables that carry fixed interest rates is determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows ranging from 3.6% - 6.9% (2022: 3.6% - 7.0%).

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 2 October 2022, the Company's dormant direct subsidiary, NLPL was being struck off.
- (b) On 29 December 2022, the Company subscribed an additional 3,300,000 ordinary shares in GPM at an issue price of RM1 each in the capital of GPM by way of offsetting amount due from GPM of RM3,300,000. Following the completion of the transaction, GPM remained a 60% owned subsidiary of the Company.
- (c) On 20 February 2023, BIHM, a 60% owned subsidiary of the Company, reduced its issued and paid-up share capital from RM200,000 to RM95,000 and that such reduction be effected by cancelling 105,000 ordinary issued shares.
- (d) During the financial year, the issued and paid-up share capital of the Company has been increased by RM207,816 pursuant to the issuance of 279,200 new ordinary shares from the exercise of options under the Company's ESOS.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

45. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 23 August 2023, ASB, a wholly-owned subsidiary of the Company, entered into a Letter of Intent to dispose its leasehold agriculture land measuring approximately 4.43 hectares in area held under H.S.(D) 69446, PT2086, Bandar Kundang, Daerah Gombak, Negeri Selangor for a total cash consideration of RM13,351,554. As at reporting date, the terms and conditions of the sale and purchase agreement have not been finalised yet.
- (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 RM68,327 pursuant to the issuance of 91,800 new ordinary shares from the exercise of options under the Company's ESOS.

46. COMPARATIVE FIGURES

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

	Group As Previously Reported RM	As Restated RM
Statements of Financial Position (Extract):-		
<u>Non-current assets</u>		
Trade receivable	-	2,913,324
<u>Current assets</u>		
Trade receivables	71,323,399	68,410,075
<u>Current liabilities</u>		
Trade payables	19,123,761	19,134,117
Other payables and accruals	11,396,818	12,356,104
Contract liabilities	959,286	-
Amount due to related parties	922,486	912,130

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 30.06.2023 RM	Date of Revaluation/ Acquisition
1. Title No. Geran 205577 Lot 19042, Seksyen 20, Bandar Rawang. <i>Address</i> Lot. 102, Jalan Industri ¾, Taman Industri Integrasi Rawang, 48000 Rawang, Selangor Darul Ehsan.	Industrial premises comprising a 1-storey factory/ warehouse/ office building annexed with a guardhouse	24,490 square meters / 16,444 square meters	Freehold	25	9,421,027 (Land) 9,369,988 (Building)	7 September 2011
2. Title No. HSD 283454 PT 689, HSD 283453 PT 690 and HSD 283455 PT691, Pekan Subang, District of Petaling, State of Negeri Selangor.	Leasehold Industrial land	4,045 square meters / 4,046 square meters / 2,697 square meters	Leasehold interest for 99 years expiring on 18 July 2111, leaving an unexpired term of about 88 years	N/A	8,340,857 (Land)	25 March 2013
3. Title No. Geran 209009, Lot 10468, Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor.	Freehold Industrial land	11,456 square metres	Freehold	N/A	8,323,680 (Land)	28 December 2021
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. <i>Address</i> No. 7, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.	Industrial premises comprising a 4-storey detached factory/ warehouse/ office building with one basement level and a guardhouse	4,213 square metres / 11,051 square metres	Leasehold interest for 99 years expiring on 24 March 2091, leaving an unexpired term of about 68 years	21	1,047,414 (Land) 7,179,207 (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 30.06.2023 RM	Date of Revaluation/ Acquisition
5. Title No. Geran 209014, Lot 10473, Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor. <i>Address</i> No. 6, Jalan Kamunting 3, Seksyen BB 6, Bandar Bukit Beruntung, 48300 Rawang, Selangor.	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	16	3,600,000 (Land) 4,287,997 (Building)	16 June 2022
6. Title No. GRN 19765, Lot 821, Mukim of Pasir Panjang, District of Port Dickson, State of Negeri Sembilan.	Agriculture Land	83,972 square metres	Freehold	N/A	6,294,399 (Land)	16 February 2015
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. <i>Address</i> No. 9, Jalan TSB 9, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.	Industrial premises comprising two 1 ½ storey factory/ warehouse/ office annexed with a guardhouse	4,435 square metres/ 2,376 square metres	Leasehold interest for 99 years expiring on 24 March 2091, leaving an unexpired term of about 68 years	24	3,633,275 (Land) 2,877,197 (Building)	20 September 2010
8. No. PT 2086, Jalan Batu Arang, Bandar Kundang, District of Gombak, State of Selangor.	Agriculture Land	44,300 square metres	Leasehold interest for 99 years expiring on 3 November 2108, leaving an unexpired term of about 85 years	N/A	5,666,772 (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 30.06.2023 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	N/A	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 2023.

ANALYSIS OF SHAREHOLDINGS AS AT 2 OCTOBER 2023

SHARE CAPITAL

Total number of issued shares (<i>inclusive of treasury shares</i>)	:	252,351,500
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	225	6.29	8,188	- *
100 to 1,000	473	13.21	189,598	0.08
1,001 to 10,000	1,558	43.53	8,780,894	3.83
10,001 to 100,000	1,129	31.55	36,145,906	15.76
100,001 to less than 5% of issued shares	193	5.39	78,899,512	34.39
5% and above of issued shares	1	0.03	105,378,148	45.94
TOTAL :	3,579	100.00	229,402,246	100.00

Note:

* Less than 0.01%

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	45.94	-	-
2.	Tan Ah Bah @ Tan Ah Ping	209,300	0.09	105,587,448 ⁽¹⁾	46.03
3.	Pan Kim Foon	209,300	0.09	105,587,448 ⁽¹⁾	46.03

Note:

⁽¹⁾ Deemed interest through OASB pursuant to Section 8(4) of the Companies Act 2016 and by virtue of his/her spouse's direct interest in the Company.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 2 OCTOBER 2023

C) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest		Indirect/Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Ah Bah @ Tan Ah Ping	209,300	0.09	105,587,448 ⁽¹⁾	46.03
2.	Tan Chung Ling	154,980	0.07	-	-
3.	Dato' Tan Wei Neng	90,200	0.04	69,100 ⁽²⁾	0.03
4.	Dato' Yeoh Kim Wah	1,292,100	0.56	-	-
5.	Tan Chung Chiah	6,171,500	2.69	-	-
6.	Tan Chung Chay	-	-	-	-
7.	Chan Foong Ping	-	-	-	-
8.	Datuk Ir. Kamarudin Bin Md Derom	-	-	-	-

Notes:

⁽¹⁾ Deemed interest through OASB pursuant to Section 8(4) of the Companies Act 2016 and by virtue of his spouse's direct interest in the Company.

⁽²⁾ Deemed interest by virtue of his spouse'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	45.935
2.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. – Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)	7,250,000	3.160
3.	Tan Chung Chiah	6,171,500	2.690
4.	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Erwin Selvarajah A/L Peter Selvarajah	2,730,700	1.190
5.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Cheng Hee Long (Kuchai L-CL)	2,720,100	1.185
6.	Ding Huong Kai	2,650,000	1.155
7.	Cartaban Nominees (Asing) Sdn. Bhd. – The Bank Of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund	2,140,800	0.933
8.	Goh Thong Beng	2,000,000	0.871
9.	Cartaban Nominees (Asing) Sdn. Bhd. – The Bank Of New York Mellon for Ensign Peak Advisors Inc.	1,862,300	0.811
10.	Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Tan Choon Hee (E-TCS)	1,641,500	0.715

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 2 OCTOBER 2023

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

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
11.	Tan Lee Hwa	1,523,000	0.663
12.	Affin Hwang Nominees (Asing) Sdn. Bhd. – <i>DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa</i>	1,400,000	0.610
13.	HLB Nominees (Tempatan) Sdn. Bhd. – <i>Pledged Securities Account for Wong Yee Hui</i>	1,200,000	0.523
14.	CIMB Group Nominees (Asing) Sdn. Bhd. – <i>Exempt An for DBS Bank Ltd (SFS)</i>	1,114,100	0.485
15.	Lam Sang	1,073,300	0.467
16.	Yeoh Kim Wah	1,042,400	0.454
17.	Tay Boon Pok	1,000,000	0.435
18.	Margarte Yuen	769,000	0.335
19.	Susy Ding	725,000	0.316
20.	Leong Wai Hong	710,000	0.309
21.	Poh Chuan Swee	700,000	0.305
22.	Onn Peng Koon	650,000	0.283
23.	Public Invest Nominees (Tempatan) Sdn. Bhd. – <i>Pledged Securities Account for Yoong Kah Yin (C)</i>	650,000	0.283
24.	Sam Tuck Wah	600,000	0.261
25.	RHB Nominees (Tempatan) Sdn. Bhd. – <i>Pledged Securities Account for Leong Soo Wan</i>	587,200	0.255
26.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. – <i>Pledged Securities Account for Teo Siew Lai</i>	547,000	0.238
27.	Maybank Nominees (Tempatan) Sdn. Bhd. – <i>Kong Yee Wong</i>	528,000	0.230
28.	Dynaquest Sdn. Bhd.	500,000	0.217
29.	Tan Chiew Chi	500,000	0.217
30.	Teo Kwee Hock	480,000	0.209
Total		150,844,048	65.740

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth 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, 5 December 2023 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 2023 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 RM290,000/- for the financial year ending 30 June 2024 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 6 December 2023 to the Twentieth Annual General Meeting of the Company to be held in year 2024 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) Mr. Tan Ah Bah @ Tan Ah Ping; and **(Ordinary Resolution 3)**
 - ii) Ms. Tan Chung Chay. **(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 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 in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 9 of the Company's Constitution, 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 pursuant to this mandate;

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 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 (Ordinary Resolution 7) RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**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 31 October 2023 ("**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 RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY (Ordinary Resolution 8) TO PURCHASE ITS OWN ORDINARY SHARES

"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 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 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 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 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)

7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO ALLOT AND (Ordinary Resolution 9) ISSUE 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."

10. To transact any other 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

31 October 2023

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 2023

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of 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 6 December 2023 to the Twentieth Annual General Meeting (“AGM”) of the Company to be held in year 2024 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 Nineteenth 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 Eighteenth AGM of the Company held on 6 December 2022 (“**Previous Mandate**”). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate.

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.

Pursuant to Section 85(1) of the Act read together with Clause 9 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

The proposed Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive rights to be offered new shares to be issued by the Company pursuant to the said Ordinary Resolution.

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 31 October 2023 for further information.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:- (Cont'd)

5. Item 8 of the Agenda – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 8, 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 31 October 2023 for further information.

6. Item 9 of the Agenda – Proposed Renewal of Authority for the Company to Allot and Issue Shares pursuant to the DRS

The proposed Ordinary Resolution 9, if passed, would empower the Directors of the Company to allot and issue new STC Shares in the Company in respect of dividends to be declared, if any, under the DRS. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

Notes:-

- (a) The Nineteenth 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 Nineteenth 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 28 November 2023 (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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:- (Cont'd)

(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 Nineteenth 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 at <http://www.stcgroup.com.my> on the procedures for electronic lodgement of proxy form via TIIH Online)



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 Nineteenth 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, 5 December 2023 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 Mr. Tan Ah Bah @ Tan Ah Ping		
4.	Re-election of Ms. Tan Chung Chay		
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 renewal of share buy-back authority		
9.	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 Nineteenth 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 Nineteenth 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 28 November 2023 (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 Nineteenth 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 at <http://www.stcgroup.com.my> on the procedures for electronic lodgement of proxy form via TIIH Online)

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Accreditations & Certifications

UKAS accredited ISO 9001 Quality Management System

UKAS accredited ISO 14001 Environmental Management System

ASTA Certificate of Complete Type Tests

Compliance with Electromagnetic Compatibility (EMC) certified by TÜV SÜD and SIRIM QAS International

Compliance with Low Voltage Directive (LVD) certified by TÜV SÜD and SIRIM QAS International

Product Type Testing performed by TÜV SÜD and SIRIM QAS International for conformity assessment

SIRIM Product Type Test Certification for ballast, igniter, street lighting and floodlights

TISI Mark (Thai Industrial Standards Institute)

JKR Approval

TNB Approval

SAA Approval (Standards Association of Australian)

Forbes Best Under A Billion 2008/2009



ISO 9001:2015 BV UKAS



ISO 14001:2015 BV UKAS



ASTA Certificate



CE marking



CE marking for transformer



TÜV SÜD marking



SIRIM Certificate



TISI Mark
(Thai Industrial Standards Institute)



JKR Approval



TNB Approval



SAA Approval
(Standards Association of Australian)



Forbes 'Best Under A Billion'
2008/2009

Road to Sustainability



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