



Plan Ahead  
Sustainable Pace

Notice of Sixteenth Annual General Meeting	002
Statement Accompanying Notice of Sixteenth Annual General Meeting	006
Administrative Guide	007
Corporate Information	012
Group Structure	013
Directors' Profile	014
Profile of Key Senior Management	018
Chairman's Statement	019
Management Discussion And Analysis	020
Corporate Governance Overview Statement	023
Sustainability Statement	037
Statement on Risk Management and Internal Control	042
Audit and Risk Management Committee Report	044
Statement of Directors' Responsibility for Preparing Financial Statements	047



## Plan Ahead, Sustainable Pace

Scanwolf Corporation Berhad plans ahead, welcoming any challenges with its dedication towards sustainability. The Company aligns its products and services with customers' needs, built its foundation with sustainable pace towards aspiring innovation.



Additional Compliance Information	048
Directors' Report	050
Statement By Directors	054
Statutory Declaration	054
Independent Auditors' Report	055
Statements of Profit or Loss and Other Comprehensive Income	059
Statements Consolidated of Financial Position	060
Statements of Changes in Equity	062
Statements of Cash Flows	064
Notes to the Financial Statements	068
List of the Group's Properties	129
Analysis of Shareholdings	130
Analysis of Warrants Holdings	133
Analysis of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") Holdings	135
Proxy Form	Enclosed

# Notice of Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of SCANWOLF CORPORATION BERHAD will be held at Jasper Room (Level G), AVANTE Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia on Tuesday, 29 November 2022 at 10.30 a.m. to transact the following business:-

## AGENDA

### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who retire by rotation pursuant to Clause 95 of the Constitution:-
  - i. Mr. Khoo Kien Hoe **(Resolution 1)**
  - ii. Mr. Ng Chee Wai **(Resolution 2)**
3. To re-elect the following Directors who retire by rotation pursuant to Clause 102 of the Constitution:-
  - i. Dato' Dr Chew Chen Yee **(Resolution 3)**
  - ii. Mr. Lim Kian Huat **(Resolution 4)**
4. To approve the payment of Directors' fees and benefits amounting to RM384,000.00 for the financial year ending 30 June 2023. **(Resolution 5)**
5. To re-appoint Messrs. PKF as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

### Special Business

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

6. Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 **(Resolution 7)**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option of offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such New Shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.





# Notice of Sixteenth Annual General Meeting (Cont'd)



## Special Business (Cont'd)

THAT pursuant to Section 85 of the Companies Act, read together Clause 57 of the Constitution of the Company, approval be and is given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from issuance of New Shares pursuant to the Proposed General Mandate.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate".

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

## BY ORDER OF THE BOARD

CHONG LAY KIM (SSM PC NO. 202008001920) (LS 0008373)  
YENG SHI MEI (SSM PC NO. 202008001282) (MAICSA 7059759)  
Company Secretaries

Kuala Lumpur  
31 October 2022

## Notes:

1. A member of a Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company.
2. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A member of the Company, including an Authorised Nominee or Exempt Authorised Nominee, who is entitled to attend and vote at meeting of the Company, or at a meeting of any class of members of the Company, may appoint one or more proxies to attend and vote instead of the member at the meeting.
4. Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office of the Share Registrar, 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgment via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.



# Notice of Sixteenth Annual General Meeting (Cont'd)

Notes: (Cont'd)

7. For the purpose of determining a member who shall be entitled to attend the Sixteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 22 November 2022. Only a depositor whose name appears on the ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her stead.
8. Shareholders are advised to check the Company's website at <http://www.scanwolf.com> and announcements from time to time for any changes to the administration of the Sixteenth Annual General Meeting that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Explanatory Notes on Ordinary Business:

## 1. Agenda Item No. 1 - Audited Financial Statements for the financial year ended 30 June 2022

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

## 2. Agenda Items No. 2 (i), (ii), 3 (i) and (ii) – Re-election of Directors

Mr. Khoo Kien Hoe, Mr. Ng Chee Wai, Dato' Dr Chew Chen Yee and Mr. Lim Kian Huat are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Sixteenth Annual General Meeting.

The Board has through the Nomination Committee ("NC"), considered the assessment of the Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement") on character, experience, integrity, competence and time to effectively discharge their roles as Directors. The four Directors have also met the relevant requirements under the fit and proper assessment.

The NC and the Board had undertaken an annual assessment on the independence of Mr. Khoo Kien Hoe and Mr. Lim Kian Huat and are satisfied that they have met the criteria of independence as prescribed in the Listing Requirements.

## 3. Agenda Item No. 4 – Payment of Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Proposed Resolution 5 is to facilitate the payment of Directors' fees and benefits for the financial year ending 30 June 2023. The payment of Directors fees and benefits is calculated based on the current board size and the number of scheduled Board and Board Committee meetings for the financial year ending 30 June 2023. In the event the Directors' fees and benefits proposed are insufficient (due to enlarge Board size or more meetings), approval will be sought at the next Annual General Meeting for the shortfall.

## 4. Agenda Item No. 5 – Re-appointment of Auditors

The Board has through the Audit and Risk Management Committee, considered the re-appointment of Messrs PKF as Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table the resolution on re-appointment of the Auditors at the Sixteenth Annual General Meeting are disclosed in the Corporate Governance Overview Statement of this Annual Report.



# Notice of Sixteenth Annual General Meeting (Cont'd)



Explanatory Notes on Special Business:

## 5. Agenda Item No. 6 - Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot shares of the Company from time to time and grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of such shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed General Mandate").

The authority for the Proposed General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

By voting in favour of the Proposed General Mandate, the shareholders of the Company would be waiving their statutory pre-emptive right. The Proposed General Mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the company prior to issuance, for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, the Company has issued and allotted 17,461,010 new ordinary shares of the Company at an issue price of RM0.5445 per share on 8 April 2022 under private placement made pursuant to the mandate granted to the Directors at the Fifteenth Annual General Meeting held on 26 November 2021. The total proceeds raised from the private placement exercise was RM9,507,519.945 and the proceeds were utilised in the following manner:-

Details of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM)	Timeframe for Utilisation
Capital expenditure	4,600	1,879	2,721	within 12 months
Purchase of raw materials for Stone Plastic Composite ("SPC") production Working	2,000	2,000	-	within 12 months
Working capital	2,707	2,707	-	within 12 months
Estimated expenses in relation to Proposed Private Placement	200	200	-	Within 1 month
Total	9,507	6,786	2,721	



# Statement Accompanying Notice of Sixteenth Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

There are no individuals standing for election/appointment as Directors at the Sixteenth Annual General Meeting ("16<sup>th</sup> AGM").



# Administrative Guide

For the Sixteenth Annual General Meeting ("16<sup>th</sup> AGM")



Day and Date : Tuesday, 29 November 2022  
Time : 10.30 a.m.  
Venue : Jasper Room (Level G), AVANTE Hotel  
No. 1, Persiaran Bandar Utama, Bandar Utama  
47800 Petaling Jaya, Selangor, Malaysia

## MEASURES TO MINIMISE RISKS OF CORONAVIRUS DISEASE ("COVID-19") INFECTION

In view of the COVID-19 situation, the following steps will be taken for shareholders, proxies and others who will be attending the 16<sup>th</sup> AGM in order to minimize the risks of spreading the COVID-19 virus:

1. Any person who had recent travel history to overseas during the last 14 days prior to the 16<sup>th</sup> AGM or has been in contact with a suspected or confirmed COVID-19 patient during the last 14 days prior to the 16<sup>th</sup> AGM, are strongly advised not to attend the 16<sup>th</sup> AGM.
2. Any person with a body temperature of above 37.5 degrees Celsius and/or who exhibits flu-like symptoms will not be allowed to attend the 16<sup>th</sup> AGM. Shareholders/proxies who are feeling unwell are strongly advised not to attend the 16<sup>th</sup> AGM.
3. All persons must practice proper hygiene including the use of hand sanitizer and must wear a face mask before entering into the meeting venue.
4. To enhance social distancing measures, the seats allocated for shareholders/proxies at the 16<sup>th</sup> AGM venue will be maintained at a certain distance from one another.
5. In view of the COVID-19 outbreak, physical attendance at the 16<sup>th</sup> AGM may present a risk to the shareholders. As such, shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy to attend and vote at the 16<sup>th</sup> AGM on their behalf or submit their proxy forms with predetermined voting instruction for the Chairman of the meeting to represent them.
6. Shareholders are advised to check the Company's website at <http://www.scanwolf.com> and Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) from time to time for any changes to the administration of the 16<sup>th</sup> AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

## INDIVIDUAL MEMBERS

1. All Members who intend to attend the 16<sup>th</sup> AGM in person **ARE REQUIRED TO PRE-REGISTER** with Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**", or "**TIIH**") via **TIIH Online** website at <https://tiih.online> not later than **Sunday, 27 November 2022 at 10.30 a.m.** Kindly refer to the Pre-Register procedures below.
2. Alternatively, members who are unable to attend the 16<sup>th</sup> AGM and who wish to exercise their votes are encouraged to appoint proxy or Chairman of the meeting to attend and vote on your behalf at the 16<sup>th</sup> AGM by indicating the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

## CORPORATE MEMBERS

1. Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the 16<sup>th</sup> AGM must deposit their original or duly certified certificate of appointment of corporate representative to the Company's Share Registrar not later than **Sunday, 27 November 2022 at 10.30 a.m.**
2. Attorneys appointed by power of attorney are required to deposit their power of attorney to the Company's Share Registrar not later than **Sunday, 27 November 2022 at 10.30 a.m.** to attend and vote at the 16<sup>th</sup> AGM.





# Administrative Guide (Cont'd)

For the Sixteenth Annual General Meeting ("16<sup>th</sup> AGM")

## CORPORATE MEMBERS (Cont'd)

3. **A member who has appointed a proxy/attorney/corporate representative to attend and vote at the 16<sup>th</sup> AGM must request his/her proxy/attorney/corporate representative to submit their Pre-Register at TIIH Online website at <https://tiih.online>.**
4. If a corporate member (through its corporate representative(s) or appointed proxy(ies)) is unable to attend the 16<sup>th</sup> AGM, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

## PRE-REGISTRATION BEFORE 16<sup>TH</sup> AGM

In order to assist the Company in managing the turnout for the 16<sup>th</sup> AGM, the Company reserves the right to limit the number of participants to the 16<sup>th</sup> AGM. Members/proxies/corporate representatives/attorneys who wish to attend in person must pre-register with the Company's Share Registrar by following the requirements and procedures as summarised as below:-

Procedure	Action
<b>BEFORE 16<sup>th</sup> AGM DAY</b>	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"><li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance.</li><li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li></ul>
(b) Submit your PRE-REGISTER to attend 16 <sup>th</sup> AGM	<ul style="list-style-type: none"><li><b>Pre-Registration is open from 10.00 a.m. Monday, 31 October 2022 up to 10.30 a.m. Sunday, 27 November 2022.</b></li><li>Login with your user ID and password and select the corporate event: <b>"(REGISTRATION) SCANWOLF 16TH AGM"</b>.</li><li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li><li>Insert the CDS account number and indicate the number of shares.</li><li>Submit to register your physical attendance.</li><li>System will send an <b>e-mail to notify</b> that your registration to attend the AGM physically is received and will be verified.</li><li>After verification of your registration against the General Meeting Record of Depositors as at <b>22 November 2022</b>, the system will send you an <b>e-mail after 27 November 2022 to approve or reject</b> your registration for pre-register to attend the 16<sup>th</sup> AGM.</li></ul>

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate up to the day of the 16<sup>th</sup> AGM of the Company, to minimise any risk to shareholders and others attending the 16<sup>th</sup> AGM.



# Administrative Guide (Cont'd)

For the Sixteenth Annual General Meeting ("16<sup>th</sup> AGM")



## REGISTRATION ON THE DAY OF 16<sup>TH</sup> AGM

1. Registration will commence at 8.30 a.m. and shall remain open until the conclusion of the 16<sup>th</sup> AGM or such other time as may be determined by Chairman of the meeting. Please read the signage to ascertain the registration area and proceed for registration.
2. Please present your original National Registration Identity Card (NRIC) or Passport (for foreign member) to the registration staff for verification. Please ensure your NRIC or Passport is returned to you after registration.
3. Upon verification and registration:
  - (a) please sign on the attendance list and an identification wristband will be provided at the registration counter;
  - (b) if you are attending the 16<sup>th</sup> AGM as a member as well as a proxy, you will be registered once and will only be given one identification wristband;
  - (c) no person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event that you lose/misplace the identification wristband;
  - (d) a polling form will be given to you thereafter. There will be no replacement should you lose or misplace the polling form; and
  - (e) you may proceed to the meeting venue thereafter.
4. Registration must be done in person. Please also note that you will not be allowed to register on behalf of another person even with the original NRIC or Passport of that other person.
5. The registration counters will only handle verification of identity, registration and revocation of proxy/proxies. If you have other queries, please proceed to the Help Desk.

## REFRESHMENT

There will be refreshment provided during the 16<sup>th</sup> AGM.

## PARKING

A flat parking fee will be charged subject to the hotel validation.

## GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining who shall be entitled to attend the 16<sup>th</sup> AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **22 November 2022** and only a depositor whose name appears on such Record of Depositors shall be eligible to attend the 16<sup>th</sup> AGM.

## PROXY FORM

1. A member of the Company entitled to attend and vote at the 16<sup>th</sup> AGM is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead. If you are unable to attend the 16<sup>th</sup> AGM and wish to appoint proxy or Chairman of the Meeting to attend and vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
2. You may submit the Proxy Form electronically via TIH Online website at <https://tiih.online> no later than **Sunday, 27 November 2022 at 10.30 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.



# Administrative Guide (Cont'd)

For the Sixteenth Annual General Meeting ("16<sup>th</sup> AGM")

## PROXY FORM (Cont'd)

3. Otherwise, please ensure that the **Original Proxy Form** is deposited with the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 16<sup>th</sup> AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid. No proof of despatch of Proxy Form will be entertained.
4. The Proxy Form is not required if the member decided to attend the meeting.
5. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the Registration Counter to revoke the appointment of your proxy/proxies.

## ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your Proxy Form electronically via Tricor's TIIH Online website are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"><li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services" select <b>"Create Account by Individual Holder"</b>. Please do refer to the tutorial guide posted on the homepage for assistance.</li><li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li><li>If you are already a user with TIIH Online, you are not required to register again.</li></ul>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"><li>After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password.</li><li>Select the corporate event: <b>"SCANWOLF 16TH AGM - SUBMISSION OF PROXY FORM"</b>.</li><li>Read and agree to the Terms and Conditions and confirm the Declaration.</li><li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li><li>Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy.</li><li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li><li>Review and confirm your proxy(s) appointment.</li><li>Print the Proxy Form for your record.</li></ul>



# Administrative Guide (Cont'd)

For the Sixteenth Annual General Meeting ("16<sup>th</sup> AGM")



## ELECTRONIC LODGEMENT OF PROXY FORM (Cont'd)

Procedure	Action
<b>ii. Steps for Corporate or Institutional Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"><li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li><li>• Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects <b>"Create Account by Representative of Corporate Holder"</b>.</li><li>• Complete the registration form and upload the required documents.</li><li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li><li>• Proceed to activate your account with the temporary password given in the email and reset your own password.</li></ul> <p>Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"><li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li><li>• Select the corporate event: <b>"SCANWOLF 16TH AGM - SUBMISSION OF PROXY FORM"</b>.</li><li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li><li>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li><li>• Prepare the file for the appointment of proxies by inserting the required data.</li><li>• Proceed to upload the duly completed proxy appointment file.</li><li>• Select "Submit" to complete your submission.</li><li>• Print the confirmation report of your submission for your record.</li></ul>

## NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 16<sup>th</sup> AGM proceedings is allowed without prior written permission of the Company.

## ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

Tricor Investor & Issuing House Services Sdn Bhd		
Telephone Number	General Line	603-2783 9299
Contact Person	Mr. Jake Too	603-2783 9285 <a href="mailto:Chee.onn.too@my.tricorglobal.com">Chee.onn.too@my.tricorglobal.com</a>
	En Aiman Nuri	603-2783 9262 <a href="mailto:Muhamad.Aiman@my.tricorglobal.com">Muhamad.Aiman@my.tricorglobal.com</a>
Fax Number	603-2783 9222	
Email	<a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>	



# Corporate Information

## BOARD OF DIRECTOR

### TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR

*Independent Non-Executive Director  
Chairman*

### DATO' DR CHEW CHEN YEE

*Non-Independent Non-Executive Director  
Deputy Chairman*

### DATO' TAN SIN KEAT

*Executive Director*

### NG CHEE WAI

*Executive Director*

### DATO' CHEONG CHEN KHAN

*Executive Director*

### KHOO KIEN HOE

*Independent Non-Executive Director*

### OW KEE TEIK

*Independent Non-Executive Director*

### LIM KIAN HUAT

*Independent Non-Executive Director*

## AUDIT AND RISK MANAGEMENT COMMITTEE

### Khoo Kien Hoe

*Chairman*

### Ow Kee Teik

*Member*

### Lim Kian Huat

*Member*

## REMUNERATION COMMITTEE

### Ow Kee Teik

*Chairman*

### Khoo Kien Hoe

*Member*

### Lim Kian Huat

*Member*

## NOMINATION COMMITTEE

### Lim Kian Huat

*Chairman*

### Khoo Kien Hoe

*Member*

### Ow Kee Teik

*Member*

## SHARE ISSUANCE SCHEME COMMITTEE

### Khoo Kien Hoe

*Chairman*

### Ow Kee Teik

*Member*

### Dato' Cheong Chen Khan

*Member*

### Ng Chee Wai

*Member*

### Teoh Teik Kean

*Member*

## COMPANY SECRETARIES

### Chong Lay Kim (LS 0008373)

(SSM PC No. 202008001920)

### Yeng Shi Mei (MAICSA 7059759)

(SSM PC No. 202008001282)

## AUDITORS

### PKF PLT

Level 33, Menara 1MK  
Kompleks 1 Mont Kiara  
No.1, Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur  
Tel No.: +603 6203 1888

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel No.: +603 – 2783 9191 Fax No.: +603 – 2783 9111

## 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  
Tel No.: +603 – 2783 9299 Fax No.: +603 – 2783 9222

## CORPORATE OFFICE

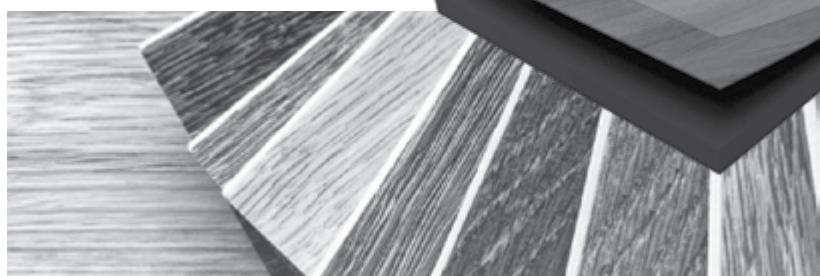
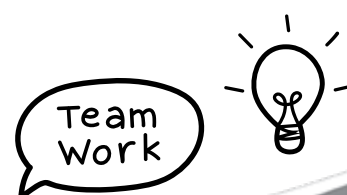
No. 19, 19A, 19B & 19C  
Jalan Pusat Perniagaan Falim 5  
Pusat Perniagaan Falim  
30200 Ipoh, Perak  
Tel No.: +605 – 285 0063 Fax No.: +605 – 285 0072

## PRINCIPAL BANKERS

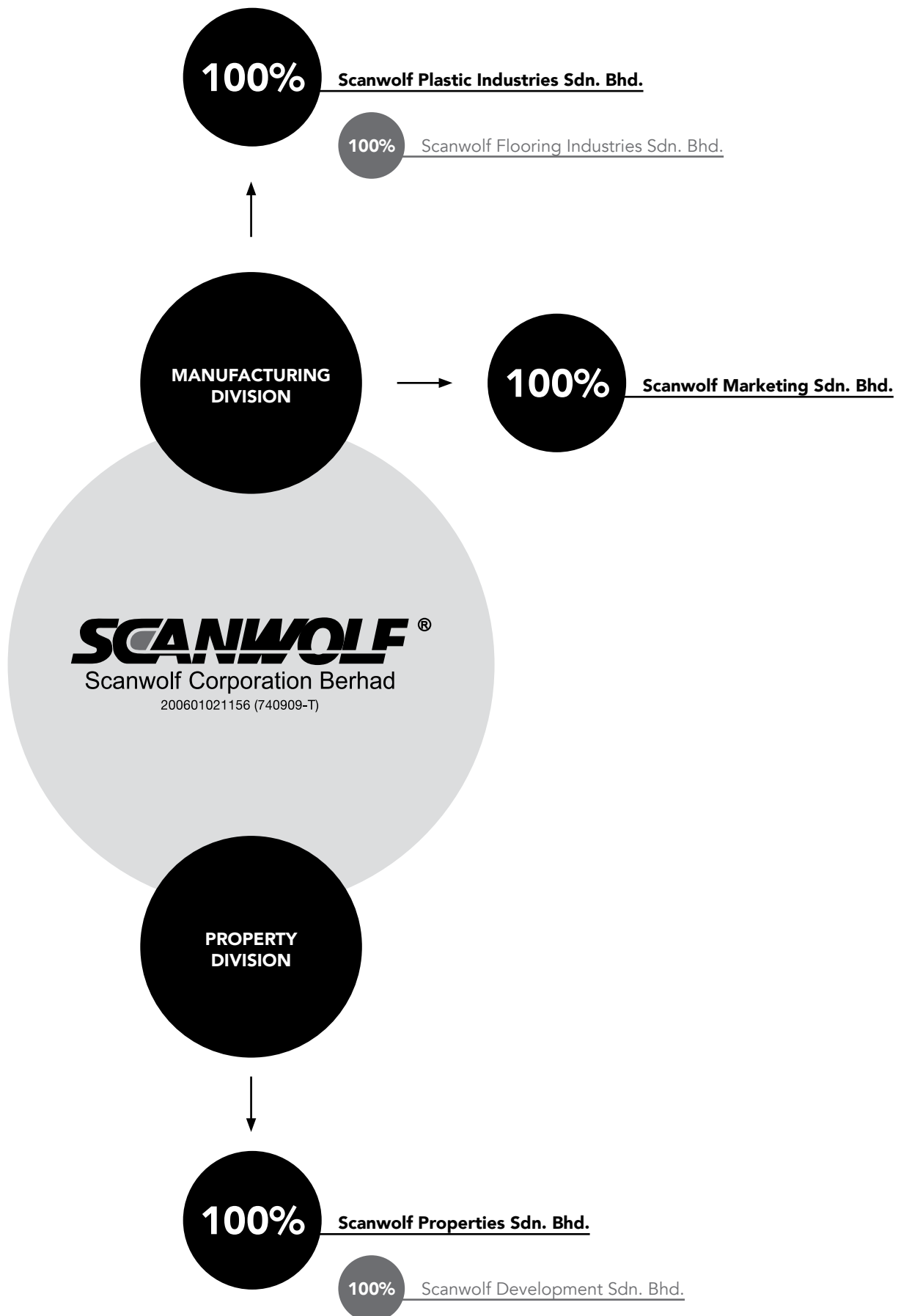
RHB Bank Berhad  
Malayan Banking Berhad  
Pac Lease Berhad

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad  
Stock Name: SCNWOLF  
Stock Code: 7239



## Group Structure





## Directors' Profile

### Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir

Independent Non-Executive Director/Chairman

Malaysian, 60 years old, Male

**Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir [Tan Sri Dato' Sri Haji Syed Zainal Abidin]**, was appointed as Independent Non-Executive Chairman on 5 November 2021. He graduated with a Bachelor's Degree of Science in Civil Engineering from the University of Maryland, United States of America.

Tan Sri Dato' Sri Haji Syed Zainal Abidin was a Non-Independent Non-Executive Director of Petronas Dagangan Bhd prior to his retirement on 10 June 2020.

Tan Sri Dato' Sri Haji Syed Zainal Abidin began his career as a Project Engineer with Petronas Gas Sdn Bhd in 1987, prior to joining Petroliaam Nasional Berhad in 1992 as the Senior Executive of the company's Corporate Planning & International Business Development unit. He then left to join HICOM Holdings Berhad in 1995, where he assumed various senior positions in the company. Tan Sri Dato' Sri Hj. Syed Zainal Abidin lent his expertise to PERODUA when he was appointed Senior General Manager in 1999. Subsequently, he was appointed Executive Director of PERODUA Auto Corporation Sdn. Bhd. in 2002, and later promoted to Deputy Managing Director of PERODUA in October 2005.

Thereafter, Tan Sri Dato' Sri Haji Syed Zainal Abidin also hold various key positions in established corporation including Dagang Nexchange Berhad as Group Managing Director, Majlis Agama Islam Wilayah Persekutuan as Non-Executive Director and SilTerra Malaysia Sdn Bhd as Executive Chairman.

### Dato' Dr Chew Chen Yee

Non-Independent Non-Executive Director/Deputy Chairman

Malaysian, 33 years old, Male

**Dato' Dr Chew Chen Yee [Dato' Dr Chew]**, was appointed as Non-Independent & Non-Executive Deputy Chairman on 3 January 2022. He obtained his Doctorate in Business Administration with a major in Finance from University of Sunderland, United Kingdom.

As a serial entrepreneur, Dato' Dr Chew led several mergers and acquisitions dealings in several industries including mining and refinery, healthcare, and food and beverages industries. He is also an angel investor with interests in various industries including software company, fintech related company, healthcare industry and durian exports and distribution business. In January 2021, Dato' Dr Chew was appointed as the Vice President of the China Council for the Promotion of International Trade (CCPIT) of China Foreign Trade Council.

In 2012, Dato' Dr Chew founded Potential Excelerate Group Ltd (PE Group) which principally serves to consolidate capital, human resources, capabilities and networking to help businesses expand their operations and explore new growth opportunities to enhance stakeholders' value. PE Group had since invested in amongst others, RTist by Zeroo Sdn Bhd which is principally a creative hiring software platform, and Uber Diagnostic Pte Ltd which is principally a healthcare device diagnostic supplier.

Dato' Dr Chew is also a founder of Actcelerate International Group Ltd which was listed on the National Stock Exchange of Australia in August 2018. Actcelerate International Group Ltd is principally a diversified investment company which is focused on investing in information and communications technology, new age retail, financial services and green technology in the Asia-Pacific region.

Dato' Dr Chew incorporated PEG Holding Sdn Bhd (PEG Holding) in 2018 and had remained as the Chief Executive Officer since then. PEG Holding is the holding company of PEG Capital Sdn Bhd which is a substantial shareholder of Scanwolf Corporation Berhad. He is also a director and shareholder of several other private limited companies in Malaysia.





### Dato' Tan Sin Keat

Executive Director

**Malaysian, 58 years old, Male**

**Dato' Tan Sin Keat [Dato' Tan]**, was appointed as Executive Director on 2 April 2007. He is one of the founders of Scanwolf Plastic Industries Sdn. Bhd. and still serves as the Executive Director.

Dato' Tan has more than 20 years experiences in the extrusion industry and is currently responsible for the product and business development aspect of the Group. His skill, knowledge and experience in various areas of polyvinyl chloride ("PVC") extrusion business, including machinery fabrication and colour matching, contributed immensely to the growth of the Group.

He does not hold any directorships in any other public companies and listed issuers.



### Mr. Ng Chee Wai

Executive Director

**Malaysian, 47 years old, Male**

**Mr. Ng Chee Wai [Mr. Ng]**, was appointed as Executive Director on 1 July 2019. He is a member of Malaysian Institute of Accountants of Malaysia. He is a Chartered Accountant of Malaysian Institute of Accountants and Certified Public Accountant of The Malaysian Institute of Certified Public Accountant.

He graduated with a Bachelor of Management Studies major in Accounting from University of Waikato, New Zealand. He was with PriceWaterhouseCoopers before joined Scanwolf Plastic Industries Sdn. Bhd. in 2005 as an Accountant and was subsequently promoted to Financial Controller in 2014 and Chief Financial Officer of Scanwolf Group on 28 November 2017.

In 2007, he was involved in the Initial Public Offering exercise of Scanwolf Corporation Berhad. He oversees all financial matters and holds the responsibility for establishing and executing on the Company's strategy.

He is a member of the Share Issuance Scheme Committee.

He does not hold any directorship in any other public companies and listed issuers.



## Directors' Profile (Cont'd)

### Dato' Cheong Chen Khan

Executive Director

Malaysian, 33 years old, Male

**Dato' Cheong Chen Khan [Dato' Cheong]**, was appointed as Non-Independent Non-Executive Director on 4 October 2021 and redesignated to Executive Director on 5 November 2021.

Dato' Cheong graduated from the University of Nottingham, United Kingdom, with Bachelor of Science degree in Plant Biotechnology. Dato' Cheong has been involved in an array of business activities since 2007. He started his career by assisting his family business which is involved in the manufacturing, distribution and export of plastic packaging. In 2013, he ventures into the consumer goods and manufacturing industry by establishing his own company in Malaysia and China.

Dato' Cheong is also the Chief Executive Officer and Director of Actcelerate International Group Limited, a company listed on the National Stock Exchange of Australia.

He is a member of the Share Issuance Scheme Committee.

He is also a director and shareholder of several other private limited companies in Malaysia.

### Mr. Khoo Kien Hoe

Independent Non-Executive Director

Malaysian, 52 years old, Male

**Mr. Khoo Kien Hoe [Mr. Khoo]**, was appointed as an Independent Non-Executive Director of the Company on 5 November 2021.

Mr. Khoo graduated with a Diploma in Commerce (Financial Accounting) from TAR College in 1995 and obtained a professional qualification in accounting from the Association of Certified Chartered Accountants (ACCA). He is the fellow member of ACCA and a member of the Malaysian Institute of Accountants. Mr. Khoo served as Audit Senior at Peter Chong & Co. from December 1995 to March 1997 and Audit Senior at KPMG from April 1997 to January 2000. He was a Finance Manager at Ins Enterprise Sdn. Bhd. from 2001 to 2003. Currently, he is a Managing Director of Bizguide Corporate Services Sdn. Bhd and an Independent Non-Executive Director of Sunzen Biotech Berhad.

He is the Chairman of the Audit and Risk Management Committee, and Share Issuance Scheme Committee and a member of the Remuneration Committee and Nomination Committee.

### Mr. Ow Kee Teik

Independent Non-Executive Director

Malaysian, 49 years old, Male

**Mr. Ow Kee Teik [Mr. Ow]**, was appointed as Independent Non-Executive Director on 5 November 2021. He graduated with a Bachelor's Degree of Engineering in Electrical and Electronic from the Nottingham Trent University, United Kingdom. He also has a professional qualification in engineering from The Institution of Engineers Malaysia & Lembaga Jurutera Malaysia.

Mr. Ow has 24 years of experience in Mechanical & Electrical Engineering services involving Project Management Services, M&E Consultancy Services, Supervising Electrical Engineer Services and M&E Due Diligence Audit Services in various types of development including residential development, medical centers, schools & educational institution, industrial development, commercial development (consists of shopping malls, hotels, office suites, etc.), theme parks and infrastructure works. He is also a member of The Institution of Engineer & Technology, United Kingdom.

He is currently holding the position as Director in private companies involved in consultancy in Mechanical and Electrical.

He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee, Nomination Committee and Share Issuance Scheme Committee.





### Mr. Lim Kian Huat

Independent Non-Executive Director

**Malaysian, 46 years old, Male**

**Mr. Lim Kian Huat [Mr. Lim]**, was appointed as Independent Non-Executive Director on 03 January 2022. He graduated with a major in Entrepreneur from Beijing Entrepreneur Course.

Mr. Lim has more than 13 years of experience in property related industries. Mr. Lim is currently the Director of Promo Heights Development Sdn Bhd and Greatcal Construction Sdn Bhd. Mr. Lim had played an instrumental role in the company for all the project involved.

Being an entrepreneur, Mr. Lim had in the past ventured into other industries such as plantation and aquaculture. Apart from Mr. Lim involvement in property related industries, Mr. Lim is also involved in the logistics business and mattress manufacturing business.

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

#### Notes:-

- **Directors' Shareholdings**  
Details of Directors' shareholdings are as disclosed on pages 130 to 131 of the Annual Report 2022.
- **Family relationship with Directors and Major Shareholders**  
None of the Directors have any family relationship with any Director and/or major shareholder of the Company.
- **Conflict of interest**  
All the Directors have no conflict of interest with the Company.
- **Conviction of Offences or public sanction or penalty imposed by the relevant regulatory bodies**  
None of the Directors have any convictions for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.
- **Attendance of the Board Meetings**  
The attendance of the Directors is disclosed in the Corporate Governance Overview Statement of this Annual Report.



## Profile of Key Senior Management

### **Dato' Tan Sin Keat**

Executive Director of Manufacturing and Property Divisions

**Malaysian, 58 years old, Male**

Dato' Tan Sin Keat's profile is set out on page 15 of this Annual Report.

### **Mr. Ng Chee Wai**

Executive Director of Manufacturing and Property Divisions/  
Chief Financial Officer

**Malaysian, 47 years old, Male**

Mr. Ng Chee Wai's profile is set out on page 15 of this Annual Report.





# Chairman's Statement



## Dear Shareholders,

### Warmest Greetings to all.

At the outset, I extend my sincere gratitude to the Board of Directors for my appointment as the Chairman of Scanwolf on 5 November 2021.

This is my first report to our shareholders and stakeholders on the performance of the Group.

COVID-19 pandemic adversely affected several key sectors including our sector. We had been affected by the supply chain shortage, labor shortage, and the weakening ringgit.

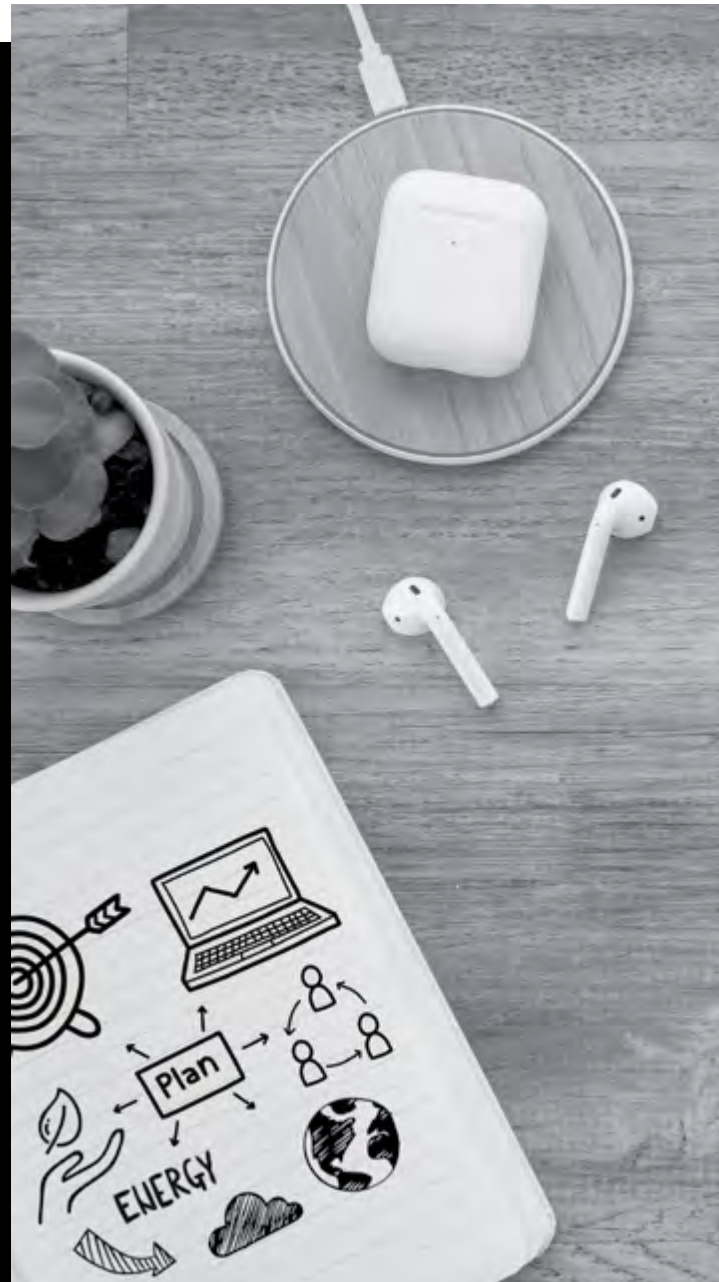
On 1 April 2022, Malaysia had reopened its border to welcome all. With this direction we hope that this will bring positive outset and growth to our Group performance. In April 2022, Scanwolf Flooring had launched new Flagship Showroom located at Kota Damansara, Selangor. With the new Flagship showroom, we hope people would aware of local manufactured products.

During the financial year, Scanwolf had raised funds through Rights Issue of ICULS with Warrants and also Private Placement take place in April 2022. At the same time, the Scanwolf Corporation Berhad had offer and grant of option under Share Issuance Scheme of the company to all the eligible employees. With the funds available, we had venture into new manufacture line to support variety of flooring products.

For the year review, the Group's revenue decreased from RM48.8 million to RM39.2 million during the financial year ("FYE") 2022, a decrease of RM9.6 million or 19.65% as compared to the previous FY 2021. The Group recorded a Loss Before Tax ("LBT") of RM17 million in the FY 2022 as compared to LBT of RM0.26 million in FY 2021. A high LBT recorded in FY 2022 was mainly due to lower revenue recorded in Property Division coupled with higher cost of materials and staff costs amounting to RM7.9 million arisen from vesting of share options under SIS which were offered to the eligible employees of the Group during the financial year.

Moving forward, Scanwolf will continue to strategize the business effectively to increase the productivity and also seek new opportunities locally and internationally.

I'm glad to joined the Board alongside with the appointment of Mr. Khoo Kien Hoe and Mr. Ow Kee Teik as Independent Non-Executive Director. I would like to extend a warm welcome to Scanwolf Deputy Chairman's Dato' Dr Chew Chen Yee as Non-Independent Non-Executive Director and also Mr. Lim Kian Huat as Independent Non-Executive Director. With the strong group, we shall bring Scanwolf to the greater path. I also would like to thank my fellow members of the Board for their dedication and contribution to the Group.



On behalf of the Group, I would like to express our sincerest gratitude to all our shareholders, customers, business associates, and financiers for their continued support.

Your most sincerely,

TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR

CHAIRMAN





# Management Discussion and Analysis

## Company Profile

Scanwolf Corporation Berhad ("Scanwolf") and its subsidiaries ("The Group") are involved in the manufacturing of plastics extrusion products, vinyl tiles and property development in Malaysia. Scanwolf was listed on the Second Board of Bursa Malaysia Securities Berhad on 16 July 2007 and was subsequently moved to the Main Board on 3 August 2009.

### Manufacturing Division

Scanwolf Plastic Industries Sdn Bhd ("SPI"), a wholly-owned subsidiary of Scanwolf, is involved in the designing and manufacturing of plastic extrusions and trading of industrial consumables. SPI has a manufacturing plant located in Tronoh, Perak.

Scanwolf Flooring Industries Sdn Bhd ("SFI"), a wholly-owned subsidiary of SPI, is involved in the manufacturing of luxury vinyl tiles (LVT) and other flooring products. SFI is the largest and the only one in Malaysia to manufacture LVT with annual capacity of up to 1.6 million square meters. The manufacturing plant is located in Tronoh, Perak.



Scanwolf Marketing Sdn Bhd ("SMSB"), was newly incorporated on 2 July 2021 under the Companies Act, 2016 and wholly-owned subsidiary by the Company. The principal activity of SMSB is wholesale of fittings and fixtures.

### Property Division

Currently, there is no ongoing property project. The division is focus on selling the stock of completed units of its Kampar Putra project which is located within the vicinity of Universiti Tunku Abdul Rahman, Tunku Abdul Rahman University College, UTMSPACE, UTAR Hospital and Kampar Hospital. Located in this project is the new integrated Kampar Putra bus terminal which comprises commercial, leisure and hospitality facilities - phase one which comprises a public bus terminal located on the ground level of the complex has been completed and in operation.





## Financial Review

The revenue by geographical segments analysed as follows:

Revenue	FYE 2022 (RM'000)	FYE 2021 (RM'000)
Asia	4,538	6,087
Oceania	3,146	2,665
Middle East	542	425
Africa	162	48
Others	462	472
<b>Total Exports</b>	<b>8,850</b>	<b>9,697</b>
Malaysia	30,367	39,111
<b>Total</b>	<b>39,217</b>	<b>48,808</b>
<b>Local</b>	<b>77%</b>	<b>80%</b>
<b>Export</b>	<b>23%</b>	<b>20%</b>

Export markets recorded sales of RM8.85 million which is lower than the previous year (RM9.70 million). Domestic market sales decrease from RM48.81 million in FY2021 to RM39.22 million in FY2022. The decrease in sales was mainly due to lower sales recorded in Property Division.

Our Group recorded a loss before tax ("LBT") of RM17 million in FYE2022 as compared to LBT of RM0.26 million in FYE2021. A high LBT recorded in FYE2022 was mainly due to lower revenue recorded in Property Division and staff costs amounting to RM7.9 million arisen from vesting of share options under SIS which were offered to the eligible employees of the Group during the financial year.

## Corporate Exercises

The Company had raised RM10,497,120 cash ("Proceeds") via its Renounceable Rights Issue of up to RM10,497,120 nominal value of 5-year 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") on the basis of 2 ICULS for every 2 existing ordinary shares in Scanwolf Corporation Berhad, together with up to 52,485,600 free warrants ("Warrants") on the basis of 1 Warrants for every 2 ICULS subscribed ("Rights Issue"). The Rights Issue exercise was completed on 9 August 2021.

On 12 April 2022, the Company completed the listing of 17,461,010 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM0.5445 per share and total proceeds of RM9.5 million was received from the said placement.

The Rights Issue of ICULS with Warrants would potentially provide additional funds to the Group when exercised into Scanwolf shares. The proceeds from the private placement and right issue of ICULS with Warrants will be utilised for business expansion, capital expenditure and working capital. Scanwolf Group is investing in a new SPC flooring production line with tongue and groove joint profiling machine to complement with the Scanwolf Group's existing range of vinyl flooring product. The proceeds will enable the Group to offer its clients with a full range option for resilient flooring such as luxury vinyl tile (LVT), vinyl click and SPC click with optional underlay. The Group would then be able to capitalise on its full range offerings to suit its retail and corporate customers demand, based on their requirement and budget. The Group believes that such full range offerings would also enable the Group to tender for construction projects more effectively.



## Management Discussion and Analysis (Cont'd)



### Share Issuance Scheme (SIS)

During the financial year ended 30 June 2022, the Company had established and implemented share issuance scheme of up to fifteen per cent (15%) of the total number of issued Scanwolf shares (excluding treasury shares, if any) for the eligible Directors and employees of the Company and its subsidiaries, to subscribe for the new ordinary shares in the Company ("Options") under the Company's Shares Issuance Scheme ("SIS"). The duration of the SIS is five (5) years expiring on 30 March 2027. The total number of SIS options granted during the financial year is 25,070,000.

### Financial Position

The Group's financial position remains solid with net assets per share of 34 cents (2021: 35 cents). Cash and bank balances of the Group have increased from RM0.14 million to RM0.21 million. The Group's borrowings have decreased from RM28.11 million to RM17.20 million due to repayment of bank borrowings during the year. The Group managed to maintain the gearing ratio at 0.23 (2021: 0.46) times.

Our approach to capital management is to maintain a strong credit rating and healthy capital ratios to support our daily operations without disruption. We manage our funds by planning our payments ahead of time to ensure that we have sufficient working capital at all times.

### Outlook and Prospects

The COVID-19 pandemic had greatly affected the company performance. The outlook continues to remain clouded arising from inflationary pressures, supply chain delays, labour shortage, and weakening ringgit.

In April 2022, SMSB has signed an Exclusive Distributorship Agreement with Signature Cabinet Sdn Bhd, Signature Distribution Sdn Bhd, a wholly-owned subsidiary of Signature International Berhad and Beyond Bath Sdn Bhd (Sorento Master Club) following the official launch of Scanwolf Flooring flagship showroom located at Kota Damansara.

The Group remains cautiously optimistic on the long term business prospects and will continue to actively pursue various business strategies to increase its revenue, focus on improving efficiency, automation across our operations and to implement cost control measures.

### Dividend Policy

The payment of dividend depends upon a number of factors, including amongst others, the earnings, capital commitments, general financial conditions and other factors to be considered by the Board.

Premised on the financial performance of the Group, our Board is not recommending any dividend payment for the financial year ended 2022.



# Corporate Governance Overview Statement



The Board of Directors ("**the Board**") recognizes the importance of good corporate governance and will continue to ensure that the highest standard of corporate governance is practiced throughout the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The principles and best practices set out in the Malaysian Code on Corporate Governance ("**MCCG**" or "**the Code**") and pursuant to para 15.25 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("LR") have been complied by the Group wherever possible in observing the highest standard of transparency, accountability and integrity unless otherwise stated. The Board has also provided specific disclosures on the application of each Practice in its Corporate Governance Report ("**CG Report**"). The CG Report was announced together with the Annual Report of the Company on 31 October 2022 and is available on the Company's website at [www.scanwolf.com](http://www.scanwolf.com).

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Board Responsibilities

#### 1.1 Strategic Aims, Values and Standards

The Board is responsible and retained full and effective control over the affairs of the Group. The Board is primarily focus on the overall strategic planning for the Group which includes reviewing the annual business plan and budget prepared by management. In addition the Board performs quarterly review of business and financial performance and periodically review on the efficiency of internal controls and risk management ensuring any deficiency is promptly corrected.

The Board delegated and confers some of its authorities and discretion on the Chairman, Board Committees, Executive Directors and Management as at financial year ended 30 June 2022. The role of Management is to support the Executive Directors and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Notwithstanding the delegation of specific powers, the Board retains full responsibility for the direction and control of the Company and the Group. The roles and responsibilities of the Board are clearly set out in the Board Charter and is available on the Company's website [www.scanwolf.com](http://www.scanwolf.com).

The Board Committees are made up of the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Share Issuance Scheme Committee ("SIS"); and are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). The TOR of the Board Committees are published on the corporate website at [www.scanwolf.com](http://www.scanwolf.com).

The Chairman of the relevant Board Committees reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

In general, the roles of Independent Non-Executive Directors are to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

Key matters reserved for the Board's approval include the annual business plan and budget, capital management and investment policies, authority limits / levels, risk management policies, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.





# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 1. Board Responsibilities (Cont'd)

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

The listing of the Board members and their attendance at Board and Board Committees' meetings held during the financial year under review are as tabulated below:

Name of Director	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee	Share Issuance Scheme Committee
Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir (appointed on 5 November 2021)	4/4	1/1	1/1	-	-
Dato' Dr Chew Chen Yee (appointed on 3 January 2022)	2/2	-	-	-	-
Dato' Tan Sin Keat	7/7	-	-	-	-
Dato' Cheong Chen Khan (appointed on 4 October 2021)	5/5	-	-	-	-
Mr. Ng Chee Wai	7/7	-	-	-	-
Mr. Khoo Kien Hoe (appointed on 5 November 2021)	4/4	3/3	1/1	2/2	-
Mr. Ow Kee Teik (appointed on 5 November 2021)	4/4	2/2	-	2/2	-
Mr. Lim Kian Huat (appointed on 3 January 2022)	2/2	2/2	-	1/1	-
Mr. Lau Tiang Hua (resigned on 5 November 2021)	3/3	-	-	-	-
Mr. Ong Sing Guan (resigned on 5 November 2021)	3/3	1/1	3/3	1/1	-
Mr. Liew Peng Chuen @ Liew Ah Choy (resigned on 5 November 2021)	3/3	1/1	3/3	1/1	-
Encik Saffie Bin Bakar (resigned on 17 December 2021)	5/5	2/2	4/4	2/2	-

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with, a Director of the Company must not hold directorships of more than five (5) Public Listed Companies and must be able to commit sufficient time to the Company.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of the Company and for notification to Companies Commission of Malaysia accordingly.

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.





## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 1. Board Responsibilities (Cont'd)

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

The training attended by the Directors during the financial year under review is as follows:-

Name of Director	Course Title	Date
Dato' Dr Chew Chen Yee	- Mandatory Accreditation Programme (MAP) - Branding Strategy by Action Business School	6- 8 April 2022 7-9 March 2022
Dato' Cheong Chen Khan	- Mandatory Accreditation Programme (MAP)	15 -17 February 2022
Dato' Tan Sin Keat	- Board Governance Management 2021	7 October 2021
Mr. Ng Chee Wai	- Bursa Malaysia Climate Change Thematic Workshop: Practical Steps in Measuring & Managing Greenhouse Gas (GHG) Emissions (Scope 1,2 & 3) - PWC Malaysia's Sustainability: Key Considerations and Impact on Businesses - Board Governance Management 2021 - Sustainability Thematic Workshop – Human Rights Issues in Businesses: Closing Gaps in Implementation and Reporting - Malaysia Tax Budget 2022	14 September 2021 30 September 2021 7 October 2021 2 November 2021 24 November 2021
Mr. Khoo Kien Hoe	- 2022 Budget Seminar - Seminar on "Compliance with Guidelines for the Reporting Framework for Beneficial Ownership of Legal Persons" - Service Tax, Sales Tax, GST & Customs Duties: Special Tax Incentives in 2022 – Voluntary Disclosure & Amnesty - Corporate Talk 2022: Introduction to ESG Reporting Under Companies Act 2016	25 November 2021 4 January 2022 15 February 2022 21 June 2022
Mr. Ow Kee Teik	- Linkk Busway Systems (M) Sdn Bhd Online Busduct Training Tutorial 1: Busduct Introduction & Specification - Mandatory Accreditation Programme (MAP) - Low Voltage System technical Sharing Distribution Board	28 July 2021 15 -17 February 2022 23 June 2022
Mr. Lim Kian Huat	- Mandatory Accreditation Programme (MAP)	15 - 17 March 2022

The NC will continue to evaluate and determine the training needs of its directors so as to enhance their skills to enable them to effectively discharge their duties as directors.

For Directors who did not attend any official training during the financial year under review, they enhanced their knowledge and kept abreast with the latest development on statutory and regulatory requirements from the briefings given by the Internal Auditors, External Auditors and the Company Secretaries from time to time during the Audit Committee and Board Meetings. They also enhanced their knowledge by focusing on business news and extensive reading of relevant business and regulatory materials. They actively seek advice and interact with the relevant professional personnel to enhance their skills and knowledge on specific area.





# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 1. Board Responsibilities (Cont'd)

#### 1.2 Chairman of the Board

The Board is led by a Independent Non-Executive Chairman supported by an experienced Board, comprising members with wide ranging experience in relevant fields such as general management, accounting and finance industry. The Chairman is responsible for leading the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.

He provides leadership and governance of the Board in order to create a conducive condition geared towards building and growing Directors' effectiveness and ensure that appropriate issues are discussed by the Board in a timely manner. As part of that role, Chairman ensures that no member dominates discussion and that appropriate discussions take place with relevant opinions among members forthcoming.

Other roles of the Chairman include leading the Board in the oversight of management, ensuring adequacy and integrity of the governance process and issues, maintain regular dialogue with top management over operational matters and seek opinion of fellow Board members over any matters that give cause for major concerns.

The Chairman is not a member of the ARMC, RC, NC and SIS.

#### 1.3 Separation of the position of Chairman and the CEO

The position of Chairman is held by Tan Sri Dato' Sri Haji Syed Zainal Abidin whilst the Company does not have Managing Director nor CEO.

There is clear division of responsibilities between the Chairman of the Board and the Executive Director. This division of responsibilities between the Chairman and the Executive Director ensures an appropriate balance of roles and responsibilities and accountability. The Chairman lead the Board to ensure its smooth and effective functioning.

The role of the Chairman has been outlined in Practice 1.2.

#### 1.4 Qualified and competent Company Secretary

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Bursa Malaysia Securities Berhad ("Bursa Securities") LR and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

#### 1.5 Access to information and advice

The Company Secretaries are competent, qualified and capable of providing the needful support to the Board in discharging its fiduciary duties.

The Company Secretaries, or their assistants, are present at all meetings to record deliberation, issues discussed and conclusions in discharging their duties and responsibilities and also provide advice in relation to relevant guides and legislations. Other roles of the Company Secretaries included coordinating the preparation of Board papers with Management, ensure Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving regulatory requirements.

The Directors, whether as full Board in their formal capacity, may upon approval from the Board seek independent advice when required, in furtherance of their duty, at the Group's expense.





## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 2. Demarcation of responsibilities

#### 2.1 Board Charter

The Board is guided by the Board Charter, which clearly sets out the respective roles and responsibilities, structure and process of the Board and Board Committee to ensure accountability. The Board Charter of the Company is available at the Company's website at [www.scanwolf.com](http://www.scanwolf.com). The Board will continue to perform periodic review on the Board Charter to ensure that it continues to be relevant and applicable as a reference to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company.

### 3. Good business conduct and corporate culture

#### 3.1 Code of Ethics and Conduct

The Company's Code of Conduct and Ethics for Directors will be used as a fundamental guiding principles and standard for the directors of Scanwolf Group when conducting their day to day business. The Code of Conduct and Ethics for Directors includes principles relating to corporate governance; conflict of interest; relationship with employees; shareholders and business partners; social responsibilities and environmental commitment; compliance with laws, rules and regulations and dealings in securities are available at the Company's website at [www.scanwolf.com](http://www.scanwolf.com).

#### 3.2 Whistleblowing Policy

We are committed to promoting a culture of honesty, ethical behavior and good corporate governance within the Group where the Directors, employees or any persons are encouraged to raise genuine concerns regarding suspected fraud, illegal conduct, wrongdoing and other malpractices at the earliest opportunity, and in an appropriate way.

The Company had set out a Whistleblowing Policy to delineate whistleblowing procedures as an independent feedback avenue for employees and stakeholders to raise matters of concern in good faith and without fear of reprisal should they require to use the available whistleblowing channels.

#### 3.3 Anti-Bribery & Corruption Policy

The Anti-Bribery & Corruption Policy had been established to prevent bribery and matters of corruption for. It is our policy to conduct all of our business in an honest and ethical manner, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. We take a zero-tolerance approach to Bribery and Corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

#### 3.4 Environmental, Social and Governance (ESG)

The Group recognizes that ESG is an important aspect of its business and positively takes on responsible practices that impact the society and the environment and set a culture of responsibility in all aspects of our business. The Group adopts a business approach to create shareholder value by managing risks arising from environmental, social developments and governance. The details of the sustainability activities have been disclosed in the Sustainability Statement within Annual Report.



## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II. BOARD COMPOSITION

#### 4. Board Objectivity

##### 4.1 Board composition

As at 30 June 2022, the Board members comprise 8 Directors of whom four (4) are Independent Non-Executive Directors, one (1) is Non-Independent Non-Executive Director and three (3) are Executive Directors. The Independent Directors constitute 50.0% of the Board. The Board composition also complies with the LR that requires a minimum of two (2) Directors or 1/3 of the Board, whichever is higher, to be Independent Directors.

Under the provision of the Company's Constitution, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

Brief profile of each Director is detailed under Profile of Directors in this Annual Report.

##### 4.2 The tenure of an independent director

The Board is mindful of the recommendation of the Code for the tenure of an Independent Director not exceed a cumulative or consecutive term of nine (9) years. However, an Independent Director who had exceeded the prescribed nine (9) years may continue to serve the Board subject to re-designation as Non-Independent Non-Executive Director. As at to-date, none of the Independent Directors have served on the Board for a cumulative or consecutive term of nine (9) years.

##### 4.3 Policy on the tenure of an independent director

The Board Charter limits the tenure of its Independent Directors to nine (9) years. In the event the Board intends to retain a Director as Independent Director after the latter has served a cumulative or consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at AGM.

##### 4.4 Diverse Board and Senior Management Team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

##### 4.5 Gender diversity

At present, the Company maintains a gender diversity policy which encapsulates the objectives, principles and measures of the Group's diversity culture. The Board is supportive in upholding gender diversity within the boardroom and the Management with due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates.

Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.

Notwithstanding the absence of female board member, the Group's female staff made up 24% of the total staff.

##### 4.6 Diverse sources for new candidate(s) for Board appointment

The Company has in place, its procedures and criteria for identifying candidates for appointment of directors. All candidates for appointment are first considered by the NC, taking into account the mix skills, competencies, experience, professionalism and other relevant qualities to manage the Company.





## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II. BOARD COMPOSITION (Cont'd)

#### 4. Board Objectivity (Cont'd)

##### 4.7 Nomination Committee

The NC comprised solely of Independent Directors and its present composition is as follows:

Chairman:	<p>Mr. Lim Kian Huat Independent Non-Executive Director (Appointed on 3 January 2022)</p> <p>Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir Independent Non-Executive Director (Appointed on 5 November 2021 and resigned on 3 January 2022)</p> <p>Mr. Liew Peng Chuen@ Liew Ah Choy Independent Non-Executive Director (Resigned on 5 November 2021)</p>
Members:	<p>Mr. Khoo Kien Hoe Independent Non-Executive Director (Appointed on 5 November 2021)</p> <p>Mr. Ow Kee Teik Independent Non-Executive Director (Appointed on 3 January 2022)</p> <p>Mr. Ong Sing Guan Independent Non-Executive Director (Resigned on 5 November 2021)</p> <p>Encik Saffie Bin Bakar Independent Non-Executive Director (Resigned on 17 December 2021)</p>

The NC would meet at least once annually with additional meetings convened on as and when needed basis.

During the financial year under review, key activities undertaken by the NC are summarised as follows:

- Reviewed Board structure, size and composition.
- Reviewed and assessed the Board of Directors mix of skills, experience and other qualities, including core competencies.
- Assessed effectiveness of the Board as a whole, the committees of the board, and the contribution of each individual director.
- Assessed the independence of the Independent Directors.
- Discussed the character, experience, integrity and competence of the Directors, chief executive or chief financial officer and ensured that they have the time to discharge their respective roles.
- Conducted annual assessment on Board, Board Committees and individual Directors.
- Discussed and recommended the re-election of Directors, as applicable at AGM.
- Deliberated and recommended to the Board the appointment of new directors.
- Established Share Issuance Scheme (SIS) committee and approved its term of references.

The TOR of the NC is published on the Company's website.



# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II. BOARD COMPOSITION (Cont'd)

#### 5. Board Assessment

##### 5.1 Overall Effectiveness of the Board and Individual Director

It is the responsibility of the NC for the overall board effectiveness evaluation process, which includes an assessment of the Board, Board Committees and individual Directors. The appraisal which was carried out through documented questionnaires that comprises quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee was being circulated at the Meeting for assessment.

The NC, upon conclusion of the exercise carried out on 29 August 2022, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. Additionally, Independent Directors were assessed to be objective in exercising their judgement.

### III. REMUNERATION

#### 6. Level and composition of Remuneration

##### 6.1 Remuneration Policy

It is vital for the Group to attract and retain Directors of the necessary calibre to run the Group successfully. The Group has established RC to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors and key Management personnel.

Procedures, such as establishing the remuneration framework of the Company, assessing and recommending the remuneration packages for Directors and Senior Management, and other relevant tasks are currently carried out by the RC prior to the necessary reporting to the Board. The RC recommends to the Board, the remuneration framework and package of the Executive Director, taking into consideration of the experience, level of responsibilities undertaken and the performance of each Executive Director. Directors' fees are recommended by the Board for approval by the shareholders of the Company at Annual General Meetings.

A remuneration policy in stipulating guidance over the administration of matters related to remuneration within the Company is in place.

The current remuneration policy of the Group is summarised as follows:

- a) The Directors' salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflects the performance of the director, skill, level and experience as well as responsibility undertaken.
- b) Fees and benefits payable to Non-Executive Directors are subject to approval by its shareholders at the AGM.
- c) Meeting allowance – All the Directors are entitled to a fixed amount of allowance paid in accordance with the number of meeting attended during the year.
- d) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.





## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### III. REMUNERATION (Cont'd)

#### 6. Level and composition of Remuneration (Cont'd)

##### 6.2 Remuneration Committee

The RC comprised solely of Independent Directors and its present composition is as follows:

Chairman:	<p>Mr. Ow Kee Teik Independent Non- Executive Director (Appointed on 5 November 2021)</p> <p>Encik Saffie Bin Bakar Independent Non-Executive Director (Redesigned to Member of Remuneration Committee on 5 November 2021) (Resigned on 17 December 2021)</p>
Members:	<p>Mr. Khoo Kien Hoe Independent Non-Executive Director (Appointed on 5 November 2021)</p> <p>Mr. Lim Kian Huat Independent Non-Executive Director (Appointed on 3 January 2022)</p> <p>Mr. Ong Sing Guan Independent Non-Executive Director (Resigned on 5 November 2021)</p> <p>Mr. Liew Peng Chuen@ Liew Ah Choy Independent Non-Executive Director (Resigned on 5 November 2021)</p>

The RC reviews and recommends matters relating to the remuneration of Board and Senior Management. The RC has established a written TOR to encompass authorities and duties of the RC. The said TOR is published on the Company's website at [www.scanwolf.com](http://www.scanwolf.com).

The key duties of the Remuneration Committee included the following:

- To determine and recommend to the Board the framework for the remuneration, in all forms, of the Executive Director and/or any other persons as the Committee is designated to consider by the Board, drawing from outside advice as necessary; and
- To implement/maintain a reward system for Executive Director based on individual performance and the Group's results. The following factors shall be taking into consideration in determining the quantum of remuneration: position and scope of work, long term objectives of the Group, complexities of Group activities, individual performance, length of service, experience and mark-to-market salary.





# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### III. REMUNERATION (Cont'd)

#### 7. Remuneration of Directors and Senior Management

##### 7.1 Details of Directors' remuneration

The details of the remuneration received and receivable by the Directors of the Company from the Company for the FYE 2022 are as follow:-

	Fee (RM)	Salaries (RM)	Company		Total (RM)
			Bonus (RM)	Others* (RM)	
<b>Executive Directors</b>					
Dato' Tan Sin Keat	30,000	340,500	14,188	149,560	<b>534,248</b>
Mr. Ng Chee Wai	30,000	240,000	10,000	131,173	<b>411,173</b>
Dato' Cheong Chen Khan (appointed on 4 October 2021)	22,500	-	-	2,500	<b>25,000</b>
<b>Independent Directors</b>					
Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir (appointed on 5 November 2021)	100,000	-	-	1,500	<b>101,500</b>
Mr. Khoo Kien Hoe (appointed on 5 November 2021)	20,000	-	-	2,000	<b>22,000</b>
Mr. Ow Kee Teik (appointed on 5 November 2021)	20,000	-	-	2,000	<b>22,000</b>
Mr. Lim Kian Huat (appointed on 3 January 2022)	15,000	-	-	1,000	<b>16,000</b>
Mr. Ong Sing Guan (resigned on 5 November 2021)	-	-	-	1,500	<b>1,500</b>
Mr. Liew Peng Chuen @ Liew Ah Choy (resigned on 5 November 2021)	-	-	-	1,500	<b>1,500</b>
Encik Saffie Bin Bakar (resigned on 17 December 2021)	15,000	-	-	2,500	<b>17,500</b>
<b>Non-Independent Directors</b>					
Dato' Dr Chew Chen Yee (appointed on 3 January 2022)	15,000	-	-	1,000	<b>16,000</b>
Mr. Lau Tiang Hua (resigned on 5 November 2021)	-	-	-	1,500	<b>1,500</b>
<b>Total</b>	<b>267,500</b>	<b>580,500</b>	<b>24,188</b>	<b>297,733</b>	<b>1,169,921</b>

\*Others refer to the Company's EPF, SOCSO and EIS contributions and allowances.





## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### III. REMUNERATION (Cont'd)

#### 7. Remuneration of Directors and Senior Management

##### 7.2 Details of top five senior management's remuneration on name basis

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors.

### IV. SHARE ISSUANCE SCHEME COMMITTEE ("SIS")

The composition of the SIS is as follows:-

Chairman:	Mr. Khoo Kien Hoe Independent Non-Executive Director (appointed on 14 December 2021)
Members:	Mr. Ow Kee Teik Independent Non-Executive Director (appointed on 14 December 2021)  Dato' Cheong Chen Khan Executive Director (appointed on 14 December 2021)  Mr. Ng Chee Wai Executive Director (appointed on 13 September 2021)  Mr. Teoh Teik Kean Human Resources Advisor (appointed on 14 December 2021)

The primary function of the SIS is to provide assistance to the Board in implementing and administering of the SIS of the Group.

The copy of Term of Reference of the SIS Committee is available on the Company's website at [www.scanwolf.com](http://www.scanwolf.com).

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE ("AC")

#### 8. Effective and independent Audit and Risk Management Committee

##### 8.1 The Chairman of the ARMC is not the Chairman of the Board

The ARMC of the Group comprises of three (3) Independent Non-Executive Directors. The Chairman of the ARMC is Mr. Khoo Kien Hoe who is an Independent Non-Executive Director whereas the Chairman of the Board is Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir. The composition of the ARMC is in compliance with Paragraph 15.09 and 15.10 of the Main Market Listing Requirement of Bursa Malaysia and MCGG where all the three (3) ARMC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.



# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

### I. AUDIT COMMITTEE ("AC") (Cont'd)

#### 8. Effective and independent Audit and Risk Management Committee (Cont'd)

##### 8.2 Policy requiring former key audit partner to observe 3-year cooling off period

As at to-date, the Company has not appointed any former audit partner as a member of the ARMC.

Nevertheless, the Board has updated its Board Charter to stipulate that no former key audit partner shall be appointed as a member of the ARMC unless he/she has observed a cooling-off period of at least three (3) years before the appointment.

##### 8.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

During the year, the ARMC conducted an annual assessment of the external auditors based on the following conditions:-

- the quality of audit procedures and work provided;
- the adequacy of experience, technical support and resources;
- the independence and objectivity of external auditors;
- the internal communication quality of external auditors with the Board and/or ARMC; and
- any other criteria deemed fit by the ARMC and/or the Board.

Furthermore, the external auditors provided a confirmation to the ARMC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

On 29 August 2022, an annual assessment on the suitability and independence of external auditors was conducted by the ARMC. The ARMC, having assessed the independence of external auditors as well as reviewed the level of non-audit services rendered by them for FYE 2022, was satisfied with their competency, suitability and independence. The ARMC has recommended their re-appointment to the Board, upon which shareholders' approval will be sought at the Sixteenth AGM.

In addition to the above, the ARMC meets with external auditors at least twice a year to discuss their audit plans, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. Also, the ARMC meets with the external auditors additionally whenever the need arises. Two discussion sessions between the ARMC and the external auditors were held on 13 September 2021 and 25 May 2022, respectively. Furthermore, the external auditor attends every annual general meeting whereby the financial statements of the company for a financial year are to be laid to respond according to his knowledge and ability to any question raised in regards to the financial statements' audit.

##### 8.4 Composition of the Audit Committee

The ARMC comprised solely of Independent Directors as the Board observes and values the independence of the ARMC.

##### 8.5 Diversity in skills of the Audit and Risk Management Committee

The members of the ARMC presently fulfills the requirement set out Paragraph 15.09 of the Bursa Securities Listing Requirements which stipulates the necessary skills and experiences required to be a member of the ARMC.

Within the current composition of the ARMC, majority of the ARMC members have the necessary financial, commercial expertise and capital markets skills, experience required to meet their responsibilities and provide an effective level of challenge to the Management. On an on-going basis, the ARMC members will participate in training and development sessions in order to ensure that the members are educated with the latest developments in accounting and auditing standards, guidelines and practices.





## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### 9. Effective risk management and internal control framework

##### 9.1 Effective risk management and internal control framework

On 13 September 2021, the Risk Management Committee was integrated with the existing Audit Committee to be known as Audit and Risk Management Committee. In order to be effective in discharging these responsibilities, the Board is assisted by the ARMC which functions as an oversight body to review controls and systems in general and to carry out on-going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation.

In addition to the abovementioned, the Board is supported by the Management in developing, implementing and monitoring practices for identifying and managing risks. This is added with the role of the Management to provide assurance that the necessary control practices are adhered and carried out accordingly based on stipulated policies and framework.

The key elements and overall state of the internal control and risk management framework of the Group have been disclosed accordingly within the Annual Report.

#### 10. Effective governance, risk management and internal control

##### 10.1 Effective of internal audit function

As disclosed within the TOR of the ARMC, one of the primary responsibilities of the ARMC is to administer the review and assessment of the Company's internal audit function.

The internal audit function is currently outsourced to an external professional firm/service provider who reports directly to the ARMC, i.e. by providing independent and objective reports on the state of internal control of the various operations within the Group and the extent of compliance on established policies and procedures.

On an annual basis, the ARMC carries out an assessment on the performance of the outsourced internal audit function and reports such assessment to the Board.

Details of the internal audit function and activities relevant to the discharge of the ARMC's responsibilities are set out in the Statement on Risk Management and Internal Control and the Audit and Risk Management Committee Report of the Company's Annual Report 2022.

##### 10.2 Disclosure on the internal audit function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system. The activities of the internal auditors during the financial year are set out in the Audit and Risk Management Committee Report in this Annual Report.

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

### I. COMMUNICATION WITH STAKEHOLDERS

#### 11. Continuous Communication between the Company and stakeholders

##### 11.1 Effective, transparent and regular communication with its stakeholders.

The Board believes that effective communication fosters better understanding of the Group's objectives and financial performance. In order to promote effective communication with the Company's stakeholders, information/results are made available through timely announcements and disclosure, executed via the Bursa Securities website, the Company's webpage, press releases and annual reports in line with the disclosure requirements of LR.



# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

### I. COMMUNICATION WITH STAKEHOLDERS (Cont'd)

#### 11. Continuous Communication between the Company and stakeholders (Cont'd)

##### 11.1 Effective, transparent and regular communication with its stakeholders. (Cont'd)

Additionally, the Company emphasises on providing a principal platform for dialogue and interactions with stakeholders, i.e. primarily its shareholders, through its Annual General Meeting. The Annual General Meeting serves as a principal forum for dialogues with individual shareholders as it provides shareholders the opportunity to ask questions about the proposed resolutions or about the Company's operations in general.

##### 11.2 Integrated Reporting

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

### II. CONDUCT OF GENERAL MEETINGS

#### 12. Encourage Shareholder Participation at General Meetings

##### 12.1 Notice for an Annual General Meeting

The notice to the upcoming AGM in 2022 has been provided more than twenty-eight (28) days in advance to enable stockholders to make adequate preparation.

##### 12.2 All directors to attend General Meetings

All the Directors of the Company attend General Meetings in order to engage directly with shareholders and to take up any relevant questions which are related to matters that fall under the purview of the Board Committees or Board, unless unforeseen circumstances preclude them from attending General Meetings.

All Directors attended the Fifteenth Annual General Meeting (AGM) of the Company held on 26 November 2021.

The shareholders present at the AGM were invited to ask questions about the resolutions being proposed at the AGM before putting them to vote by poll.

##### 12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

The Company's general meetings are major avenues of communication with its shareholders. The annual general meeting and extraordinary general meeting are platforms for shareholders' engagement with the Bank's Directors and Senior Management.

Arising from the COVID-19 pandemic, The Company held its fully virtual Annual General Meeting on 26 November 2021. The Company tapped on digital infrastructure to facilitate live streaming of the Company's 15<sup>th</sup> Annual General Meeting as well as online remote participation and online voting by its shareholders. This allowed the Company's Directors to continue to engage effectively with its shareholders, despite the restriction on physical social contact.

### Compliance Statement

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to create trust and confidence amongst stakeholders.

The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the Code has been applied and obligation are fulfilled under the Code and LR of Bursa Securities. The Board will continue to strive for sound standards of corporate governance throughout the Group.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 19 October 2022.



# Sustainability Statement



The Group recognises that sustainability is important for securing long term environmental, economic and social benefits. Sustainability management should be part of our corporate culture and as we weave sustainability into our daily operational activities, everyone in the group shall have the opportunity to make a sustained and meaningful contribution.

## Overview and Scope of Sustainability

Our Group aims to improve stakeholder value whilst maintaining our obligations to conduct business in a socially and environmentally responsible manner.

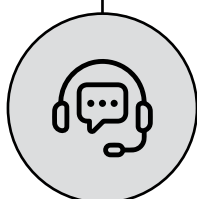
Our overall sustainability framework comprises three main pillars: economic, environmental and social.



## Stakeholder Engagement

We recognize that stakeholders play an important role in a company's long term success. We interact with stakeholders to identify and respond to their respective concerns. Engagement with our stakeholders not only provides us with insight, but also enables us to build stronger relationships through meaningful dialogue where concerns are properly addressed accordingly. Our stakeholders include suppliers, customers, employees, shareholders and government.

### Stakeholder Engagement



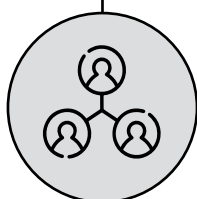
#### CUSTOMERS

Engagement Methods	Frequency
<ul style="list-style-type: none"><li>• Customer feedback by email</li><li>• Individual meeting by virtual</li><li>• Market analysis &amp; trend by email</li></ul>	<ul style="list-style-type: none"><li>• Regularly</li></ul>



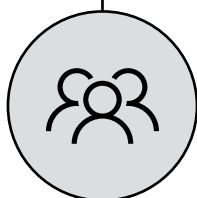
#### REGULATORS / GOVERNMENT

Engagement Methods	Frequency
<ul style="list-style-type: none"><li>• Licensing, inspection and auditing</li><li>• Compliance to the rules and regulations</li></ul>	<ul style="list-style-type: none"><li>• Regularly</li><li>• Yearly</li></ul>



#### SUPPLIERS

Engagement Methods	Frequency
<ul style="list-style-type: none"><li>• Regular evaluation to conform to ISO standard</li><li>• Meeting with suppliers</li><li>• In-person meeting</li></ul>	<ul style="list-style-type: none"><li>• Regularly</li><li>• Yearly</li></ul>



#### EMPLOYEES

Engagement Methods	Frequency
<ul style="list-style-type: none"><li>• Provide comprehensive benefits</li><li>• Employee performance appraisal</li><li>• Trainings</li></ul>	<ul style="list-style-type: none"><li>• Regularly</li><li>• Monthly</li><li>• Yearly</li></ul>



#### SHAREHOLDERS / INVESTORS

Engagement Methods	Frequency
<ul style="list-style-type: none"><li>• Annual general meeting</li><li>• Quarter announcement</li></ul>	<ul style="list-style-type: none"><li>• Regularly</li><li>• Quarterly</li></ul>







## Assessment of Material Matters

The Group was able to refine material sustainability matter that are relevant to the Group's business operations and impact to our stakeholders in accordance with importance, relevance and impact and the materiality matrix is presented as follows:



## Economic, Environmental and Social

### 1.0 Economic

#### 1.0 Corporate Governance

Scanwolf ("the Group") is committed to maintain a high standard of code of conduct and business ethics to create an environment of mutual trust whilst increasing the confidence of our stakeholders, shareholders and most importantly, the public at large. The Group adopted the Code of Conduct and Ethics for Directors as a guide for all Directors to conduct business ethically and sustainably.

All Directors and employees must comply with all applicable anti-bribery and anti-corruption laws and regulations including the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption (Amendment) Act 2018 (collectively "the MACCA"), and any other laws, regulations, rules, guidelines and/or directives in regards to our conduct both in Malaysia and abroad. Scanwolf takes zero-tolerance approach towards bribery and corruption, and is committed to promoting a culture of honesty, ethical behavior and good corporate governance within the Group.

The Group has also in place a Whistleblowing policy to facilitate the reporting of unethical and improper business conducts that would affect the interest of the Group and its stakeholders.

#### 1.1 Product

The Group is committed to delivering safe, reliable and high-quality products to ensure that all the products meet customers' expectations. We always listen and understand the needs of customers.



## Economic, Environmental and Social (Cont'd)

### 1.0 Economic (Cont'd)

#### 1.1 Product (Cont'd)

The Group is committed to delivering safe, reliable and high-quality products to ensure that all the products meet customers' expectations. We always listen and understand the needs of customers.

Meanwhile, we continuously drive innovation in technology which integrates environmental considerations into our process of product vital in this changing environment to improve efficiency and reduces wastages, electricity and water.

Scanwolf is ISO 9001:2015 certified on quality management system on our products through extrusion process. Our Group's products which are sold in overseas with metal testing from SGS to ensure that our component parts are safe, reliable and meet stringent regulatory standards.



### 2.0 Environment

#### 2.0 Waste Management

We are committed to making continuous improvements in the management of our environmental impact and to the longer term goal of developing a sustainable business. In this respect, we undertake to ensure the effective use of natural resources and improve quality of life by promoting corporate social responsibility.

Our factories have been put in place to reuse and recycle waste products. For materials or wastes that could not be reused or recycled, the Group has appointed government approved waste contractors to dispose of such wastes.

The Group ensures that all hazardous materials or wastes such as ink and solvents are to be stored in safe places and disposed by authorized collector which has been approved by Department of Environment under Environmental Quality Act 1974.

In preserving the waste and environment: -

- Employees are encouraged to practice 3R (Reduce, Reuse and Recycle).
- Light-emitting diode (LED) lights are used throughout our production facilities to save energy.

In preserving the waste and environment: - (Cont'd)

- Most of the forklifts used in production facilities are which utilize rechargeable batteries with no emissions of carbon dioxide.
- Turn off lights and air-conditioning in our office building during lunch hours or when unnecessary.

#### 2.1 Compliance

Scanwolf has always been committed to comply with the legal and regulatory requirements of the Department of Environment, Malaysia and other regulators and authorities. Environmental protection measures and considerations have long been embedded in our plant and manufacturing processes and day to day operations.





## Economic, Environmental and Social (Cont'd)

### 3.0 Social

Scanwolf has always believed in the need to strike a balance between profitability and fulfilling its social responsibilities.

#### 3.1 Workforce Diversity and Equal Opportunity

The Group is committed to promote equality and diversity in the workplace. Scanwolf welcomes talented employees as we believe that the skill, expertise and work ethic of the employees are the attributes that will ultimately determine their success within the Group. We will recruit, employ and promote employees solely on meritocracy and endeavour to support fair practices in the workplace and equal opportunities in employment for all. The Group does not practice any form of gender, age and ethnicity discrimination.

#### 3.2 Employee Development

Employees are the most valuable assets in our company. We actively create opportunities for our employees to develop and realise their true potential through formal and informal training opportunities, whether on the job or outside the job. The following is the training attended by the employees during the year:

Date	Topics
07 February 2022	ISO 14001: 2015 Consulting and Training Project
26 March 2022	Seminar Pengurusan Sumber Manusia
27 June 2022	Seminar Pengurusan Penggajian Pekerja & Cabaran Kerjaya

#### 3.3 Employee Welfare

Various programs have also been organised by the Group for the benefit of its employees such as festive celebrations and team building which encourage employees to mingle and interact with one another in order to foster team spirit and build a closer working relationship. Our Group also provides health and medical insurance for all the permanent staff.

#### 3.4 Safety and Occupational Health Management

Workplace safety is always a top priority for our Company. We have in place an occupational safety and health policy that highlight our commitment.

- To provide and maintain our working system in safety and healthy environment.
- To ensure all employees being brief, trained and supervised in the way of doing job as accordance to safety procedure and risk free.
- To investigate all workplace accident, illness, potential threat and to take necessary preventive actions from time to time.
- To obey all requirements under the Act of Occupational Safety & Health 1994.
- To provide safety training to the employees.
- To provide safety equipment to the employees.

Our Group is committed to provide a safe and healthy workplace for all the employees and others. Our Group had implemented preventive approaches that are consistent with Ministry of Health ("MOH") guidelines to prevent the spread of COVID-19 in the workplace. All the employees have been fully vaccinated.

#### 3.5 Community

We had made various social investment including donations, contribution, or sponsorships to the local communities during this financial year.



# Statement on Risk Management and Internal Control

## Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad Main Market Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their risk managements and internal controls. The Bursa Malaysia Securities Berhad's "Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers" provides guidance for compliance with these requirements.

The Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidance, is set out below.

## Responsibility

The Board affirms their responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets.

The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

## Risk Management

The Board regards risk management as an integral part of the Group's business operations. These include business risk, strategy risk, operational risk and financial risk.

During the financial year under review, the identified risks were discussed at management and controls were developed to mitigate such risk identified. Further the internal auditors have also identified operational risks and have recommended the remedial controls to counter the risk identified. All these findings were escalated to the Board for further discussion during the board meetings. The directors were also brought up those unidentified risks which they felt were significant for management's consideration and action. The Board is of the opinion that the risk management practices during the financial year under review were sufficient to meet the group's risk objectives and risk appetite.

## Anti-Bribery Management Systems

Our Group has implemented policies and procedures in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into effect on 1 June 2020. The policies and procedures in place are communicated to relevant parties to mitigate the possibility of the occurrence of bribery and corruption acts and potential resulting impact arising therefrom.

## Internal Control

The outsourced internal auditors have assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks pursuant to the audit plan as approved by the Audit Committee, and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports together with the internal auditors and report to the Board on the adequacy and effectiveness of the Group's system of internal control.





## Internal Control (Cont'd)

For the financial year under review, the Board is satisfied with the adequacy of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified.

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

- Organization structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- The executive directors and the senior management would discuss the possible risk areas on the Group's operational and management issues as and when necessary.
- The executive directors oversee the Group's operations and internal controls and report to the Board on the key risks.
- The Audit Committee meets on a quarterly basis or as and when required to discuss on matters besides the quarterly announcements which are significant to the Group's operation.
- All major decisions are subject to detailed appraisal and review by the Board.
- The Board receives and reviews quarterly reports from management covering the financial performance and key business indicators of various business operating units.

## Review of Effectiveness

The Board has relied on the executive directors and the Chief Financial Officer to ensure that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board is of the view that the risk management and internal control system is satisfactory and that there were no materials internal control failures which had resulted in material losses or contingencies during the financial year under review.

## Review by External Auditors

In accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 30 June 2022 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board adopted in the review of adequacy and integrity of internal controls of the Company.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 19 October 2022.



# Audit and Risk Management Committee Report

## Audit and Risk Management Committee

### Chairman

Mr. Khoo Kien Hoe (Independent Non-Executive Director)  
(Appointed on 5 November 2021)

Mr. Ong Sing Guan (Independent Non-Executive Director)  
(Resigned on 5 November 2021)

### Members

Mr. Ow Kee Teik (Independent Non-Executive Director)  
(Appointed on 3 January 2022)

Mr. Lim Kian Huat (Independent Non-Executive Director)  
(Appointed on 3 January 2022)

Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir (Independent Non-Executive Director)  
(Appointed on 5 November 2021 and Resigned on 3 January 2022)

Mr. Liew Peng Chuen@ Liew Ah Choy (Independent Non-Executive Director)  
(Resigned on 5 November 2021)

Encik Saffie Bin Bakar (Independent Non-Executive Director)  
(Resigned on 17 December 2021)

### Introduction

The Audit and Risk Management Committee ("ARMC") of Scanwolf Corporation Berhad is pleased to present the ARMC Report for the financial year ended 30 June 2022 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The primary objective of the ARMC is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting process and system of internal control.

The ARMC has adopted practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

### Meeting and Attendance

The ARMC held 4 meetings during the financial year ended 30 June 2022, the attendance record of the Committee members are as follows:-

Name of Committee Members	Attendance
Mr. Khoo Kien Hoe (Appointed on 5 November 2021)	3/3
Mr. Ow Kee Teik (Appointed on 3 January 2022)	2/2
Mr. Lim Kian Huat (Appointed on 3 January 2022)	2/2
Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir (Appointed on 5 November 2021 and Resigned on 3 January 2022)	1/1
Mr. Ong Sing Guan (Resigned on 5 November 2021)	1/1
Mr. Liew Peng Chuen @ Liew Ah Choy (Resigned on 5 November 2021)	1/1
Encik Saffie Bin Bakar (Resigned on 17 December 2021)	2/2





## Duties and Responsibilities

The duties and responsibilities of the ARMC included the following:-

- (a) in respect of external auditors:
  - to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
  - to consider the nomination of a person or persons as external auditors and to determine the audit fee;
  - to consider any questions of resignation or dismissal of external auditors; and
  - to conduct annual assessment on the suitability, objectivity and independence of the external auditor through established policies and procedures.
- (b) to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
  - to discuss problems and reservations arising from the audit with the auditors, without Key Senior Management presence, if necessary;
  - to review the external auditors' Key Senior Management letter and Key Senior Management's response;
  - to review the audit plan;
  - to discuss with the external auditors their evaluation of the system of internal controls;
  - to discuss with the external auditors their audit report; and
  - to review the assistance given by the employees of the Company to the external auditors.
- (c) to review the quarterly and year-end financial statements and focus on:
  - financial reporting process, detection of financial irregularities, to ascertain that the financial statements are consistent with operational information;
  - any changes in or implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgments made by Key Senior Management, significant and unusual events or transactions, and how these matters are addressed; and
  - compliance with accounting standards and other legal requirements.
- (d) to report to the Board all pertinent issues which are necessary to be reported or on any key issues affecting the Group;
- (e) to perform the following duties in relation to the internal audit function:
  - review the adequacy of the scope, function, budget, competency, resources and authority necessary to carry out the work and that it reports directly to the ARMC;
  - review the internal audit plan, processes and results of the internal audit assessments, investigation undertaken and ensure that appropriate action is taken on the recommendations;
  - review and appraise the performance of the internal audit function;
  - approve the appointment and termination of internal auditor;
  - review the resignations of internal auditor and give them the opportunity to submit reasons for their resignations; and
  - review the follow-up actions by Key Senior Management on the weaknesses of internal accounting procedures and controls as highlighted by the internal auditors.
- (f) to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Key Senior Management integrity;
- (g) consider major findings of internal investigations and Key Senior Management's response;
- (h) to review the Group's risk Key Senior Management and internal control;
- (i) to promptly report such matter to Bursa Securities if the ARMC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- (j) to verify the allocation of options during the year if any, under the Company's Share Issuance Scheme ("SIS") to ensure that this was in compliance with the allocation criteria determined by the SIS committee and in accordance with the By-Laws of the SIS; and
- (k) to perform any other work as may be directed by the Board from time to time.





# Audit and Risk Management Committee Report (Cont'd)

## Summary of Activities of the Audit and Risk Management Committee

For the financial year ended 30 June 2022, the ARMC had carried out the following activities in the discharge of its duties and responsibilities:-

- (1) Met with the external auditors twice in the absence of Management to discuss on any significant audit issues which may have arisen in the course of their audit of the Group.
- (2) Reviewed and approved the Directors' Report and Audited Financial Statements from the external auditors in respect of their audit of the Group for the financial year ended 30 June 2022.
- (3) Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the Main Market Listing Requirements ("MMLR"), applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval.
- (4) Reviewed the Audit Planning Memorandum prepared by external auditors in relation to the audit on the Group's financial statements for the financial year ended 30 June 2022.
- (5) Reviewed the Internal Audit Plan prepared by internal auditors for the financial year ended 30 June 2023.
- (6) Reviewed and discussed the effectiveness of the Group's risk management and internal control system.
- (7) Reviewed and discussed the quarterly financial presented by the Management, including monitoring the progress on long outstanding debts and banking facilities.
- (8) Reviewed the Group's Related Party Transaction and Recurrent Related Party Transaction at every quarterly meeting.
- (9) Appraised and evaluated the performance of external auditors. The ARMC was satisfied with the performance of the external auditors and recommended them to the Board for their re-appointment.
- (10) Appraised and evaluated the internal audit function of the Company and to discuss the internal audit function which include the following:-
  - (i) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
  - (ii) the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

The ARMC had reviewed the internal audit function and was satisfied with the performance of the Internal Auditors.

## Summary of Activities of the Internal Audit Function

The Group has outsourced its internal audit function to Messrs Finfield Corporate Services Sdn. Bhd., a professional company specializing in providing internal audit services.

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2022 was RM19,882.

The detail of internal audit functions during the period under review is stated in the Statement on Risk Management and Internal Control of this Annual Report.

During the financial year ended 30 June 2022, the Internal Auditors carried out the internal audit work for the Group reviews on the internal procedures of inventory management and inventory holding, revenue, account receivables and collection. The internal audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the ARMC. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the ARMC and discussed at the ARMC meetings. Follow-up reviews would be subsequently performed to ascertain the extent of implementation of the recommended corrective action for improvements.

## Terms of Reference of the Audit and Risk Management Committee

The terms of reference of the Audit and Risk Management Committee is made available on the Company's website at [www.scanwolf.com](http://www.scanwolf.com).



# Statement of Directors' Responsibility for Preparing Financial Statements



The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at the end of the financial year and of the financial performance and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2022, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with Companies Act 2016.

The Directors approved the financial statements for the year ended 30 June 2022 on 19 October 2022.



# Additional Compliance Information

## 1. Utilisation of Proceeds

The Company had raised RM10,497,120 cash ("Proceeds") via its Renounceable Rights Issue of up to RM10,497,120 nominal value of 5-year 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") on the basis of 2 ICULS for every 2 existing ordinary shares in Scanwolf Corporation Berhad, together with up to 52,485,600 free warrants ("Warrants") on the basis of 1 Warrants for every 2 ICULS subscribed ("Rights Issue"). The Rights Issue exercise was completed on 09 August 2021. The status of utilisation of proceeds raised from Right Issue of ICULS with Warrants is as follows:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Net (RM'000)
Capital expenditure	3,680	1,740	#1,940
Repayment of bank borrowings	3,000	3,000	
Working capital	2,967	4,907	\$(1,940)
Estimated expenses in relation to the Proposals	850	850	
<b>Total</b>	<b>10,497</b>	<b>10,497</b>	<b>-</b>

# the balance of the unutilised proceeds for capital expenditure had been reclassified and utilised as working capital purposes.

On 12 April 2022, the Company completed the listing of 17,461,010 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM0.5445 per share and total proceeds of RM9.5 million was received from the said placement. As at 30 June 2022, the status of utilisation of proceeds raised from private placement is as follows:

Purposes	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Capital expenditure	4,600	1,270	3,330	Within 12 months
Purchase of raw materials for Stone Plastic Composite production	2,000	-	2,000	Within 12 months
Working capital	2,707	2,707	-	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	200	200	-	Within 1 month
<b>Total</b>	<b>9,507</b>	<b>4,177</b>	<b>5,330</b>	

## 2. Audit and Non-audit Fees Paid to External Auditors

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group for the financial year ended 30 June 2022 by PKF and/or their affiliates are as follows:-

	Company (RM)	Group (RM)
Audit services rendered by PKF	27,000	103,000
Non-audit services rendered by PKF and their affiliates for:- Review of Statement on Risk Management and Internal Control	10,000	10,000





### 3. Material Contracts Involving Directors, Chief Executive or Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, Chief Executive who is not a director or major shareholders, either still subsisting as at 30 June 2022 or entered into since the end of the previous financial year.

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

There was no recurrent related party transaction of revenue or trading nature during the financial year ended 30 June 2022.

### 5. Shares Issuance Scheme

During the financial year ended 30 June 2022, the Company had established and implemented of a share issuance scheme of up to fifteen per cent (15%) of the total number of issued Scanwolf shares (excluding treasury shares, if any) for the eligible Directors and employees of the Company and its subsidiaries, to subscribe for the new ordinary shares in the Company ("Options") under the Company's Shares Issuance Scheme ("SIS"). The duration of the SIS is five (5) years expiring on 30 March 2027. Further information on the SIS is set out in the Directors' Report and Annual Audited Financial Statements for the financial year ended 30 June 2022 on pages 51 to 52 and 106 to 107.

Brief details on the number of SIS Options granted, exercised and outstanding since commencement on 31 March 2022 to 30 June 2022 are set out in the table below:-

	Eligible Director ('000)	Eligible Employees ('000)	Total ('000)
Number of SIS Options granted	11,800	13,270	25,070
Number of SIS Options exercised	-	-	-
Number of SIS Options outstanding as at 30 June 2022	11,800	13,270	25,070

Percentage of options applicable to Directors under the SIS since the commencement of SIS up to financial year ended 30 June 2022:

Directors	Since the commencement of the SIS up to financial year ended 30 June 2022
Aggregate maximum allocation	70%
Actual percentage granted	47%



# Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

## Principal activities

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

## Results

	Group RM	Company RM
Loss for the financial year	<u>17,073,959</u>	<u>14,007,186</u>

## Reserves and provisions

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

## Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any final dividend for the financial year ended 30 June 2022.

## Directors

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Tan Sin Keat

Ng Chee Wai

Dato' Cheong Chen Khan

Khoo Kien Hoe

Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir

Ow Kee Teik

Dato' Dr Chew Chen Yee

Lim Kian Huat

Lau Tiang Hua

Liew Peng Chuen @ Liew Ah Choy

Ong Sing Guan

Saffie Bin Bakar

- Appointed on 4 October 2021

- Appointed on 5 November 2021

- Appointed on 5 November 2021

- Appointed on 5 November 2021

- Appointed on 3 January 2022

- Appointed on 3 January 2022

- Resigned on 5 November 2021

- Resigned on 5 November 2021

- Resigned on 5 November 2021

- Resigned on 17 December 2021

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Tan Yann Kang





## Directors' interests in shares

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 30 June 2022 as recorded in the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia, were as follows:

	Balance as at 30.6.2021	Number of Ordinary Shares		Balance as at 30.6.2022
		Bought	Sold	

### In the Company

#### Direct interest

Dato' Tan Sin Keat	3,177,781	4,549,400	-	<b>7,727,181</b>
Ng Chee Wai	3,190,000	3,990,000	-	<b>7,180,000</b>
Ow Kee Teik	-	650,000	-	<b>650,000</b>

#### Other shareholdings in which directors are deemed to have interest

Dato' Tan Sin Keat	1,000,000	-	-	<b>1,000,000</b>
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	Balance as at 30.6.2021	Number of Share Issuance Scheme("SIS")		Balance as at 30.6.2022
		Granted	Exercised	

Dato' Tan Sin Keat	-	6,000,000	-	<b>6,000,000</b>
Ng Chee Wai	-	5,800,000	-	<b>5,800,000</b>

The other directors in office at the end of the financial year do not hold any interest in the ordinary shares of the Company and its related corporations during the financial year.

## Directors' benefits

Since the end of previous financial year, no director of the Company have received nor become entitled to receive any benefit (other than a benefit included in aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## Directors' remuneration and fee

Directors' remuneration of the Group and of the Company amounted RM4,722,564 and RM4,583,191 as disclosed in Note 4 to the financial statements.

Directors' fee of the Group and of the Company are amounted to RM267,500 as disclosed in Note 4 to the financial statements.





# Directors' Report (Cont'd)

## Indemnity and insurance for Directors, officers and auditor

There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

## Issue of shares and debentures

The Company increased its share capital from 105,752,100 ordinary shares to 196,191,510 ordinary shares by issuance of additional 90,439,410 ordinary shares by:

- i) issuance of 72,978,400 shares for RM0.10 each for cash pursuant to the Company's Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at exercise price of RM0.30 per share during the financial year; and
- ii) private placement of 17,461,010 new ordinary shares at an issue price of RM0.55 per Placement Share amounted to RM9,507,520.

The newly issued ordinary shares rank pari-passu in all respects with the existing shares of the Company.

There were no debentures issued during the financial year.

## Options granted over unissued shares

Options were granted to take up unissued shares of the Company during the financial year as follows:-

### Share Issuance Scheme ("SIS")

The salient features of the SIS is disclosed in Note 19 (d) to the financial statements.

Date of offer	Exercise price	Number of options over ordinary shares			
		As at 1.7.2021	Granted	Exercised	As at 30.6.2022
31 March 2022	-	-	25,070,000	-	25,070,000

There were 11,800,000 options granted to Directors of the Company. There were 13,270,000 options granted to the subsidiaries during the financial year.

There were no shares been exercised during the financial year end.

## Other statutory information

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

- (i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that provision had been made for doubtful debts; and
- (ii) any current assets which were unlikely to be realise in the ordinary course of business have been written down to an amount which they might be expected so to realise.





## Other statutory information (Cont'd)

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

- (i) which would render the amount written off for bad debts or necessitate the provision for doubtful debt; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

No contingent liability 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 abilities of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Significant events

Details of significant events during the financial year is disclosed in Note 31 to the financial statements.

## Auditors

The auditors, Messrs PKF PLT (202206000012 (LLP0030836-LCA) & AF0911), have indicated their willingness to continue in office.

PKF PLT (202206000012 (LLP0030836-LCA) & AF0911) have been converted from a conventional partnership, PKF (AF0911), to a limited liability partnership on 28 February 2022.

The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2022 amounted to RM103,000 and RM27,000 respectively.

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

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DATO' TAN SIN KEAT

---

NG CHEE WAI

Kuala Lumpur

28 October 2022



# Statement By Directors

Pursuant to Section 251(2) of the Companies Act, 2016 in Malaysia

In the opinion of the Directors, the accompanying financial statements as set out on pages 59 to 128 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 positions of the Group and of the Company as at 30 June 2022 and of their financial performances and their cash flows for the financial year ended on that date.

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

DATO' TAN SIN KEAT

NG CHEE WAI

Kuala Lumpur

28 October 2022

## Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016 in Malaysia

I, NG CHEE WAI, being the Director primarily responsible for the financial management of SCANWOLF CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 59 to 128 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by the )  
above-named at Kuala Lumpur in Wilayah )  
Persekutuan on 28 October 2022 )

\_\_\_\_\_  
NG CHEE WAI  
(MIA No. 23200)

Before me,

\_\_\_\_\_  
COMMISSIONER FOR OATHS



# Independent Auditors' Report

To The Member of Scanwolf Corporation Berhad



## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of SCANWOLF CORPORATION BERHAD, which comprise the statements of financial position as at 30 June 2022 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 59 to 128.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the financial year ended 30 June 2022 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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (i) Going concern of the Group and the Company

(Refer to Notes 1(c) to the financial statements)

The Group and the Company incurred a net losses of RM17,073,959 and RM14,007,186 respectively during the financial year. In addition, the Group's significant subsidiaries have reported losses, net current liabilities and low cash reserve during the financial year.

In assessing the going concern assumption used in the preparation of the financial statements of the Group, management has considered the repayment obligations for borrowings, other liabilities and cost overheads which are due in the next 12 months, taking into consideration the ability of the Group to generate sufficient cash flows from its existing demand and supply and upcoming committed orders.

We considered this as an area of audit focus due to the significant degree of judgements and estimates used by management in arriving at the cash flow forecast.

Our procedures included:

- a) Inquired management as to its knowledge of events or conditions beyond the period of management's going concern assessment;
- b) Evaluated management's going concern assessment that covers twelve months from the date of financial statements through review of the cash flow forecast;
- c) Assessed the reasonableness of the management's key assumptions used and judgements exercised on its cash flow forecast;



# Independent Auditors' Report (Cont'd)

To The Member of Scanwolf Corporation Berhad

## Key Audit Matters (Cont'd)

### (i) Going concern of the Group and the Company (Cont'd)

Our procedures included: (Cont'd)

- d) Performed sensitivity test for a range of reasonable possible scenarios; and
- e) Considered the completeness and accuracy of disclosure in the financial statements.

### (ii) Impairment of property, plant and equipment and right-of-use assets

(Refer to Notes 1(d)(iii), 2(g)(ii), 10 and 11 to the financial statements)

Certain subsidiaries of the Group have reported net current liabilities, losses during the financial year. These are indications that impairment might have occurred on the carrying amount of the property, plant and equipment and right-of-use assets of RM37,342,149 and RM3,577,353 respectively as at 30 June 2022.

According to MFRS 136, Impairment of Assets, the Group shall assess at the end of each reporting date whether there is any indication that the assets may be impaired. If indicator of impairment exists, the assets' recoverable amount is compared with their carrying amount. The recoverable amounts are determined by cash flow projection of the respective cash-generating unit ("CGU") to support the value-in-use calculation.

The cash flow projection is based on assumptions using management's estimation and judgement which is inherently uncertain.

The Management has performed an impairment review and concluded that there is no impairment in respect of the property, plant and equipment and right-of-use assets as their recoverable amounts were higher than their carrying amounts.

Additional information on the impairment review is disclosed in Note 10 and 11 to the financial statements.

We focused on this area due to the nature of judgements and assumptions made by management in determining whether there is any impairment that has occurred.

Our procedures included:

- a) Assessed the methodology adopted and the mathematical accuracy of the discounted cash flow forecast calculations;
- b) Reviewed the cash flow forecast prepared and approved by the management;
- c) Assessed the reasonableness of the management's key assumptions used and judgements exercised on its discounted cash flow forecast such as revenue growth rate, profit margins and discount rates; and
- d) Considered the completeness and accuracy of disclosures in the financial statements.

### (iii) Recoverability on amount due from subsidiaries

(Refer to Notes 2(g)(i) and 15 to the financial statements)

The gross carrying amount of the amount due from subsidiaries amounted to RM5,575,944. The Company carries significant amount due from subsidiaries which subject to a high credit risk exposure.

The Director has carried out the assessment using MFRS 9, expected credit losses ("ECL") steps, by considering the risk of probability of default, loss given default and exposure at default, of the subsidiaries. Hence, additional impairment of the amount owing by subsidiaries amounted approximately RM720,000 has been made in the Company's financial statements.



# Independent Auditors' Report (Cont'd)

To The Member of Scanwolf Corporation Berhad



## **Key Audit Matters (Cont'd)**

### **(iii) Recoverability on amount due from subsidiaries (Cont'd)**

Due to the difficulties in assessing the recoverability of amount owing by subsidiaries, we consider the estimation and judgement made by the Directors to be an area of audit focus.

Our procedures included:

- a) Assessed and tested reasonableness of the Company's ECL assessment, and key assumptions made by management; and
- b) Assessed whether financial statements disclosures are adequate and appropriately reflect the Company's exposure to credit risk, arising from subsidiary companies.

## **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 Management Discussion and Analysis, Risk Management and Audit Committee Report, and Statement on Risk Management and Internal Control in Relation to the Financial Statements and Directors' 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 financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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

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





# Independent Auditors' Report (Cont'd)

To The Member of Scanwolf Corporation Berhad

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

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

- 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 and the Company's ability to continue as going concerns. 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 and the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 safeguard applied.

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

## **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 contents of this report.

PKF PLT  
202206000012 (LLP0030836-LCA) & AF0911  
CHARTERED ACCOUNTANTS

NGU SIOW PING  
03033/11/2023 J  
CHARTERED ACCOUNTANT

28 October 2022



# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2022



	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	3 (a)	<b>39,217,438</b>	48,808,077	<b>720,000</b>	720,000
Other operating income	3 (b)	<b>1,447,928</b>	196,880	<b>92</b>	-
Changes in inventories of completed projects		<b>(1,895,382)</b>	(8,599,133)	-	-
Changes in inventories of finished goods and work in progress		<b>246,368</b>	225,147	-	-
Raw materials and consumables used		<b>(24,543,516)</b>	(21,539,120)	-	-
Changes in inventories of trading merchandise		<b>(972,492)</b>	(873,455)	-	-
Employee benefits expenses	4	<b>(16,166,111)</b>	(7,360,048)	<b>(9,146,688)</b>	(1,012,470)
Depreciation		<b>(3,521,721)</b>	(3,292,102)	-	-
(Allowance)/ Reversal for expected credit losses		<b>26,395</b>	112,256	<b>(720,000)</b>	(4,627,944)
Other operating expenses		<b>(9,330,144)</b>	(6,400,196)	<b>(1,300,672)</b>	(227,778)
Impairment loss on investment in subsidiary		-	-	<b>(3,763,134)</b>	(5,118,196)
<b>(Loss)/Profit from operations</b>		<b>(15,491,237)</b>	1,278,306	<b>(14,210,402)</b>	(10,266,388)
Finance income	5	-	314,073	<b>377,751</b>	356,274
Finance cost	6	<b>(1,609,231)</b>	(1,856,698)	<b>(174,535)</b>	-
Net finance (costs)/income		<b>(1,609,231)</b>	(1,542,625)	<b>203,216</b>	356,274
<b>Loss before tax</b>	7	<b>(17,100,468)</b>	(264,319)	<b>(14,007,186)</b>	(9,910,114)
Tax income	8	<b>26,509</b>	47,072	-	-
<b>Loss, representing total comprehensive loss, for the financial year</b>		<b>(17,073,959)</b>	(217,247)	<b>(14,007,186)</b>	(9,910,114)
<b>Other comprehensive income:</b>					
Revaluation surplus (net of tax)		<b>2,074,936</b>	-	-	-
<b>Total comprehensive loss for the year</b>		<b>(14,999,023)</b>	(217,247)		
<b>Loss per share (sen)</b>					
- Basic	9	<b>(9.91)</b>	(0.21)		
- Diluted	9	<b>(7.76)</b>	(0.21)		

The accompanying notes form an integral part of the financial statements.



# Statements Consolidated of Financial Position

As at 30 June 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	<b>37,342,148</b>	34,715,561	-	-
Right-of-use assets	11	<b>3,577,353</b>	2,745,322	-	-
Investment in subsidiaries	12	-	-	<b>13,042,746</b>	16,705,880
Deferred tax assets	23	<b>160,307</b>	-	<b>160,307</b>	-
Inventories	14	<b>8,731,448</b>	8,731,448	-	-
Other receivables	15	-	-	<b>51,619,830</b>	16,325,405
		<b>49,811,256</b>	46,192,331	<b>64,822,883</b>	33,031,285
<b>Current assets</b>					
Inventories	14	<b>50,202,070</b>	49,337,105	-	-
Trade receivables	15	<b>6,050,627</b>	5,036,666	-	-
Other receivables, deposits and prepayments	15	<b>3,391,456</b>	2,618,467	<b>71,657</b>	552,213
Cash and bank balances	16	<b>212,289</b>	140,500	<b>24,482</b>	11,871
		<b>59,856,442</b>	57,132,738	<b>96,139</b>	564,084
Assets classified as held for sale	17	-	5,469,976	-	-
		<b>59,856,443</b>	62,602,714	<b>96,139</b>	564,084
<b>TOTAL ASSETS</b>		<b>109,667,698</b>	108,795,045	<b>64,919,022</b>	33,595,369
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	18	<b>81,125,046</b>	49,724,006	<b>81,125,046</b>	49,724,006
Other reserves	19	<b>(327,707)</b>	(16,043,068)	<b>13,507,094</b>	(307,138)
(Accumulated losses)/ Retained profits		<b>(13,481,270)</b>	3,417,360	<b>(30,817,485)</b>	(16,811,821)
Total equity		<b>67,316,069</b>	37,098,298	<b>63,814,655</b>	32,605,047

The accompanying notes form an integral part of the financial statements.



# Statements Consolidated of Financial Position (Cont'd)

As at 30 June 2022



		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Non-current liabilities					
Other payable	20	959,224	3,170,247	-	-
Lease liabilities	21	1,198,797	946,794	-	-
Borrowings	22	8,028,391	11,748,472	-	-
Deferred tax liabilities	13	2,123,825	1,506,195	-	-
		12,310,237	17,371,708	-	-
Current liabilities					
Trade payables	23	12,754,085	23,935,961	-	-
Other payables, deposits and accruals	20	6,552,819	11,198,153	436,421	990,322
Lease liabilities	21	859,372	636,940	-	-
Borrowings	22	9,170,522	16,357,633	-	-
Amount due to directors	24	-	1,761,964	-	-
Irredeemable Convertible Unsecured Loan Stocks liabilities	19(e)	667,946	-	667,946	-
Tax payables		36,648	434,388	-	-
		30,041,392	54,325,039	1,104,367	990,322
Total liabilities		42,351,629	71,696,747	1,104,367	990,322
TOTAL EQUITY AND LIABILITIES		109,667,698	108,795,045	64,919,022	33,595,369

The accompanying notes form an integral part of the financial statements.



# Statements of Changes in Equity

For the financial year ended 30 June 2022

	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Revaluation reserve RM	Warrant reserves RM	Irredeemable Convertible Loan Stocks (ICULS) RM	Share options reserves RM	Retained earnings RM	Total equity RM
<b>Group</b>									
At 30 June 2020	49,724,006	(307,138)	(19,524,076)	3,898,994	-	-	-	3,523,759	37,315,545
Loss, representing total comprehensive loss, for the financial year	-	-	-	-	-	-	-	(217,247)	(217,247)
Realisation on revaluation reserve	-	-	-	(110,848)	-	-	-	110,848	-
<b>At 30 June 2021</b>	<b>49,724,006</b>	<b>(307,138)</b>	<b>(19,524,076)</b>	<b>3,788,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,417,360</b>	<b>37,098,298</b>
Issuance of shares on private placement	9,507,520	-	-	-	-	-	-	-	9,507,520
Issuance of ICULS	-	-	-	-	3,499,040	8,892,152	-	-	12,391,192
Conversion of ICULS	21,893,520	-	-	-	-	(6,703,431)	-	-	15,190,089
Share based payments	-	-	-	-	-	-	7,819,333	-	7,819,333
Disposal of treasury shares	-	307,138	-	-	-	-	-	1,522	308,660
Loss for the financial year	-	-	-	-	-	-	-	(17,073,959)	(17,073,959)
Revaluation surplus (net of tax)	-	-	-	2,074,936	-	-	-	-	2,074,936
Total comprehensive loss for the financial year	-	-	-	2,074,936	-	-	-	(17,073,959)	(14,999,023)
Realisation on revaluation reserve	-	-	-	(173,807)	-	-	-	173,807	-
<b>At 30 June 2022</b>	<b>81,125,046</b>	<b>-</b>	<b>(19,524,076)</b>	<b>5,689,275</b>	<b>3,499,040</b>	<b>2,188,721</b>	<b>7,819,333</b>	<b>(13,481,270)</b>	<b>67,316,069</b>

The accompanying notes form an integral part of the financial statements.



# Statements of Changes in Equity (Cont'd)

For the financial year ended 30 June 2022



Company	Note	Share capital RM	Treasury shares RM	Warrant reserves RM	Irredeemable Convertible Loan Stocks (ICULS) RM	Share options reserves RM	Retained profits/ (Accumulated losses) RM	Total equity RM
At 30 June 2020		49,724,006	(307,138)	-	-	-	(6,901,707)	42,515,161
Loss for the financial year		-	-	-	-	-	(9,910,114)	(9,910,114)
At 30 June 2021		49,724,006	(307,138)	-	-	-	(16,811,821)	32,605,047
Issuance of shares on private placement		9,507,520	-	-	-	-	-	9,507,520
Issuance of ICULS		-	-	3,499,040	8,892,152	-	-	12,391,192
Conversion of ICULS		21,893,520	-	-	(6,703,431)	-	-	15,190,089
Share based payments		-	-	-	-	7,819,333	-	7,819,333
Disposal of treasury shares		-	307,138	-	-	-	1,522	308,660
Loss, representing total comprehensive loss, for the financial year		-	-	-	-	-	(14,007,186)	(14,007,186)
At 30 June 2022		81,125,046	-	3,499,040	2,188,721	7,819,333	(30,817,485)	63,814,655

The accompanying notes form an integral part of the financial statements.



# Statements of Cash Flows

For the financial year ended 30 June 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Cash flows from operating activities</b>					
Loss before tax		(17,016,825)	(264,319)	(14,007,186)	(9,910,114)
Adjustments for:					
Property, plant and equipment					
- depreciation		2,839,001	2,832,991	-	-
- (gain)/loss on disposal		(46,500)	1,258	-	-
- written off		1	2,008	-	-
Right-of-use assets					
- depreciation		682,720	459,111	-	-
- written off		16,619	14,954	-	-
Gain on disposal of asset held for sale		(1,246,381)	-	-	-
Impairment loss on investment in subsidiaries		-	-	3,763,134	5,118,196
Allowance for expected credit loss/ impairment loss					
- charge for the financial year		-	1,856	720,000	4,627,944
- reversal		(26,555)	(114,112)	-	-
Bad debts written off		160	-	-	-
Interest					
- expense		1,609,231	1,856,698	174,535	-
- income		-	(314,073)	(377,751)	(356,274)
Inventories					
- reversal of allowance for slow moving		-	-	-	-
- written down		-	33,000	-	-
Equity settled share based payment		7,819,333	-	7,819,333	-
Foreign exchange					
- unrealised loss		13,600	30,096	-	-
<b>Operating gain/(loss) before working capital changes</b>		(5,335,596)	4,539,468	(1,907,935)	(520,248)
(Increase)/Decrease in inventories		(864,966)	6,295,787	-	-
Decrease in contract liabilities		-	(467,500)	-	-
Increase in receivables		(2,556,670)	(1,381,290)	(239,444)	(1,214,115)
(Decrease)/Increase in payables		(16,475,000)	(6,243,684)	(536,901)	348,468
(Decrease)/Increase in amount due to Directors		(1,761,964)	1,761,964	-	-
<b>Cash (used in)/generated from operations</b>		(27,014,196)	4,504,745	(2,684,280)	(1,385,895)





# Statements of Cash Flows (Cont'd)

For the financial year ended 30 June 2022



	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Cash (used in)/generated from operations</b>		<b>(27,014,196)</b>	4,504,745	<b>(2,684,280)</b>	(1,385,895)
Tax paid		<b>(492,488)</b>	(101,063)	-	-
Real property gain tax paid		<b>(83,643)</b>	-	-	-
Tax refunded		-	15,500	-	-
<b>Net cash (used in)/from operating activities</b>		<b>(27,590,327)</b>	4,419,182	<b>(2,684,280)</b>	(1,385,895)
<b>Cash flows from investing activities</b>					
Interest received		-	-	<b>377,751</b>	356,274
Proceeds from disposal of					
- property, plant and equipment		<b>48,500</b>	2,200	-	-
- asset held for sale		<b>6,800,000</b>	-	-	-
Acquisition of subsidiary		-	-	<b>(100,000)</b>	-
Acquisition of property, plant and equipment		<b>(2,737,410)</b>	(1,362,980)	-	-
Additions or right-of-use assets	11	<b>(191,363)</b>	(61,792)	-	-
Repayments (to)/from subsidiaries		-	-	<b>(35,311,424)</b>	1,020,308
<b>Net cash generated from / (used in) investing activities</b>		<b>3,919,727</b>	(1,422,572)	<b>(35,033,673)</b>	1,376,582



# Statements of Cash Flows (Cont'd)

For the financial year ended 30 June 2022

		Group		Company	
Note	2022 RM	2021 RM	2022 RM	2021 RM	
<b>Cash flows from financing activities</b>					
Interest paid	(1,534,887)	(1,856,698)	(174,536)	-	
Interest received	-	314,073	-	-	
Drawdown of term loan	-	396,485	-	-	
Proceeds from disposal of treasury shares	308,660	-	308,660	-	
Proceeds from					
- Irredeemable Convertible Unsecured Loan Stocks (ICULS)	10,497,120	-	10,497,120	-	
- creditor capitalisation	3,000,000	-	3,000,000	-	
- issuance of shares	24,099,320	-	24,099,320	-	
- banker's acceptances	40,122,813	32,929,876	-	-	
Repayments of					
- back-to-back loan arrangement with a company	(821,316)	(439,510)	-	-	
- banker's acceptances	(41,364,099)	(33,411,491)	-	-	
- bridging and term loans	(5,063,802)	(1,154,560)	-	-	
- lease liabilities	(865,569)	(688,194)	-	-	
<b>Net cash from/(used in) financing activities</b>	<b>28,378,240</b>	<b>(3,910,019)</b>	<b>37,730,564</b>	<b>-</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,707,640</b>	<b>(913,409)</b>	<b>12,611</b>	<b>(9,313)</b>	
<b>Cash and cash equivalents at 1 July 2021/2020</b>	<b>(6,010,772)</b>	<b>(5,089,393)</b>	<b>11,871</b>	<b>21,184</b>	
<b>Effect of exchange differences</b>	<b>7,554</b>	<b>(7,970)</b>	<b>-</b>	<b>-</b>	
<b>Cash and cash equivalents at 30 June</b>	<b>(1,295,578)</b>	<b>(6,010,772)</b>	<b>24,482</b>	<b>11,871</b>	

## Notes:

### (i) Cash and cash equivalents

Cash and cash equivalents comprise the following:

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances		212,289	140,500	24,482	11,871
Less: Bank overdrafts	23	(1,507,867)	(6,151,272)	-	-
Total cash and cash equivalents		(1,295,578)	(6,010,772)	24,482	11,871



# Statements of Cash Flows (Cont'd)

For the financial year ended 30 June 2022



## Notes:

### (ii) Reconciliation of liabilities arising from financing activities:

	As at 1 July RM	Cash flows RM	Non cash changes RM	As at 30 June RM
<b>2022</b>				
<b>Group</b>				
Bankers' acceptances	8,207,385	(1,241,286)	-	6,966,099
Back to back arrangement liability	1,834,734	(821,316)	-	1,013,418
Bridging loans	8,173,961	(1,460,123)	-	6,713,838
Lease liabilities	1,583,734	(865,569)	1,340,004	2,058,169
Term loans	<u>5,573,486</u>	<u>(3,776,944)</u>	<u>214,568</u>	<u>2,011,110</u>
<b>2021</b>				
<b>Group</b>				
Bankers' acceptances	8,689,000	(481,615)	-	8,207,385
Back to back arrangement liability	2,274,244	(439,510)	-	1,834,734
Bridging loans	8,394,332	(220,371)	-	8,173,961
Lease liabilities	2,018,779	(688,194)	253,149	1,583,734
Term loans	<u>6,111,189</u>	<u>(934,189)</u>	<u>396,486</u>	<u>5,573,486</u>



# Notes to the Financial Statements

As at 30 June 2022

## 1. Basis of preparation

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

These financial statements are presented in the Ringgit Malaysia ("RM"), which is the Group's and the Company's functional and presentation currency.

### (a) Standards issued and effective

On 1 July 2021, the Group and the Company have also adopted the following new and amended MFRS which are mandatory for annual financial periods beginning on or after 1 January 2021.

#### Description

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

The directors expect that the adoption of the new and amended MFRS above have no impact on the financial statements of the Group and of the Company.

### (b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
<b>Description</b>	
• Amendments to MFRS 3, <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, <i>Property, Plant and Equipment</i> : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2022
- Amendments to MFRS 9, <i>Financial Instruments</i>	1 January 2022
- Amendments to MFRS 16, <i>Leases</i>	1 January 2022
- Amendments to MFRS 141, <i>Agriculture</i>	1 January 2022
• MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendment to MFRS 17 <i>Insurance Contracts</i> : Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
• Amendments to MFRS 101, <i>Presentation of Financial Statements</i> : Classifications of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101, <i>Presentation of Financial Statements</i> : Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112, <i>Income Tax</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associate and Joint Ventures</i> : Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The initial application of the accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group and of the Company.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 1. Basis of preparation (Cont'd)

### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the summary of significant accounting policies.

The financial statements of the Group and of the Company are also prepared on a going concern basis.

However, as at the reporting date, the Group and the Company incurred net losses of RM17,073,959 and RM14,077,186 respectively for the financial year ended 30 June 2022.

In addition, the Group's significant subsidiaries have reported losses, net current liabilities and low cash reserve during the financial year.

In assessing the going concern assumption used in the preparation of the financial statements of the Group, management has considered the repayment obligations for borrowings, other liabilities and cost overheads which are due in the next 12 months, taking into consideration of the ability of the Group to generate sufficient cash flows from its existing demand and supply and upcoming committed orders.

During the financial year, the Group had successfully raised the funds from:

- (i) rights Issue of ICULS with Warrants and the Creditor Capitalisation which was completed on 9 August 2021. The total proceed of RM10,497,120 was raised on 104,971,200 ICULS;
- (ii) private placement of 17,461,010 new ordinary shares at an issue price of RM0.55 per Placement Share which was completed on 12 April 2022; and
- (iii) disposal of warehouse in Shah Alam, Selangor for total consideration of RM6,800,000.

The above proceeds were utilised to repay outstanding borrowings and working capital of the subsidiaries operations.

Furthermore, the Group has also streamlined its operation during the financial year, incorporated a new subsidiary, Scanwolf Marketing Sdn. Bhd. during the financial year to expand the business of marketing its products.

Therefore, the Directors are of the opinion that going concern basis used for the preparation of the financial statements of the Group and the Company are appropriate as the Group and the Company able to meet its obligations as and when they fall due.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets' amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern. The assumption is premised on future events, the outcome of which is inherently uncertain.

### (d) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

#### (i) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise 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 and deferred tax provisions in the year in which such determination is made.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 1. Basis of preparation (Cont'd)

### (d) Significant accounting estimates and judgements (Cont'd)

#### (ii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for 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 and the Company anticipate 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.

#### (iii) Impairment of non-financial assets

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

- Property development project

The Group writes down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties or comparable properties in similar or nearby locations net of the estimated cost necessary to complete the sale. The estimation of the selling price in particular is subject to significant inherent uncertainties, in particular the property market.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price and the related cost to complete the sale, the estimates will, in all likelihood, differ from the actual transactions achieved in future periods and these differences may, in certain circumstances, be significant.

- Others 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.

#### (iv) Provision for expected credit losses ("ECLs") of trade receivables

The Group and the Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.





## 1. Basis of preparation (Cont'd)

### (d) Significant accounting estimates and judgements (Cont'd)

#### (v) *Deferred tax assets and liabilities*

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the end of the reporting year. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the statements of financial position date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

#### (vi) *Recognition of property development profits*

When the outcome of the development activity can be estimated reliably and the sale of the development unit is affected, the Group recognises property development profits and costs by reference to the progress towards complete satisfaction of the development activity at the reporting date. The progress towards complete satisfaction is determined based on the proportion that the property development costs incurred to-date over the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recovered and the property development costs on the development units sold are recognised when incurred.

Significant judgement is required in the estimation of the progress towards complete satisfaction and the total property development costs. Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

#### (vii) *Carrying amount of investment in subsidiaries*

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(g)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying amount's may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying amount of investments in subsidiaries.

#### (ix) *Leases*

##### (a) *Lease term*

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The extension options in leases for land have been included in the lease liability in consideration of the costs and business disruption required to replace the leased assets.

Most extension options in land leases have been included in the lease liability, because the Group and the Company could not replace the assets without significant cost or business disruption.

##### (b) *Incremental borrowing rate of leases*

In determining the incremental borrowing rate, the Group and the Company uses interest rate of 6.16% as a starting point and makes adjustments specific to the lease, for example, three (3) years.





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 2. Summary of significant accounting policies

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. 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.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

#### (ii) Business combinations

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

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

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 2. Summary of significant accounting policies (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (iii) Loss of control

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

#### (iv) Transaction eliminated on consolidation

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

Unrealised gain arising from transactions with equity accounted associates are eliminated against the investments to the extent of the Group's interest in the associates and jointly controlled entities, Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currencies

#### (i) Functional and presentation currency

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

#### (ii) Foreign currencies transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the profit and loss of the Group and of the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 2. Summary of significant accounting policies (Cont'd)

### (b) Foreign currencies (Cont'd)

#### (ii) Foreign currencies transactions

The principal exchange rates for every unit of foreign currency ruling used at reporting date are as follows:

	2022 RM	2021 RM
100 Chinese Renminbi	0.6577	0.6433
1 Euro	4.7900	4.9444
1 Singapore Dollar	3.2460	3.0902
1 United States Dollar	4.4505	4.1543
100 New Taiwan Dollar	14.9920	14.8813

### (c) Revenue and other income

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### (i) Sales of goods – property development

##### (a) Sales of completed properties

The Group was recognised the sales at point in time, when the control of the properties has been transferred and delivered to the purchasers. Generally, the payment terms are due within 14 days from invoice date. There has warranty of defect liability that covers a period of 12 calendar months after issuance of notice of delivery of vacant possession to the customers.

#### (ii) Sales of manufactured goods

The Group was recognised the sales upon delivery of products. Generally, the payment terms are due within 0 to 120 days from the invoice date. However, there is no any warranty was applicable.

#### (iii) Sales of trading goods

The Group was recognised the sales upon delivery of goods. Generally, the payment terms are due within 30 days to 120 days from the invoice date. However, there is no any warranty was applicable.

#### (iv) Management fees

The Group was recognised the management fees based on over time when subsidiaries simultaneously receive and consume the benefits. Generally, the payment terms are due within 120 days from the invoice date. However, there is no any warranty was applicable.

### (d) Employee benefits expense

#### (i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company.

Short term accumulating compensated absences, such as paid annual leave, are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 2. Summary of significant accounting policies (Cont'd)

### (d) Employee benefits expense (Cont'd)

#### (ii) Defined contribution plans

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

### (e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sales.

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

### (f) Tax expense

#### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes 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.

#### (ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets 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 sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 2. Summary of significant accounting policies (Cont'd)

### (g) Impairment

#### (i) Financial assets

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

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

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

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

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

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

#### (ii) Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGUs")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 2. Summary of significant accounting policies (Cont'd)

### (g) Impairment (Cont'd)

#### (ii) Non-financial assets (Cont'd)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income and equity. In this case the impairment is also recognised in other comprehensive income and equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### (h) Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

All items of property, plant and equipment are initially recorded at cost. Costs include purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bring the asset to working condition for its intended use, and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Other than freehold land and buildings, subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment, if any.

Subsequent to recognition, property, plant and equipment whose fair value can be measured reliably are measured at a revalued amount, being their fair value at the date of the revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

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

Freehold land has an indefinite useful life and therefore is not depreciated.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 2. Summary of significant accounting policies (Cont'd)

### (h) Property, plant and equipment (Cont'd)

Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Leasehold land and factory buildings	1.25% - 2%
Office building	2%
Furniture, fittings and equipment	8% - 20%
Motor vehicles	20%
Plant and machinery	10% - 20%
Renovation and signboards	10%

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

The gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### (i) Leases

#### (i) Initial recognition and measurement

##### (a) As a lessee

The Group and the Company recognised right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group and the Company's incremental borrowing rate.

Variable lease payments that do not depend on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.





## 2. Summary of significant accounting policies (Cont'd)

### (i) Leases (Cont'd)

#### (i) Initial recognition and measurement (Cont'd)

##### (b) As a lessor

Leases for which the Group and the Company is a lessor are classified as finance or operating leases.

Leases which transfer substantially all of the risks and rewards incidental to ownership of the underlying asset is a finance lease; if not, then it is an operating lease.

The Group and the Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the investment in the lease.

When the Group and the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

#### (ii) Subsequent measurement

##### (a) As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

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

##### (b) As a lessor

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

### (j) Inventories

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

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





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 2. Summary of significant accounting policies (Cont'd)

### (j) Inventories (Cont'd)

#### (i) Inventory properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Planning and design costs, costs of site preparation, professional fees for legal services, title transfer legal fee, construction overheads and other related costs; and

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sales.

Inventory properties under construction are referred to as property development costs and comprise the cost of land, direct building costs and a share of development costs common to the entire development project where applicable. Once sold, the cost of these inventories is recognised in profit or loss as and when control passes to the respective customers.

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

Inventory properties where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally, no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These inventory properties are classified to current assets at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (ii) Inventories of raw materials, work in progress and finished goods

Cost of purchased inventory (determined on the weighted average cost method) comprises cost of purchase and cost of bringing the inventories to their present condition and location. Costs of purchased inventory are determined after deducting rebates, discounts and the amount of Sale and Service Tax ("SST"). Cost of work in progress and finished goods (determined on the weighted average cost method) includes cost of direct materials, direct labour and an appropriate proportion of production overheads.

### (k) Contract asset/(liability)

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 2. Summary of significant accounting policies (Cont'd)

### (I) Financial assets

#### (i) Initial recognition and measurement

Financial assets are recognised when, and only when, the Group and the Company become party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Subsequent measurement

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassified debt investments when and only when its business model for managing those asset changes.

#### (a) Amortised costs

Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

#### (b) Fair value through other comprehensive income ("FVOCI")

##### 1. Debt investments

Debt investment, which is not designated as at fair value through profit or loss, is measured at FVOCI when the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments to principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment expenses are presented as a separate line item in the statement of profit or loss.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 2. Summary of significant accounting policies (Cont'd)

### (l) Financial assets (Cont'd)

#### (ii) Subsequent measurement (Cont'd)

##### (b) Fair value through other comprehensive income ("FVOCI") (Cont'd)

###### 2. Equity investments

Equity investment is measured at FVOCI when the Group and the Company made an irrevocable election to present changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's the Company's right to receive payments is established.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

##### (c) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

#### (iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

Any cumulative gain or loss arise from fair value changes in equity investment that had been recognised in other comprehensive income is transferred within equity when the equity investment is derecognised whereas any cumulative gain or loss arise from fair value changes in debt investment that had been recognised in other comprehensive income is transferred to profit or loss when the debt investment is derecognised.

### (m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits with financial institution with maturities of less than 3 months, and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (n) Financial liabilities

#### (i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company becomes party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measures a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 2. Summary of significant accounting policies (Cont'd)

### (n) Financial liabilities (Cont'd)

#### (ii) Subsequent measurement

The categories of financial liabilities at initial recognition are as follows:

##### (a) Amortised cost

All financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities where it is designated as FVTPL.

Interest expense and foreign exchange gains and losses are recognised in profit or loss.

##### (b) Fair value through profit or loss ("FVTPL")

Financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition are measured at FVTPL.

Financial liabilities may be designated upon initial recognition at FVTPL only if the criteria in MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)* are satisfied. The Group and the Company has not designated any financial liability as at FVTPL.

Financial liabilities categorised at FVTPL are subsequently carried at fair value with the gain or losses recognised in profit or loss.

#### (iii) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

The Company has issued corporate guarantee to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make the required repayments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher amount determined in accordance with MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

#### (iv) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 2. Summary of significant accounting policies (Cont'd)

### (o) Provision

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

### (p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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

### (q) Fair value measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

### (r) Operating segment

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 to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 2. Summary of significant accounting policies (Cont'd)

### (s) Non-current assets held for sales

Non-current assets are classified as assets held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

Results from operations qualifying as discontinued operations are presented separately as a single amount on profit or loss. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

### (t) Earnings per shares

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

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

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

## 3 (a) Revenue

The revenue of the Group and of the Company consists of the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contract customers	<u>39,217,438</u>	<u>48,808,077</u>	<u>720,000</u>	<u>720,000</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 3 (a) Revenue (Cont'd)

### (i) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major goods or services and timing of revenue recognition.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Revenue from contract customers</b>				
Finished goods				
- Manufacturing and goods	<b>29,827,524</b>	30,725,722	-	-
- Trading	<b>5,199,514</b>	4,729,355	-	-
Property development				
- Completed development units	<b>4,190,400</b>	13,353,000	-	-
Management fees charged to subsidiaries	-	-	<b>720,000</b>	720,000
	<b>39,217,438</b>	48,808,077	<b>720,000</b>	720,000
<b>Geographical markets</b>				
Africa	<b>161,704</b>	48,294	-	-
Rest of Asia	<b>4,538,091</b>	6,087,229	-	-
Middle East	<b>542,502</b>	425,154	-	-
Oceania	<b>3,146,343</b>	2,664,935	-	-
Malaysia	<b>30,366,823</b>	39,110,919	<b>720,000</b>	720,000
Others	<b>461,975</b>	471,546	-	-
	<b>39,217,438</b>	48,808,077	<b>720,000</b>	720,000
<b>Timing of revenue recognition</b>				
At a point in time	<b>39,217,438</b>	48,808,077	-	-
Over time	-	-	<b>720,000</b>	720,000
	<b>39,217,438</b>	48,808,077	<b>720,000</b>	720,000



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 3 (b) Other operating income

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Rental income	1,500	-	-	-
Miscellaneous income	88,836	80,159	-	-
Wages subsidy received	9,600	99,000	-	-
Gain on disposal of asset held for sale	1,246,381	-	-	-
Gain on disposal of property, plant and equipment	46,500	-	-	-
Insurance claimed	18,999	-	-	-
Realised on foreign exchange	-	1,118	-	-
Others	36,112	16,603	92	-
	<b>1,447,928</b>	<b>196,880</b>	<b>92</b>	<b>-</b>

## 4. Employee benefits expense

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(a) Staff cost:				
Salaries, wages, bonus and allowances	6,223,860	5,734,772	126,000	120,450
Contributions to defined contribution plan	555,720	502,164	19,920	18,880
Social security contributions	95,135	90,812	593	593
Share issuance scheme	4,138,913	-	4,138,913	-
Other short-term employee benefits	162,419	170,415	10,571	10,662
Total staff costs	<b>11,176,047</b>	<b>6,498,163</b>	<b>4,295,997</b>	<b>150,585</b>
(b) Directors' remuneration:				
(i) Executive directors:				
- fees				
- current year	82,500	24,000	82,500	24,000
- overprovision in prior year	-	(41,250)	-	(41,250)
- salaries, bonus and allowances	876,538	708,300	755,037	708,300
- defined contribution plan	147,182	112,088	131,387	112,088
- social security contributions	3,924	1,847	1,847	1,847
- share issuance scheme	3,680,420	-	3,680,420	-
	<b>4,790,564</b>	<b>804,985</b>	<b>4,651,191</b>	<b>804,985</b>





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 4. Employee benefits expense (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(b) Directors' remuneration: (Cont'd)				
(ii) Non-executive directors:				
- fees				
- current year	185,000	110,000	185,000	110,000
- overprovision in prior year	-	(75,500)	-	(75,500)
- allowances	14,500	22,400	14,500	22,400
	199,500	56,900	199,500	56,900
Total directors' remuneration	4,990,064	861,885	4,850,691	861,885
Total employee benefits expense	16,166,111	7,360,048	9,146,688	1,012,470

## 5. Finance income

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income from				
- advances to a subsidiary	-	-	377,751	356,274
- back to back arrangement	-	314,073	-	-
	-	314,073	377,751	356,274

## 6. Finance cost

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on:				
- back to back arrangement	78,693	-	-	-
- bank overdrafts	173,422	339,210	-	-
- bankers' acceptances	115,755	89,328	-	-
- bridging loans	601,811	657,148	-	-
- other lease liabilities	18,251	6,665	-	-
- lease liabilities	93,723	114,390	-	-
- promissory note	103,804	202,875	-	-
- term loans	214,568	410,100	-	-
- irredeemable convertible unsecured loan stock (ICULS)	174,535	-	174,535	-
- others	34,669	36,982	-	-
	1,609,231	1,856,698	174,535	-



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 7. Loss before tax

Loss for the year is arrived at after charging:	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Auditors' remunerations</b>				
Audit fees	103,000	100,000	27,000	27,000
<b>Material expenses</b>				
Property, plant and equipment				
- depreciation	2,839,001	2,832,991	-	-
- (gain)/loss on disposal	(46,500)	1,258	-	-
- written off	1	2,008	-	-
Right-of-use assets				
- depreciation	682,720	459,111	-	-
- written off	16,619	14,954	-	-
Gain on disposal of asset held for sale	(1,246,381)	-	-	-
Allowance for expected credit losses	-	1,856	720,000	4,627,944
Reversal of allowance for expected credit losses	(26,555)	(114,112)	-	-
Impairment loss on investment in subsidiaries	-	-	3,763,134	5,118,116
Bad debts written off	160	-	-	-
Unrealised loss on foreign exchange	13,600	30,096	-	-

## 8. Tax income

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax:				
- Under/(Over)provision in prior years	11,104	(1,937)	-	-
Deferred tax: (Note 13)				
Crystallisation of deferred tax liabilities arising from revaluation reserve	(37,613)	(45,135)	-	-
	(37,613)	(45,135)	-	-
	(26,509)	(45,135)	-	-



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 8. Tax income (Cont'd)

### Reconciliation of tax expense

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loss before tax	<u>(17,100,468)</u>	<u>(264,319)</u>	<u>(14,007,186)</u>	<u>(9,910,114)</u>
Tax calculated at statutory tax rate of 24%	(4,104,112)	(63,437)	(3,361,725)	(2,378,427)
Crystallisation of deferred tax liabilities arising from revaluation reserve	(37,612)	(45,135)	-	-
Non-deductible expenses	1,391,587	38,616	2,116,630	32,274
Non-taxable income	(316,507)	(46,525)	-	-
Deferred tax asset not recognised	<u>3,029,031</u>	<u>71,346</u>	<u>1,245,095</u>	<u>2,346,153</u>
	(37,613)	(45,135)	-	-
Under/(Over)provision of current tax in prior year	<u>11,104</u>	<u>(1,937)</u>	<u>-</u>	<u>-</u>
Tax income	<u>(26,509)</u>	<u>(47,072)</u>	<u>-</u>	<u>-</u>

The Group has unabsorbed capital allowance and unutilised tax losses amounting to approximately RM9,596,281 and RM40,329,394 (2021: RM9,674,275 and RM26,021,888) respectively for set off against future taxable profits.

The Company has unutilised tax losses amounting to approximately RM7,898,714 (2021: RM2,710,816) for set off against future taxable profits.

The unutilised tax losses can be carried forward for a period of 10 years from year of assessment ("YA") to set against future profits as follows:

Group	Group RM	Company RM	Utilised Up to
YA 2018 and before	10,336,543	1,459,339	YA 2028
YA 2019	8,218,925	1,034,101	YA 2029
YA 2020	7,789,395	200,103	YA 2030
YA 2021	3,441,171	17,273	YA 2031
YA 2022	<u>10,543,360</u>	<u>5,187,898</u>	YA 2032



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 9. Loss per share

Basic/Diluted loss per share of the Group is calculated by dividing net loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

### (a) Basic loss per share

	Group	
	2022	2021
Net loss for the financial year attributable to owners of the parent (RM)	<u>(17,073,959)</u>	<u>(217,247)</u>
Weighted average number of ordinary shares in issue (units)	<u>172,227,000</u>	<u>104,971,000</u>
Basic loss per share (sen)	<u>(9.91)</u>	<u>(0.21)</u>

### (b) Diluted loss per ordinary share

	Group	
	2022	2021
Loss attributable to owners of the parent (RM)	<u>(17,073,959)</u>	<u>(217,247)</u>
Weighted average number of ordinary shares at 30 June	172,227,000	104,971,000
Effect of new ordinary share pursuant to exercise of ICULS	31,954,000	-
Effect of new ordinary shares pursuant to warrants	15,977,000	-
Weighted average number of ordinary shares at 30 June	<u>220,158,300</u>	<u>104,971,000</u>
<b>Basic loss attributable to owners of the Company per ordinary share</b>	<u>(7.76)</u>	<u>(0.21)</u>

The Group did not include SIS in diluted loss per ordinary share as it has no dilution effect as the exercise price of the outstanding SIS has exceed the average market price of ordinary shares during the financial year.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 10. Property, plant and equipment

2022	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and signboards RM	Total RM
<b>Group</b>								
<b>Cost/Valuation</b>								
At 1 July 2021	4,120,000	11,899,774	2,300,000	1,553,518	1,181,509	25,144,569	4,792,918	50,992,288
Additions	-	-	-	232,611	-	336,752	2,168,047	2,737,410
Reclassifications	-	-	-	-	-	747,895	(747,895)	-
Disposals	-	-	-	-	(120,000)	-	-	(120,000)
Written off	-	-	-	-	(62,687)	-	-	(62,687)
Revaluations	1,838,017	892,162	-	-	-	-	-	2,730,179
At 30 June	5,958,017	12,791,936	2,300,000	1,786,129	998,822	26,229,216	6,213,070	56,277,190
<b>Accumulated depreciation</b>								
At 1 July 2021	416,408	962,675	237,666	1,042,498	1,085,446	11,993,826	538,208	16,276,727
Charge for the financial year	99,938	250,078	46,000	126,561	66,255	2,112,239	137,930	2,839,001
Disposal	-	-	-	-	(118,000)	-	-	(118,000)
Written off	-	-	-	-	(62,686)	-	-	(62,686)
At 30 June	516,346	1,212,753	283,666	1,169,059	971,015	14,106,065	676,138	18,935,042
<b>Carrying amount</b>								
At 30 June	5,441,671	11,579,183	2,016,334	617,070	27,807	12,123,151	5,536,932	37,342,148
<b>Representing:</b>								
At cost	-	2,518,100	2,016,334	617,070	27,807	12,123,151	5,536,932	22,839,394
At valuation	5,441,671	9,061,083	-	-	-	-	-	14,502,754
	5,441,671	11,579,183	2,016,334	617,070	27,807	12,123,151	5,536,932	37,342,148



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 10. Property, plant and equipment (Cont'd)

2021	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and signboards RM	Total RM
<b>Group</b>								
<b>Cost/Valuation</b>								
At 1 July 2020	4,120,000	17,702,179	2,300,000	1,521,478	692,876	24,100,526	4,410,068	54,847,127
Additions	-	-	-	41,286	27,000	911,844	382,850	1,362,980
Disposals	-	-	-	(5,803)	-	-	-	(5,803)
Written off	-	-	-	(3,443)	-	-	-	(3,443)
Reclassification to assets classified as held for sale	-	(5,802,405)	-	-	-	-	-	(5,802,405)
Reclassification from right-of-use assets	-	-	-	-	461,633	132,199	-	593,832
At 30 June	4,120,000	11,899,774	2,300,000	1,553,518	1,181,509	25,144,569	4,792,918	50,992,288
<b>Accumulated depreciation</b>								
At 1 July 2020	316,470	984,493	191,667	910,542	550,345	9,870,358	424,031	13,247,906
Charge for the financial year	99,938	310,611	45,999	135,736	76,872	2,049,658	114,177	2,832,991
Disposal	-	-	-	(2,345)	-	-	-	(2,345)
Written off	-	-	-	(1,435)	-	-	-	(1,435)
Reclassification to assets classified as held for sale	-	(332,429)	-	-	-	-	-	(332,429)
Reclassification from right-of-use assets	-	-	-	-	458,229	73,810	-	532,039
At 30 June	416,408	962,675	237,666	1,042,498	1,085,446	11,993,826	538,208	16,276,727



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 10. Property, plant and equipment (Cont'd)

2021	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and signboards RM	Total RM
<b>Carrying amount</b>								
<b>At 30 June</b>	3,703,592	10,937,099	2,062,334	511,020	96,063	13,150,743	4,254,710	34,715,561
<b>Representing:</b>								
At cost	-	2,518,100	2,062,334	511,020	96,063	13,150,743	4,254,710	22,592,970
At valuation	3,703,592	8,418,999	-	-	-	-	-	12,122,591
	3,703,592	10,937,099	2,062,334	511,020	96,063	13,150,743	4,254,710	34,715,561



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 10. Property, plant and equipment (Cont'd)

### (i) Impairment review of property, plant and equipment

The recoverable amount of the property, plant and equipment of the subsidiaries, were determined based on its value-in-use calculations using cash flows projections prepared by management covering five (5) years period and extended to one (1) to three (3) years. The following are the key assumptions:

- (i) The discounted rate used for the value-in-use calculation is based on the Company's weighted average cost of capital specific to the industry at rate of 9.30% (2021: 8.01%).
- (ii) The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.
- (iii) In calculation 6 to 8 years, there were no growth in revenue assumed.

Management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the property, plant and equipment to materially exceed its recoverable amount.

### (ii) At reporting date:

The property, plant and equipment of the Group which have been charged as collaterals to secure the banking facilities and term loans referred to Note 22 are as follows:

	Group	
	2022 RM	2021 RM
<b>Carrying amount</b>		
Leasehold land	<b>5,441,671</b>	3,703,592
Leasehold buildings	<b>11,579,183</b>	10,937,099
Office buildings	<b>2,016,334</b>	2,062,334
	<b>19,037,188</b>	16,703,025

### (iii) Revaluation

The leasehold land and buildings for the manufacturing business segment of the Group were revalued in May 2022 by independent professional valuers using the fair value method which is determined reference to "Comparison Method".

The fair values of leasehold land were arrived at based on recent transactions and by assessing prices of similar land in the surrounding areas with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

The fair value of factory buildings was determined based on estimation made of the current new replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the factory buildings at the date of valuation. In estimating the fair values of the properties, the highest and best use of the properties is their current use.





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 10. Property, plant and equipment (Cont'd)

### (iii) Revaluation (Cont'd)

Had the leasehold land and buildings been carried at historical cost, the carrying amount that would have been included in the financial statements of the Group as at reporting date would be as follows:

	2022 RM	Group 2021 RM
<b>Long-term leasehold land</b>		
At cost	350,000	350,000
Less: Accumulated depreciation	(54,082)	(45,870)
Carrying amount	<u>295,918</u>	<u>304,130</u>
<b>Short-term leasehold land</b>		
At cost	2,560,000	2,560,000
Less: Accumulated depreciation	(767,726)	(651,190)
Carrying amount	<u>1,792,274</u>	<u>1,908,810</u>
<b>Factory buildings</b>		
At cost	9,071,000	9,071,000
Less: Accumulated depreciation	(2,391,409)	(2,156,794)
Carrying amount	<u>6,679,591</u>	<u>6,914,206</u>
Total carrying amount	<u>8,767,783</u>	<u>9,127,146</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 11. Right-of-use assets

2022	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Hostel RM	Showroom RM	Total RM
<b>Group</b>						
<b>Cost</b>						
At 1 July 2021	136,000	216,561	3,569,458	166,316	-	4,088,335
Addition	-	1,015,007	-	284,983	231,377	1,531,367
Disposals	-	-	-	(77,649)	-	(77,649)
At 30 June	136,000	1,231,568	3,569,458	373,650	231,377	5,542,053
<b>Accumulated amortisation</b>						
At 1 July 2021	31,733	173,295	1,059,190	78,795	-	1,343,013
Charge for the financial year	10,880	118,240	356,946	129,169	67,485	682,720
Disposal	-	-	-	(61,033)	-	(61,033)
At 30 June	42,613	291,535	1,416,136	146,931	67,485	1,964,700
<b>Carrying amount</b>						
At 30 June 2022	93,387	940,033	2,153,322	226,719	163,892	3,577,353



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 11. Right-of-use assets (Cont'd)

2021	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Hostel RM	Total RM
<b>Group</b>					
<b>Cost</b>					
At 1 July 2020	136,000	678,192	3,449,657	168,843	4,432,692
Addition	-	-	252,000	62,941	314,941
Written off	-	-	-	(65,468)	(65,468)
Reclassification from property, plant and equipment	-	(461,631)	(132,199)	-	(593,830)
At 30 June	<u>136,000</u>	<u>216,561</u>	<u>3,569,458</u>	<u>166,316</u>	<u>4,088,335</u>
<b>Accumulated amortisation</b>					
At 1 July 2020	20,853	588,212	786,554	70,836	1,466,455
Charge for the financial year	10,880	43,312	346,446	58,473	459,111
Written off	-	-	-	(50,514)	(50,514)
Reclassification from property, plant and equipment	-	(458,229)	(73,810)	-	(532,039)
At 30 June	<u>31,733</u>	<u>173,295</u>	<u>1,059,190</u>	<u>78,795</u>	<u>1,343,013</u>
<b>Carrying amount</b>					
At 30 June 2021	<u>104,267</u>	<u>43,266</u>	<u>2,510,268</u>	<u>87,521</u>	<u>2,745,322</u>

During the financial year, cash payments made for additions to right-of-use assets are as follows:

	2022 RM	Group 2021 RM
Total additions	<b>1,531,367</b>	314,941
Lease liabilities	<b>(1,340,004)</b>	(253,149)
Cash payments	<b>191,363</b>	61,792

### Impairment review of right-of-use assets

The recoverable amount of the right of use assets of the subsidiaries, were determined based on its value-in-use calculations using cash flows projections from financial budget prepared by management covering five (5) years period and extended to one (1) to three (3) years. The following are the key assumptions:

- The discounted rate used for the value-in-use calculation is based on the Company's weighted average cost of capital specific to the industry at rate of 9.30% (2021: 8.01%).
- The value assigned to the key assumptions such as sales growth, fixed and variable costs are based on the management's assessment of future business trends and its historical data.
- In calculation of 6 to 8 years, there were no growth in revenue assumed.

Management has considered and assessed reasonably possible changes of key assumptions and has not identified any instances that could cause the carrying amount of the plant and equipment to materially exceed its recoverable amount.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 12. Investment in subsidiaries

	Company	
	2022 RM	2021 RM
Unquoted shares at cost	21,924,076	21,924,076
Addition	100,000	-
	22,024,076	21,924,076
Less: Impairment loss		
At 1 April 2021/2020	5,218,196	100,000
Addition during the financial year	3,763,134	5,118,196
At 30 June	8,981,330	5,218,196
	13,042,746	16,705,880

Details of the subsidiaries which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Country of incorporation	Percentage of equity held (%)		Principal activities
		2022 %	2021 %	
Subsidiaries of the Company				
Scanwolf Plastic Industries Sdn. Bhd. ("SPI")	Malaysia	100	100	Design and manufacture of plastic extrusions, and trading of industrial consumables
Scanwolf Properties Sdn. Bhd. ("SPSB")	Malaysia	100	100	Property development
Scanwolf Marketing Sdn. Bhd. ("SMSB")	Malaysia	100	-	Wholesale of fittings and fixtures
Subsidiary of Scanwolf Plastic Industries Sdn. Bhd.				
Scanwolf Flooring Industries Sdn. Bhd. ("SFI")	Malaysia	100	100	Manufacturing of vinyl flooring
Subsidiary of Scanwolf Properties Sdn. Bhd.				
Scanwolf Development Sdn. Bhd.	Malaysia	100	100	Property development

### (a) Impairment assessment

#### In the current reporting year

At the reporting date, the Company conducted an impairment review on Scanwolf Plastic Industries Sdn. Bhd. and its subsidiary, Scanwolf Flooring Sdn. Bhd. (collectively refer as "SPI Group"). The carrying amounts of the investment in SPI Group are lesser than the net assets of the SPI Group, therefore indicated that the carrying amount of investment in subsidiaries may be impaired. The Director's assessment of the recoverable amounts of these subsidiaries are based on the higher of its fair value less costs to sell of these subsidiaries, or its value in use.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 12. Investment in subsidiaries (Cont'd)

### (a) Impairment assessment (Cont'd)

#### In the current reporting year (Cont'd)

The Directors have estimated the investment's fair value less cost of disposal based on the net assets of the subsidiary as there is no readily available market value. Impairment of investment in subsidiary was made since there is significant decline in the net assets of the subsidiary as a result of operational losses. The total impairment made during the year amounted to RM3,763,134.

#### In the previous reporting period

For Scanwolf Plastics Sdn Bhd ("SPI"), the Directors have estimated the investment's fair value less cost of disposal based on the net assets of the subsidiary as there is no readily available market value. Impairment of investment in subsidiary was made since there is significant decline in the net assets of the subsidiary as a result of operational losses. The total impairment made during the year amounted to RM5,118,196.

### (b) Incorporation of subsidiary

On 2 July 2021, the Company incorporated a wholly-owned subsidiary known as Scanwolf Marketing Sdn. Bhd. ("SMSB") with a share capital of RM1. Further on 6 October 2021, SMSB increased its share capital from RM1 to RM100,000 by issuance of 99,999 ordinary shares.

## 13. Deferred tax (assets)/liabilities

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 July 2021/2020	1,506,195	1,551,330	-	-
Recognised in profit or loss (Note 8):				
- crystallisation of deferred tax liabilities arising from revaluation reserve	(37,613)	(45,135)	-	-
Recognised directly in equity:				
- arising from Irredeemable Convertible Unsecured Loan Stocks liabilities	(160,307)	-	(160,307)	-
Recognised in other comprehensive income:				
- transfer from revaluations	655,243	-	-	-
	457,323	(45,135)	(160,307)	-
At 30 June	1,963,518	1,506,195	(160,307)	-

Presented after offsetting as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets	(5,344,536)	(2,941,727)	(160,307)	-
Deferred tax liabilities	7,308,054	4,447,922	-	-
	1,963,518	1,506,195	(160,307)	-



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 13. Deferred tax (assets)/liabilities (Cont'd)

The movements in deferred tax (assets)/liabilities during the financial year comprise the following:

Group	Property, plant and equipment RM	Revaluation reserve RM	Total RM
<b>2022</b>			
<b>Deferred tax liabilities</b>			
At 1 July 2021	2,941,727	1,506,195	4,447,922
Recognised in profit or loss	2,242,502	(37,613)	2,204,889
Recognised in other comprehensive income	-	655,243	655,243
At 30 June	<u>5,184,229</u>	<u>2,123,825</u>	<u>7,308,054</u>

## 2021

### Deferred tax liabilities

At 1 July 2020	3,104,000	1,551,330	4,655,330
Recognised in profit or loss	(162,273)	(45,135)	(207,408)
At 30 June	<u>2,941,727</u>	<u>1,506,195</u>	<u>4,447,922</u>

Group	Unabsorbed capital allowance RM	Unutilised tax losses RM	Others RM	Total RM
<b>2022</b>				
<b>Deferred tax assets</b>				
At 1 July 2021	(878,923)	(2,062,804)	-	(2,941,727)
Recognised in profit or loss	(484,247)	(1,758,255)	-	(2,242,502)
Recognised directly in equity	-	-	(160,307)	(160,307)
At 30 June	<u>(1,363,170)</u>	<u>(3,821,059)</u>	<u>(160,307)</u>	<u>(5,344,536)</u>

## 2021

### Deferred tax assets

At 1 July 2020	(894,000)	(2,032,796)	(177,204)	(3,104,000)
Recognised in profit or loss	15,077	(30,008)	177,204	162,273
At 30 June	<u>(878,923)</u>	<u>(2,062,804)</u>	<u>-</u>	<u>(2,941,727)</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 13. Deferred tax (assets)/liabilities (Cont'd)

Company	Others RM	Total RM
<b>2021</b>		
<b>Deferred tax assets</b>		
At 1 July 2020	-	(3,104,000)
Recognised directly in equity	(160,307)	162,273
At 30 June	(160,307)	(2,941,727)

The amount of temporary differences for which no deferred tax assets (stated at gross) have been recognised as they may not be used to offset taxable profits of the other subsidiaries in the Group and they arose in subsidiaries that have a recent history of losses, are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unabsorbed capital allowance	9,596,281	9,674,275	-	-
Unutilised tax losses	40,329,394	26,021,888	7,898,714	2,710,817
Right-of-use assets	5,735	3,329	-	-
	<u>49,931,410</u>	<u>35,699,492</u>	<u>7,898,714</u>	<u>2,710,817</u>

## 14. Inventories

	Group	
	2022 RM	2021 RM
<b>Manufacturing</b>		
- raw materials	5,300,720	3,306,448
- work in progress	2,977,653	2,092,821
- finished goods	3,582,562	3,212,587
- production supplies	396,206	575,892
	<b>12,257,141</b>	<b>9,187,748</b>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 14. Inventories (Cont'd)

	2022 RM	Group 2021 RM
<b>Properties</b>		
- properties held for development	8,731,448	8,731,448
- properties held for sale	37,944,929	40,149,357
	<b>46,676,377</b>	48,880,805
	<b>58,933,518</b>	58,068,553
Less: non-current portion	(8,731,448)	(8,731,448)
	<b>50,202,070</b>	49,337,105
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	27,165,022	30,786,561
Inventories written down	-	33,000

The properties development are pledged against borrowings as disclosed in Note 22 to the financial statements.

## 15. Receivables, deposits and prepayments

	Note	2022 RM	Group 2021 RM	Company 2022 RM	2021 RM
<b>Non-current asset</b>					
Amount due from subsidiaries (a)		-	-	51,619,830	16,325,405
<b>Current assets</b>					
Trade receivables (b)		6,242,413	5,255,007	-	-
Less: Impairment		(191,786)	(218,341)	-	-
		<b>6,050,627</b>	5,036,666	-	-
Amount due from subsidiaries (a)		-	-	5,575,944	4,855,944
Less: Impairment		-	-	(5,575,944)	(4,855,944)
		-	-	-	-
Non-trade receivables		1,021,827	999,471	-	538,215
Less: Impairment		-	-	-	-
		<b>1,021,827</b>	999,471	-	538,215





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 15. Receivables, deposits and prepayments (Cont'd)

Note	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits	<b>1,913,573</b>	434,115	<b>4,000</b>	4,000
Prepayments	<b>456,056</b>	1,184,881	<b>67,657</b>	9,998
	<b>3,391,456</b>	2,618,467	<b>71,657</b>	552,213
	<b>9,442,083</b>	7,655,133	<b>71,657</b>	552,213

### (a) Amounts due from subsidiaries

#### Trade in nature

Amount due from subsidiaries which are trade in nature and normal trade credit terms of the Group are 0 to 120 days (2021: 0 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The movements in the loss allowance of amount due from subsidiaries during the financial year are as follows:

	Company	
	2022 RM	2021 RM
<b>Loss allowance</b>		
At 1 July 2021/2020	<b>4,855,944</b>	228,000
Additions	<b>720,000</b>	4,627,944
At 30 June	<b>5,575,944</b>	4,855,944

#### Non-trade in nature

Amount due from subsidiaries are non-trade, unsecured, bear interest ranging from 3.00% to 6.70% per annum.

### (b) Trade receivables

The normal trade credit terms of the Group are 0 to 120 days (2021: 0 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The movements in the loss allowance of trade receivables during the financial year are as follows:

	Group	
	2022 RM	2021 RM
<b>Loss allowance</b>		
At 1 July 2021/2020	<b>218,341</b>	330,597
Additions	-	1,856
Reversal of allowance for impairment	<b>(26,555)</b>	(114,112)
At 30 June	<b>191,786</b>	218,341



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 16. Cash and bank balances

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash on hand	8,992	14,442	248	507
Cash at bank	<u>203,297</u>	<u>126,058</u>	<u>24,234</u>	<u>11,364</u>
	<u><b>212,289</b></u>	<u><b>140,500</b></u>	<u><b>24,482</b></u>	<u><b>11,871</b></u>

## 17. Assets classified as held for sales

In prior year, the management has concluded the decision on disposal of warehouse which located at Shah Alam and recognised as assets held for sale. During the financial year, the disposal of warehouse has been completed.

The details are as follows:

	Group	
	2022 RM	2021 RM
<b>Assets classified as held for sale</b>		
Cost of warehouse	-	5,802,405
Less: Accumulated depreciation	-	(332,429)
	<u>-</u>	<u><b>5,469,976</b></u>

## 18. Share capital

	Group and Company		Group and Company	
	2022 No. of shares	2021 No. of shares	2022 RM	2021 RM
<b>Issued and fully paid:</b>				
At 1 July 2020/2019	<b>105,752,100</b>	105,752,100	<b>49,724,006</b>	49,724,006
Issuance of shares pursuant to private placement 19(g)	<b>17,461,010</b>	-	<b>9,507,520</b>	-
Conversion of ICULS 19(e)	<b>72,978,400</b>	-	<b>21,893,520</b>	-
At 30 June	<u><b>196,191,510</b></u>	<u>105,752,100</u>	<u><b>81,125,046</b></u>	<u>49,724,006</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 19. Other reserves

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable:					
Revaluation reserve	(a)	5,689,275	3,788,146	-	-
Reverse acquisition reserve	(b)	(19,524,076)	(19,524,076)	-	-
Treasury reserve	(c)	-	(307,138)	-	(307,138)
Share options reserves	(d)	7,819,333	-	7,819,333	-
Irredeemable Convertible Unsecured Loan Stocks (ICULS)	(e)	2,188,721	-	2,188,721	-
Warrant reserves	(f)	3,499,040	-	3,499,040	-
		(327,707)	(16,043,068)	13,507,094	(307,138)

### (a) Revaluation reserve

The revaluation reserve represents revaluation surplus arising from leasehold land and buildings. The revaluation reserve is used to record increase in the fair value of leasehold and buildings and decreases to the extent that such decrease relates to an increase on the same assets previously recognized in other comprehensive income.

### (b) Reverse acquisition reserve

The reverse acquisition reserve arose from the reverse acquisition of the Company by Scanwolf Plastic Industries Sdn. Bhd. in 2008.

### (c) Treasury reserve

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(4)(b) of the Companies Act, 2016 and are presented as a deduction from shareholders' equity.

Total number of ordinary shares is 196,191,510 (2021: 105,752,100) issued and fully paid ordinary shares as at 30 June 2022, Nil (2021: 780,900) are held as treasury shares by the Company. As at 30 June 2022, the number of outstanding shares in issue after the set off is therefore 196,191,510 (2021: 104,971,200).

### (d) Share options reserves

Share Issuance Scheme ("SIS")

The Company offered share options of 25,320,000 to eligible employees of the Group to acquire shares in the Company under the Share Issuance Scheme ("SIS") approved by the shareholders of the Company. All options are to be settled by physical delivery of shares. However, no shares have been exercised as at year end.

The Company implemented an SIS for a period of five (5) years until 2027 ("the option period"). The salient features of the SIS are as follows:

- The SIS is made available to eligible employees and Executive Directors who are confirmed employees of the Company and its subsidiaries ("the Group") who are employed by the Group and confirmed in service;
- The total number of shares offered under the SIS shall not, in aggregate, exceed 30% of the total number of issued shares of the Company at any point of time during the duration of the SIS;



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 19. Other reserves (Cont'd)

### (d) Share options reserves (Cont'd)

The Company implemented an SIS for a period of five (5) years until 2027 ("the option period"). The salient features of the SIS are as follows: (Cont'd)

- (iii) The option price under the SIS shall be the five-day weighted average market price of the shares as quoted on the Main Market of Bursa Malaysia Securities Berhad immediately preceding date of the SIS granted with a discount of not more than 10% if deemed appropriate, or at the par value of the shares, whichever is higher;
- (iv) The exercise price of option offered was RM0.54;
- (v) The actual number of shares, which may be offered to any eligible employee shall be at the discretion of the SIS Committee provided that the number of shares offered are not less than 100 shares and in multiples of 100 shares and are subject to the following:
  - (1) not more than 10% of the aggregate number of shares available under the SIS shall be allocated to any eligible employees and Executive Director who, either singly or collectively through persons connected with that eligible employees and Executive Director, holds 20% or more of the issued shares of the Company; and
  - (2) not more than 80% of the SIS shall be allocated in aggregate to the Executive Directors and senior management personnel of the Company and its subsidiaries.
- (vi) As of 30 June 2022, 25,070,000 SIS granted were still unexercised and will expire on 30 March 2027.

### (e) Irredeemable Convertible Unsecured Loan Stocks (ICULS)

Recognition of ICULS and classification in accordance to MFRS 9. The Management has used Black Scholes method, in deriving its Fair Value of the option price, and thus, segregate the equity component against the liability's component ICULS.

The salient features of the ICULS are as follows:

- (i) The Rights Issue of ICULS with Warrants entails the issuance of up to RM10,497,120 nominal value of ICULS at 100% of its nominal value of RM0.10 on the basis of 2 ICULS for every 2 existing Scanwolf Shares held by Entitled Shareholders on the Entitlement Date together with up to 52,485,600 Warrants on the basis of 1 Warrant for every 2 ICULS subscribed by the Entitled Shareholders.;
- (ii) The ICULS shall be issued at 100% of its nominal value of RM0.10 each. The issue price of RM0.10 and the conversion price of RM0.30;
- (iii) the tenure of the ICULS of 5 years with interest rate of 3% per annum;

	Note	2022
Number of ICULS not converted as at 30 June 2022 (units)		<b>31,954,000</b>
		<b>2022 RM</b>
Equity component		<b>1,681,082</b>
Liability component		<b>667,946</b>
Deferred tax assets	<b>13</b>	<b>(160,307)</b>
		<b>2,188,721</b>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 19. Other reserves (Cont'd)

### (f) Warrant reserves

The Rights Issue of ICULS with Warrants is renounceable in full or in part. However, the ICULS and Warrants cannot be renounced separately. The Warrants are attached to the ICULS and will only be issued to the Entitled Shareholders or renouncee(s)/transferee(s) who have subscribed for the ICULS. The Entitled Shareholders accepting only part of their ICULS entitlements shall be entitled to the Warrants in proportion to their acceptance of their ICULS entitlements.

The salient features of the warrants are as follows:

- (i) The warrants have fixed the exercise price of the Warrants at RM0.30 each;
- (ii) The ICULS shall be issued at 100% of its nominal value of RM0.10 each. The issue price of RM0.10 and the conversion price of RM0.30;
- (iii) the tenure of the ICULS of 5 years with interest rate of 3% per annum;

### (g) Private placement

The Company exercised private placement of up to 17,461,010 ordinary shares representing 10% of the total number of issued shares of the Company pursuant to sections 75 and 76 of the Companies Act, 2016.

## 20. Other payables and accruals

Note	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Current liabilities</b>				
Non-trade payables	<b>3,450,125</b>	8,719,920	<b>60,426</b>	558,834
Accruals	<b>1,625,390</b>	3,041,606	<b>342,450</b>	383,296
Accruals of tax penalty	<b>39,060</b>	39,060	-	-
Amount due to a company				
- back to back arrangement (a)	<b>1,013,418</b>	1,834,734	-	-
- subsidiary	-	-	-	17,000
Deposits received from customers – non refundable	<b>320,260</b>	526,700	-	-
Services tax payable	<b>909,063</b>	82,889	-	-
Statutory liabilities	<b>154,727</b>	123,491	<b>33,545</b>	31,192
	<b>7,512,043</b>	14,368,400	<b>436,421</b>	990,322
Less: Non-current :				
Other payables	<b>(959,224)</b>	(3,170,247)	-	-
	<b>6,552,819</b>	11,198,153	<b>436,421</b>	990,322



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 20. Other payables and accruals (Cont'd)

### (a) Back to back arrangement

Back to back arrangement represents term loan and bank overdraft facilities of RM4,500,000 and RM1,000,000 respectively granted to a joint venture partner which were utilised by a subsidiary. Under the arrangement, interest expenses arising from the utilisation of such facilities are borne by the subsidiary. These facilities are secured by a charge on 8 completed units of three storey shop office included in inventories with carrying amount of RM2,337,500 (2021: RM3,169,581).

	2022 %	Group 2021 %
Term loan	<u>2.22</u>	<u>2.22</u>

## 21. Lease liabilities

	2022 RM	Group 2021 RM
<b>Representing:</b>		
Current liabilities	859,372	636,940
Non-current liabilities	<u>1,198,797</u>	<u>946,794</u>
	<u>2,058,169</u>	<u>1,583,734</u>
<b>Recognised in profit or loss:</b>		
Interest expense on lease liabilities	<u>111,974</u>	<u>121,055</u>

The effective interest rates of hire-purchase creditors ranged from 4.17% to 8.45% (2021: 4.76% to 8.45%) per annum.

## 22. Borrowings

	2022 RM	Group 2021 RM
<b>Non-current:</b>		
Bridging loans	6,424,074	7,276,578
Term loans	<u>1,604,317</u>	<u>4,471,894</u>
	8,028,391	11,748,472
<b>Current:</b>		
Bank overdrafts	1,507,867	6,151,272
Bankers' acceptances	6,966,099	8,207,385
Bridging loans	289,764	897,384
Term loans	<u>406,792</u>	<u>1,101,592</u>
	<u>9,170,522</u>	<u>16,357,633</u>
	<u>17,198,913</u>	<u>28,106,105</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 22. Borrowings (Cont'd)

The maturity structure of term loans can be analysed as follows:

	2022 RM	Group 2021 RM
Within one year	696,556	1,998,963
More than one year but less than five years	3,021,740	6,174,998
More than five years	5,006,651	5,573,486
	<u>8,724,947</u>	<u>13,747,447</u>

The effective interest rates of borrowings ranged from 0.50% to 7.85% (2021: 0.50% to 8.50%) per annum.

The borrowings are secured by the following:

- (i) The property development assets as disclosed in Note 14;
- (ii) Leasehold land and buildings and office buildings as disclosed in Note 10;
- (iii) For borrowings of subsidiaries, corporate guarantees by the Company; and
- (iv) Joint and severally guarantees by all directors of the borrowing subsidiaries.

## 23. Trade payables

Credit terms of trade payables granted to the Group range from 30 days to 120 days (2021: 30 days to 120 days).

## 24. Amount due to directors

Amounts due from directors which are non-trade in nature, unsecured, interest free and payable on demand.

## 25. Corporate guarantee

	2022 RM	Company 2021 RM
<b>Unsecured:</b>		
Corporate guarantee granted for the benefit of subsidiary for the borrowings	<u>2,011,109</u>	<u>5,573,486</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 26. Significant related party disclosures

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability to directly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which directors have substantial financial interests; and
- (iii) Key management personnel of the Group and of the Company, comprising persons having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

### (b) Significant related party transactions

Significant related party transactions are as follows:

Name of company With subsidiaries	Type of transaction	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Scanwolf Plastic Industries Sdn.Bhd.	Advances	-	-	<b>13,587,106</b>	370,000
	Repayment	-	-	<b>(4,306,930)</b>	(1,451,031)
Scanwolf Properties Sdn Bhd	Management fee income	-	-	<b>360,000</b>	360,000
	Rental expense	-	-	<b>(24,000)</b>	(24,000)
	Interest income	-	-	<b>377,751</b>	356,274
	Advances	-	-	<b>654,273</b>	65,158
	Repayment	-	-	<b>(43,000)</b>	-
	Refundable deposit	-	-	<b>3,000</b>	-
Scanwolf Development Sdn. Bhd.	Management fee income	-	-	<b>360,000</b>	360,000
	Advances	-	-	<b>6,937,925</b>	557,000
	Repayment	-	-	<b>(2,500)</b>	(920,707)
	Creditor Capitalisation (ICULS)	-	-	<b>3,000,000</b>	-
Scanwolf Flooring Industries Sdn. Bhd.	Advances	-	-	<b>13,907,037</b>	-
Scanwolf Marketing Sdn. Bhd.	Advances	-	-	<b>1,472,290</b>	-
	Repayment	-	-	<b>(259,827)</b>	-





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 26. Significant related party disclosures (Cont'd)

### (b) Significant related party transactions (Cont'd)

The balances outstanding with related parties in respect of the above transactions are disclosed in Notes 15, 20, and 24 to the financial statements.

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

### (c) Key management compensation

The key management personnel are defined as directors of the Group and the Company. The remuneration of key management personnel during the financial year is as disclosed in Note 4 to the financial statements.

## 27. Segment reporting

For management purpose, the Group is organized into business units based on their nature of business and has three reportable operating segments as follows:

### Business segments

Property development  
Manufacturing  
Investment and others

The above reportable segments operate in Malaysia.

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 27. Segment reporting (Cont'd)

### (a) Analysis of results and financial position

Group	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
<b>2022</b>						
<b>Revenue</b>						
Revenue from external customers	4,190,400	35,027,038	-	39,217,438	-	39,217,438
Inter-segment revenue	-	3,051,081	720,000	3,771,081	(3,771,081)	-
	<u>4,190,400</u>	<u>38,078,119</u>	<u>720,000</u>	<u>42,988,519</u>	<u>(3,771,081)</u>	<u>39,217,438</u>
<b>Results</b>						
Profit/(loss) from operations before finance income	(43,769)	(6,880,486)	(14,210,402)	(21,134,657)	5,727,063	(15,407,594)
Finance income	-	163,243	377,751	540,994	(540,994)	-
(Loss)/Profit from operations	(43,769)	(6,717,243)	(13,832,651)	(20,593,663)	(5,186,069)	(15,407,594)
Finance cost	(1,120,506)	(860,380)	(174,535)	(2,155,421)	546,190	(1,609,231)
(Loss)/Profit before tax	(1,164,275)	(7,577,623)	(14,007,186)	(22,749,084)	5,732,259	(17,016,825)
Tax expense	(11,104)	(46,030)	-	(57,134)	-	(57,134)
Loss for the financial year	<u>(1,175,379)</u>	<u>(7,623,653)</u>	<u>(14,007,186)</u>	<u>(22,806,218)</u>	<u>5,732,259</u>	<u>(17,073,959)</u>
<b>Assets and liabilities</b>						
Segment assets	54,655,648	66,280,965	64,919,022	185,855,635	(76,187,937)	109,667,698
Segment liabilities	<u>61,462,552</u>	<u>54,151,299</u>	<u>1,104,367</u>	<u>116,718,218</u>	<u>(74,366,589)</u>	<u>42,351,629</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 27. Segment reporting (Cont'd)

### (a) Analysis of results and financial position (Cont'd)

Group	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
<b>2022</b>						
Capital expenditure on:						
- Property, plant and equipment	-	2,752,804	-	2,752,804	(15,394)	-
- Right-of-use assets	-	1,531,367	-	1,531,367	-	1,531,367
Depreciation						
- Property, plant and equipment	111,679	2,727,322	-	2,839,001	-	2,839,001
- Right-of-use assets	42,892	682,720	-	725,612	(42,892)	682,720
Non-cash items other than depreciation and amortisation:						
Net allowances for expected credit losses	-	(26,555)	-	(26,555)	-	(26,555)
Gain on disposal of asset held for sale	-	(1,246,381)	-	(1,246,381)	-	(1,246,381)
Plant, property and equipment						
- gain on disposal	-	(46,500)	-	(46,500)	-	(46,500)
- written off	-	1	-	1	-	1
Right-of-use assets						
- written off	-	16,619	-	16,619	-	16,619



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 27. Segment reporting (Cont'd)

### (a) Analysis of results and financial position (Cont'd)

Group	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
<b>2021</b>						
<b>Revenue</b>						
Revenue from external customers	13,353,000	35,455,077	-	48,808,077	-	48,808,077
Inter-segment revenue	-	2,916,586	720,000	3,636,586	(3,636,586)	-
	<u>13,353,000</u>	<u>38,371,663</u>	<u>720,000</u>	<u>52,444,663</u>	<u>(3,636,586)</u>	<u>48,808,077</u>
<b>Results</b>						
(Loss)/Profit from operations before finance income	2,700,448	121,246	10,266,387	13,088,081	(11,809,775)	1,278,306
Finance income	-	314,073	356,274	670,347	(356,274)	314,073
(Loss)/Profit from operations	2,700,448	435,319	10,622,661	13,758,428	(12,166,049)	1,592,379
Finance cost	(1,069,016)	(1,143,956)	-	(2,212,972)	356,274	(1,856,698)
(Loss)/Profit before tax	1,631,432	(708,637)	10,622,661	11,545,456	(11,809,775)	(264,319)
Tax expense	-	47,072	-	47,072	-	47,072
Loss for the financial year	<u>1,631,432</u>	<u>(661,565)</u>	<u>10,622,661</u>	<u>11,592,528</u>	<u>(11,809,775)</u>	<u>(217,247)</u>
<b>Assets and liabilities</b>						
Segment assets	58,297,479	70,934,638	33,595,369	162,827,486	(54,032,441)	108,795,045
Segment liabilities	<u>63,929,005</u>	<u>53,356,258</u>	<u>990,322</u>	<u>118,275,585</u>	<u>(46,578,837)</u>	<u>71,696,748</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 27. Segment reporting (Cont'd)

### (a) Analysis of results and financial position (Cont'd)

Group	Property development RM	Manufacturing RM	Investment and others RM	Total RM	Elimination RM	Consolidated RM
<b>2021</b>						
Capital expenditure on:						
- Property, plant and equipment	28,142	1,334,838	-	1,362,980	-	1,362,980
- Right-of-use assets	-	314,941	-	314,941	-	314,941
Depreciation						
- Property, plant and equipment	111,440	2,721,551	-	2,832,991	-	2,832,991
- Right-of-use assets	-	459,111	-	459,111	-	459,111
Non-cash items other than depreciation and amortisation:						
Inventories written down	33,000	-	-	33,000	-	33,000
Property, plant and equipment written off	2,008	-	-	2,008	-	2,008
Net allowance for expected credit losses	-	(112,256)	4,627,944	4,513,832	(4,627,944)	(112,256)
Unrealised loss on foreign exchange	-	30,097	-	30,097	-	30,097



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 28. Financial instruments

### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	AC RM
<b>2022</b>		
<b>Financial assets</b>		
Trade receivables	6,050,627	6,050,627
Other receivables and deposits (exclude prepayment)	2,935,400	2,935,400
Cash and bank balances	212,289	212,289
	<u>9,198,316</u>	<u>9,198,316</u>
<b>Financial liabilities</b>		
Borrowings	17,198,913	17,198,913
Lease liabilities	2,058,169	2,058,169
Trade payables	12,754,085	12,754,085
Other payables and accruals	6,552,819	6,552,819
	<u>38,563,986</u>	<u>38,563,986</u>
<b>Company</b>		
<b>2022</b>		
<b>Financial assets</b>		
Other receivables and deposits (exclude prepayment)	51,623,830	51,623,830
Cash and bank balances	24,482	24,482
	<u>51,648,312</u>	<u>51,648,312</u>
<b>Financial liability</b>		
Other payables and accruals	436,421	436,421



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 28. Financial instruments (Cont'd)

### Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	AC RM
<b>2021</b>		
<b>Financial assets</b>		
Trade receivables	5,036,666	5,036,666
Other receivables and deposits (exclude prepayment)	1,433,586	1,433,586
Cash and bank balances	140,500	140,500
	<u>6,610,752</u>	<u>6,610,752</u>
<b>Financial liabilities</b>		
Borrowings	28,106,105	28,106,105
Lease liabilities	1,583,734	1,583,734
Trade payables	23,935,961	23,935,961
Other payables and accruals	11,181,154	11,181,154
Amount due to directors	1,761,964	1,761,964
	<u>66,568,918</u>	<u>66,568,918</u>
<b>Company</b>		
<b>2021</b>		
<b>Financial assets</b>		
Other receivables and deposits (exclude prepayment)	16,867,620	16,867,620
Cash and bank balances	11,871	11,871
	<u>16,879,491</u>	<u>16,879,491</u>
<b>Financial liability</b>		
Non-trade payables and accruals	990,322	990,322



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 28. Financial instruments (Cont'd)

### Categories of financial instruments (Cont'd)

#### Net gains/(losses) arising from financial instruments

Group	2022 RM	2021 RM
<b>Net (losses)/gains arising on:</b>		
<b>Financial assets measured at amortised cost</b>		
Allowance for expected credit loss		
- reversal for the financial year	26,555	112,256
Realised gain/(loss) on foreign exchange	7,554	(7,970)
Unrealised foreign exchange loss	(13,600)	(30,096)
Bad debts written off	(160)	-
	<u>20,349</u>	<u>74,190</u>

#### Financial liabilities measured at amortised cost

Interest expenses	<u>(1,609,231)</u>	<u>(1,856,698)</u>
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Company	2022 RM	2021 RM
<b>Net (losses)/gains arising on:</b>		
<b>Financial assets measured at amortised cost</b>		
Allowance for expected credit loss		
- charge for the financial year	<u>720,000</u>	<u>4,627,944</u>
<b>Financial liabilities measured at amortised cost</b>		
Interest expenses	<u>(174,535)</u>	<u>-</u>

#### Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its credit risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and institutions, as well as credit exposures to the Group's customers, including outstanding receivables.





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 28. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (a) Credit risk (Cont'd)

##### Risk management

The Group and the Company manage their 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 and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

##### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2021: 3) major customers which constituted approximately 80% (2021: 87%) of its trade receivables for the trade in nature transaction as at the end of the reporting period.

##### Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

##### Impairment of financial assets

The Group's trade receivables are subject to expected credit loss model.

While cash and cash equivalents, refundable deposits and loans are subject to the impairment requirements of MFRS 9.

##### Trade receivables

On the basis as disclosed in Note 1(d)(iv) to the financial statements, the loss allowance as at 30 June 2022 was determined as follows for trade receivables:

	Gross amount RM	Loss allowances RM	Carrying amount RM
<b>Group</b>			
<b>2022</b>			
Not past due	2,352,098	-	2,352,098
Past due:	-		-
- more than 30 days	1,877,777	-	1,877,777
- more than 60 days	1,082,239	-	1,082,239
- more than 90 days	930,299	(191,786)	738,513
	<u>6,242,413</u>	<u>(191,786)</u>	<u>6,050,627</u>
<b>2021</b>			
Not past due	2,756,341	-	2,756,341
Past due:			
- more than 30 days	2,100,995	-	2,100,995
- more than 60 days	87,953	-	87,953
- more than 90 days	309,718	(218,341)	91,377
	<u>5,255,007</u>	<u>(218,341)</u>	<u>5,036,666</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 28. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (b) Interest risk

The Group's fixed rate borrowings are exposed to fair value interest rate risk. The Group's variable rate borrowings are exposed to cash flows interest rate risk.

#### Risk management

The Group's policy is to obtain the most favourable rates available.

#### Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Effective interest rate per annum (%)	2022 RM	Group 2021 RM
<b>Fixed rate instruments</b>			
Borrowings			
- bankers' acceptances	1.00%	115,755	89,328
- term loans	6.00% to 8.50%	214,568	410,100
- bridging loan	7.12% to 8.22%	601,811	657,148
- irredeemable convertible unsecured loan stock (ICULS)	3.00%	174,535	-
		<u>1,106,669</u>	<u>1,156,376</u>
<b>Variable rate instruments</b>			
Borrowings			
- bank overdraft	0.50%	173,422	339,210
- back to back arrangements	2.22%	78,693	-
		<u>252,115</u>	<u>339,210</u>

#### Interest rate risk sensitivity analysis

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and financial liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### *Cash flow sensitivity analysis for variable rate instruments*

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of debt investments at FVOCI. This analysis assumes that all other variables remain constant.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 28. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (b) Interest risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

*Cash flow sensitivity analysis for variable rate instruments (Cont'd)*

	2022 Increase/ (Decrease) RM	2021 Increase/ (Decrease) RM
<b>Effects on profit after taxation/accumulated losses:</b>		
Increase by 10 basis points	19,161	49,650
Decrease by 10 basis points	<u>(19,161)</u>	<u>(49,650)</u>

#### (c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management

The Group and the Company practice prudent risk management by maintaining sufficient cash balances.

Maturity analysis

The table below analyse the Company' financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 28. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### (c) Liquidity risk (Cont'd)

##### Maturity analysis (Cont'd)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Group	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Between 2 to 5 years RM
<b>2022</b>				
Lease liabilities	2,058,169	2,170,143	869,049	1,301,094
Banker acceptances	6,966,099	7,081,854	7,081,854	-
Term loan	2,011,109	2,225,677	514,076	1,711,601
Bridging loan	6,713,838	7,315,649	590,670	6,724,979
Trade payables	12,754,086	12,754,086	12,754,086	-
Non-trade payables and accruals	6,552,819	6,552,819	6,552,819	-
Irredeemable Convertible Unsecured Loan Stocks liabilities	667,946	842,481	842,481	-
	<u>37,724,066</u>	<u>38,942,709</u>	<u>29,205,035</u>	<u>9,737,674</u>
<b>Company</b>				
<b>2022</b>				
Non-trade payables and accruals	436,421	436,421	436,421	-
Irredeemable Convertible Unsecured Loan Stocks liabilities	667,946	842,481	842,481	-
	<u>1,104,367</u>	<u>1,278,902</u>	<u>1,278,902</u>	<u>-</u>
<b>2021</b>				
Lease liabilities	1,583,734	1,704,789	697,468	1,007,321
Banker acceptances	8,207,385	8,296,713	8,296,713	-
Term loan	5,573,486	5,983,586	1,306,642	4,676,944
Bridging loan	8,173,962	8,831,110	7,605,152	1,225,958
Trade payables	23,935,961	23,935,961	23,935,961	-
Non-trade payables and accruals	14,368,402	14,368,402	14,368,402	-
	<u>61,842,930</u>	<u>63,120,561</u>	<u>56,210,338</u>	<u>6,910,223</u>
<b>Company</b>				
<b>2021</b>				
Non-trade payables and accruals	<u>973,606</u>	<u>973,606</u>	<u>-</u>	<u>-</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 28. Financial instruments (Cont'd)

### Financial risk management objectives and policies (Cont'd)

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of its normal trade activities that are denominated in currencies other than Ringgit Malaysia.

The Group's sales are mostly denominated in US Dollar and Ringgit Malaysia and to a lesser extent the Euro whilst purchases are denominated in US Dollar ("USD"), Chinese Renminbi ("RMB") and Ringgit Malaysia ("RM").

The Group mitigates its foreign currency exchange risk through the natural hedge of operating foreign currency accounts using the deposits from its export proceeds to pay imported purchases where both are denominated in the same foreign currency. The Group also enters into foreign currency forward contracts to hedge certain of the export proceeds and import purchases, whenever considered necessary.

The Group's exposure to foreign currency is as follows:

Group	RMB RM	USD RM	TWD RM	SGD RM	Total RM
<b>2022</b>					
<b>Financial assets</b>					
Receivables	134	7,708	5,295	695	13,832
Cash and bank balances	-	812	-	-	812
	<u>134</u>	<u>8,520</u>	<u>5,295</u>	<u>695</u>	<u>14,644</u>
<b>Financial liabilities</b>					
Payables	-	166,067	-	-	166,067
Net currency exposure	<u>134</u>	<u>(157,547)</u>	<u>5,295</u>	<u>695</u>	<u>(151,423)</u>
<b>Group</b>					
<b>2021</b>					
<b>Financial assets</b>					
Receivables	-	999,393	-	4,836	1,004,229
Cash and bank balances	-	2,608	-	-	2,608
	<u>-</u>	<u>1,002,001</u>	<u>-</u>	<u>4,836</u>	<u>1,006,837</u>
<b>Financial liabilities</b>					
Payables	161,051	2,277,274	4,103	695	2,443,123
Net currency exposure	<u>(161,051)</u>	<u>(1,275,273)</u>	<u>(4,103)</u>	<u>4,141</u>	<u>(1,436,286)</u>



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 28. Financial instruments (Cont'd)

### 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 as at the end of the reporting period, with all other variables held constant:

Group	2022 Increase/ (Decrease) RM	2021 Increase/ (Decrease) RM
<b>Effects on profit after taxation/accumulated losses:</b>		
<b>RMB/RM</b>		
Strengthen by 10% (2021: 10%)	(10)	(12,240)
Weaken by 10% (2021: 10%)	10	12,240
<b>USD/RM</b>		
Strengthen by 10% (2021: 10%)	(11,974)	(96,921)
Weaken by 10% (2021: 10%)	11,974	96,921
<b>Euro/RM</b>		
Strengthen by 10% (2021: 10%)	-	(312)
Weaken by 10% (2021: 10%)	-	312
<b>SGD/RM</b>		
Strengthen by 10% (2021: 10%)	(53)	(315)
Weaken by 10% (2021: 10%)	53	315
<b>Taiwan Dollar/RM</b>		
Strengthen by 10% (2021: 10%)	(402)	-
Weaken by 10% (2021: 10%)	402	-



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 29. Fair values

- (i) The financial assets and financial liability maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments except for amount due from subsidiaries, amount owing to a director and amount due to a subsidiary, as it is not practical to estimate the fair value due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. The directors are at the opinion that the carrying amounts recorded at the statement of financial position date do not differ significantly from the values that would eventually be recovered.
- (ii) The fair value of the floating interest rate borrowings approximates its carrying value as at the reporting date.

### Fair value hierarchy

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2022</b>				
<b>Non-recurring fair values measurement</b>				
Long term leasehold land	-	450,000	-	450,000
Short term leasehold land	-	5,000,000	-	5,000,000
Factory buildings	-	-	11,600,000	11,600,000
<b>2021</b>				
<b>Non-recurring fair values measurement</b>				
Long term leasehold land	-	410,000	-	410,000
Short term leasehold land	-	3,710,000	-	3,710,000
Factory buildings	-	-	11,899,774	11,899,774

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: those derived from inputs other than quoted prices included within level 1 that are for the assets or liabilities; either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: those derived from valuation techniques that included inputs for the assets or liabilities that are not based on observable market data (unobserved inputs).

## 30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2022 and 30 June 2021.



# Notes to the Financial Statements (Cont'd)

As at 30 June 2022



## 30. Capital management (Cont'd)

The gearing ratio of the Group as at the end of the reporting period was as follows:

	2022 RM	Group 2021 RM
Total debts		
- Borrowings	17,198,913	28,106,104
- Lease liabilities	2,058,169	1,583,734
- Back to back arrangement	1,013,419	1,834,734
	<u>20,270,501</u>	<u>31,524,572</u>
Less: Cash and bank balances	(212,289)	(140,500)
Net debt	20,058,212	31,384,072
Total equity	67,316,069	37,098,296
Total capital	<u>87,374,281</u>	<u>68,482,368</u>
Gearing ratio (times)	<u>0.23</u>	<u>0.46</u>

Under the requirement of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholder's equity equal to or not less than the 25% of the issued and paid up capital (including treasury shares). The Group has complied with this requirement.

## 31. Significant events

- (i) The country has reached herd immunity level that are in line with the National Recovery Plan on COVID-19 in the current endemic phase. This has enabled the Group and the Company to resume operation at best capacity whilst complying with the necessary Standard Operating Procedures requirements including close monitoring of employees, suppliers and visitors that enter the premises. Nevertheless, the management will continue to monitor the development and impact of COVID-19 on the Group's and the Company's operations and their financial performances.

The Director of the Company are of the opinion that the threats of the outbreak continue to evolve and resulting in significant volatility of global financial and commodities' market which will affect the Group and the Company operations and financial performance.

However, the Company is actively monitoring the supply chain and manpower an acceptable level of operational productivity. With that, the Group and the Company expect the business operations to progressively improve in the financial year ending 30 June 2023.

- (ii) Corporate exercise

On 9 August 2021, the Rights Issue of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") with Warrants and the Creditor Capitalisation have been completed following the listing of and quotation for 134,971,200 ICULS and 52,485,600 Warrants on the Main Market of Bursa Securities on 9 August 2021. 104,971,200 ICULS were issued pursuant to the Rights Issue of ICULS with Warrants and the total proceeds raised was RM10,497,120.

- (iii) Share Issuance Scheme ('SIS')

On 31 March 2022, the Company has announced the offer of SIS options made to the eligible employees of the Company and its subsidiaries to subscribe for new ordinary shares in the Company.





# Notes to the Financial Statements (Cont'd)

As at 30 June 2022

## 32. General information

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

The principal place of business of the Company are located at No.19, 19A, 19B & 19C, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak Darul Ridzuan.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 28 October 2022.



# List of Group's Properties



Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 30-Jun-2022 RM	Date of Valuation	Company Name
1	Title No. HS (D) 44267, Lot P.T. 404, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with two single storey detached factory/office buildings	Factory	3.7 acres	Lease period expiring on 13/6/2054	25 and 18	8,286,225.19	1 March 2022	Scanwolf Plastic Industries Sdn. Bhd.
2	Title No. Pajakan Negeri 148201, Lot 192446, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey detached factory	Factory	3.2 acres	Lease period expired on 2/12/2051	15	4,291,947.04	1 March 2022	Scanwolf Plastic Industries Sdn. Bhd.
3	Title No. Pajakan Negeri 90115, Lot 195536, Mukim of Belanja, District of Kinta, State of Perak	Industrial land with a single storey warehouse	Warehouse	2.9 acres	Lease period expiring on 26/5/2052	4	3,993,090.86	1 March 2022	Scanwolf Plastic Industries Sdn. Bhd.
4	(HSM 1048, P.T. 4528), (HSM 1049, P.T. 4529), (HSM 1050, P.T. 4530), (HSM 1051, P.T. 4531), (HSM 1052, P.T. 4538), (HSM 1053, P.T. 4539), (HSM 1054, P.T. 4540), (HSM 1055, P.T. 4541), (HSM 1059, P.T. 4552), (HSM 1067, P.T. 4583), (HSM 1068, P.T. 4584), (HSM 1069, P.T. 4585), (HSM 1070, P.T. 4586), (HSM 1071, P.T. 4587), (HSM 1072, P.T. 4590), (HSM 1073, P.T. 4591), (HSM 1074, P.T. 4592), (HSM 1075, P.T. 4593), (HSM 1076, P.T. 4594), and (HSM 1077, P.T. 4595), Mukim of Sungai Terap, District of Kinta, State of Perak	20 parcel of vacant detached house lots	Vacant	4,000 sq ft per unit	Lease period expiring on 07/10/2093	N/A	449,592.07	17 February 2022	Scanwolf Plastic Industries Sdn. Bhd.
5	No. 19, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak	Four storey shop office	Office	185 sq mtr	Freehold	6	2,016,333.58	2 December 2015	Scanwolf Properties Sdn. Bhd.



# Analysis of Shareholdings

as at 21 September 2022

Class of Shares	:	Ordinary Shares
Total Number of Issued Shares	:	196,433,010 ordinary shares
Voting Rights	:	One vote for each ordinary share held

## Analysis by Size of Shareholdings

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	12	0.76	570	0.00
100 - 1,000	294	18.67	196,330	0.10
1,001 - 10,000	600	38.10	3,451,400	1.76
10,001 - 100,000	467	29.65	16,850,200	8.58
100,001 - 9,821,649	200	12.70	140,934,510	71.75
9,821,649 and above	2	0.12	35,000,000	17.81
<b>Total</b>	<b>1,575</b>	<b>100</b>	<b>196,433,010</b>	<b>100</b>

## Substantial Shareholders

(As per Register of Substantial Shareholders)

Name	Direct	%	No. of Shares Held	%
			Indirect	
1. CHOOI YOHEY SUN	19,000,000	9.67		-
2. PEG CAPITAL SDN. BHD.	16,000,000	8.15		-
3. PEG HOLDING SDN. BHD.	-	-	16,000,000 <sup>(i)</sup>	8.15
4. DATO' DR CHEW CHEN YEE	-	-	16,000,000 <sup>(ii)</sup>	8.15

Notes:

(i) Deemed interest by virtue of its interest in PEG CAPITAL SDN. BHD. pursuant to Section 8 of the Companies Act 2016 ("the Act").

(ii) Deemed interest by virtue of his interest in PEG CAPITAL SDN. BHD. pursuant to Section 8 of the Act.

## Directors' Shareholdings

(As per Register of Directors' Shareholdings)

Name	Direct	%	No. of Shares Held	%
			Indirect	
1. DATO' TAN SIN KEAT	7,727,181	3.93	2,000,000 <sup>(i)</sup>	1.02
2. NG CHEE WAI	7,180,000	3.66	-	-
3. DATO' DR CHEW CHEN YEE	-	-	16,000,000 <sup>(ii)</sup>	8.15
4. TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR	-	-	-	-
5. DATO' CHEONG CHEN KHAN	-	-	-	-



# Analysis of Shareholdings (Cont'd)

as at 21 September 2022



## Directors' Shareholdings (Cont'd)

(As per Register of Directors' Shareholdings) (Cont'd)

Name	Direct	No. of Shares Held		
		%	Indirect	%
6. LIM KIAN HUAT	-	-	-	-
7. KHOO KIEN HOE	-	-	-	-
8. OW KEE TEIK	-	-	-	-

Notes:

- (i) Deemed interest by virtue of his son, Tan Yann Kang pursuant to Section 59(11)(c) of the Companies Act 2016 ("the Act").
- (ii) Deemed interest by virtue of his interest in PEG CAPITAL SDN. BHD. pursuant to Section 8 of the Act.

## Thirty Largest Shareholders

Name	Shareholding	%
1. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHOOI YOHEY SUN	19,000,000	9.67
2. PEG CAPITAL SDN. BHD.	16,000,000	8.15
3. CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHEE WAI (MY1647)	7,180,000	3.66
4. CALVIN LAU CHUEN YIEN	6,423,000	3.27
5. TAN SIN KEAT	5,727,181	2.92
6. CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEO ANN SECK (MY0696)	5,000,000	2.55
7. LAW TEIK EAN	4,504,120	2.29
8. MIRUS HOLDINGS SDN. BHD.	3,333,300	1.70
9. CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HEONG (MY4368)	3,194,800	1.63
10. LEE SIEW PENG	3,000,000	1.53
11. AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TWE FOOK CHUAN	2,777,910	1.41
12. AIDA & DREW CONSULTANCY SDN. BHD.	2,754,900	1.40
13. NG CHOI HA	2,700,099	1.37
14. TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LUA CHONG KEONG	2,350,000	1.20
15. YUU SPEED SDN. BHD.	2,342,400	1.19
16. KENANGA NOMINEES (TEMPATAN) SDN BHD. RAKUTEN TRADE SDN BHD FOR MOHD SALMAN @ LEONG YEW MUN	2,238,700	1.14
17. ALPHA WELL LTD	2,222,200	1.13
18. KENANGA NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	2,222,200	1.13



# Analysis of Shareholdings (Cont'd)

as at 21 September 2022

## Thirty Largest Shareholders (Cont'd)

	Name	Shareholding	%
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SIN KEAT (MY4450)	2,000,000	1.02
20.	TAN YANN KANG	2,000,000	1.02
21.	NG PENG PENG	1,978,100	1.01
22.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH KIM SOON	1,960,000	1.00
23.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YUU SPEED SDN. BHD.	1,870,000	0.95
24.	TEY GIAP CHIAN	1,836,600	0.93
25.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM GUAN YEW (MY3126)	1,706,100	0.87
26.	YAP TAT LOONG	1,371,000	0.70
27.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN CHOY KUAN	1,366,000	0.70
28.	LIM KEY SHEN	1,360,000	0.69
29.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEOH LIP KHOON	1,352,300	0.69
30.	ABDUL HAMID BIN ABDUL SHUKOR	1,310,000	0.67



# Analysis of Warrants Holdings

as at 21 September 2022



Number of Issued Warrants	:	52,485,600
Number of Warrants Exercised	:	Nil
Exercise Price per Warrant	:	RM0.30
Exercise Period of Warrants	:	5 August 2021 to 5 August 2026
Voting Rights at Meeting of Warrant Holders	:	One vote per warrant

## Analysis by Size of Warrants Holdings

Size of Holdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	24	5.18	1,100	0.00
100 - 1,000	38	8.21	19,200	0.04
1,001 - 10,000	146	31.53	887,600	1.69
10,001 - 100,000	165	35.64	6,737,850	12.84
100,001 - 2,624,279	89	19.22	42,022,750	80.06
2,624,280 and above	1	0.22	2,817,100	5.37
<b>Total</b>	<b>463</b>	<b>100</b>	<b>52,485,600</b>	<b>100</b>

## Directors' Warrant Holdings

Name	Direct	%	Indirect	%
1. DATO' TAN SIN KEAT	-	-	-	-
2. NG CHEE WAI	-	-	-	-
3. DATO' DR CHEW CHEN YEE	-	-	-	-
4. TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR	-	-	-	-
5. DATO' CHEONG CHEN KHAN	-	-	-	-
6. LIM KIAN HUAT	-	-	-	-
7. KHOO KIEN HOE	-	-	-	-
8. OW KEE TEIK	-	-	-	-

## Thirty Largest Warrant Holders

Name	No. of Warrants	%
1. KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR MAH JUN-KIT	2,817,100	5.37
2. KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR MOHD SALMAN @ LEONG YEW MUN	2,255,700	4.30
3. YUNG MOOI HEONG	2,000,000	3.81
4. WONG KOK YEW	1,726,000	3.29
5. LEE SIEW PENG	1,450,000	2.76



# Analysis of Warrants Holdings (Cont'd)

as at 21 September 2022

## Thirty Largest Warrant Holders (Cont'd)

	Name	No. of Warrants	%
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN LYE ZHANG	1,280,000	2.44
7.	TAN YIN YEN	1,250,000	2.38
8.	NG YEOW HOOI	1,215,000	2.31
9.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR MOH KIAM HENG	1,205,400	2.30
10.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR TEW YAN TENG	1,160,000	2.21
11.	H'NG CHEW LIAN	1,049,900	2.00
12.	TAY KOK SENG	1,034,700	1.97
13.	LEE SWEE GUAN	958,900	1.83
14.	GOH FUI FIN	916,200	1.75
15.	LEOW LEONG MOY	912,000	1.74
16.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR AH SANG	834,000	1.59
17.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HO SENG HOOI	814,000	1.55
18.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR FAZLINA BINTI MOHD SALMAN	750,000	1.43
19.	ONG YIN YIN	737,400	1.40
20.	CHEN HUI YANG	700,000	1.33
21.	HO SENG HONG	656,800	1.25
22.	LEOW LEONG MOY	630,000	1.20
23.	CHAI SOON HING	600,000	1.14
24.	TEOH BENG KEONG	600,000	1.14
25.	YEE KOK LIM	600,000	1.14
26.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD NASHRI YONG BIN ABDULLAH	513,800	1.00
27.	CHONG CHEE YOONG	510,400	0.97
28.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN CHOY KUAN	500,000	0.95
29.	CHAI SOON HING	500,000	0.95
30.	HIEW KHYE YUH	500,000	0.95



# Analysis of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") Holdings



as at 21 September 2022

Number of Issued ICULS	:	134,971,200
Number of Unconverted ICULS	:	61,930,500
Conversion Period	:	5 August 2021 to 4 August 2026
Voting Rights at Meeting of ICULS 2021/2026 Holders	:	One vote per ICULS holder on a show of hands or one vote for every RM0.10 nominal value of ICULS 2021/2016 on a poll

## Analysis by Size of ICULS Holdings

Size of Holdings	No. of ICULS Holders	%	No. of ICULS	%
1 - 99	0	0.000	0	0.000
100 - 1,000	18	15.65	8,600	0.01
1,001 - 10,000	40	34.78	219,600	0.36
10,001 - 100,000	31	26.96	1,145,900	1.85
100,001 - 3,096,524	22	19.13	23,049,800	37.22
3,096,524 and above	4	3.48	37,506,600	60.56
<b>Total</b>	<b>115</b>	<b>100</b>	<b>61,930,500</b>	<b>100</b>

## Directors' ICULS Holdings

Name	Direct	No. of ICULS Held		
		%	Indirect	%
1. DATO' TAN SIN KEAT	-	-	-	-
2. NG CHEE WAI	-	-	-	-
3. DATO' DR CHEW CHEN YEE	-	-	-	-
4. TAN SRI DATO' SRI HAJI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR	-	-	-	-
5. DATO' CHEONG CHEN KHAN	-	-	-	-
6. LIM KIAN HUAT	-	-	-	-
7. KHOO KIEN HOE	-	-	-	-
8. OW KEE TEIK	-	-	-	-

## Thirty Largest ICULS Holders

Name	No. of ICULS	%
1. YUU SPEED SDN. BHD.	14,518,600	23.44
2. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. EPSILON MANAGEMENT SDN. BHD.	9,227,800	14.90
3. TEY GIAP CHIAN	8,816,000	14.24
4. LEE CHIN THAI	4,944,200	7.98
5. LEE SOOK WAN	2,876,000	4.64
6. CHAI SEONG YEE	2,500,000	4.04
7. PHUAH SU TYING	2,450,000	3.96





# Analysis of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") Holdings (Cont'd)

as at 21 September 2022

## Thirty Largest ICULS Holders

	Name	No. of ICULS	%
8.	TEH KONG YAW	2,305,000	3.72
9.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (BBRKLING-CL)	2,238,500	3.61
10.	LOH YOKE FONG	1,500,000	2.42
11.	THANG EHAU	1,340,000	2.16
12.	GO WINSTON DY	1,294,000	2.09
13.	TEOH TEIK KEAN	1,260,000	2.03
14.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TWE FOOK CHUAN	1,000,000	1.61
15.	JT CAPITAL HOLDING SDN. BHD.	1,000,000	1.61
16.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON YUNG	714,600	1.15
17.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY KOK SENG	587,300	0.95
18.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEONG SOON WAI (MY4167)	403,000	0.65
19.	TEO YUAN HAO	295,400	0.48
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO BOON TONG (MY3206)	227,700	0.37
21.	TEOH SIEW FONG	197,300	0.32
22.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN KOK WAI	188,600	0.30
23.	CHONG CHEE YOONG	187,400	0.30
24.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FRANCIS CHAI KIM LUNG	175,000	0.28
25.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR EMALAYN CHAN KAR CHUEN	160,000	0.26
26.	YUU SPEED SDN. BHD.	150,000	0.24
27.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR LOH KOK CHIAN	100,000	0.16
28.	LIEW THONG	100,000	0.16
29.	CHIN KOK KIEN	85,000	0.14
30.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR LIAW HOCK CHOON	77,000	0.12



CDS Account No. (For Nominees Account)	No. of shares held

\*I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
(Full name in block, NRIC/Passport/Company No)

of \_\_\_\_\_

being member(s) of **SCANWOLF CORPORATION BERHAD**, hereby appoint:

Full Name (in Block as per NRIC / Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (\*delete as appropriate)

Full Name (in Block as per NRIC / Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as \*my/our proxy/proxies to vote for \*me/us and on \*my/our behalf at the Sixteenth Annual General Meeting ("16<sup>th</sup> AGM") of the Company which will be held at Jasper Room (Level G), AVANTE Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia on Tuesday, 29 November 2022 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:

No.	Description of Resolution	Resolution	For	Against
1.	Re-election of Mr. Khoo Kien Hoe as Director	1		
2.	Re-election of Mr. Ng Chee Wai as Director	2		
3.	Re-election of Dato' Dr Chew Chen Yee as Director	3		
4.	Re-election of Mr. Lim Kian Huat as Director	4		
5.	Approval of Directors' fees and benefits amounting to RM384,000.00 for the financial year ending 30 June 2023	5		
6.	Re-appointment of Messrs. PKF as Auditors of the Company and to authorise the Directors to fix their remuneration	6		
7.	Authority to allot and issue shares	7		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

\* Delete whichever is inapplicable

**Notes:**

- A member of a company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the company.
- A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- A member of the Company, including an Authorised Nominee or an Exempt Authorised Nominee, who is entitled to attend and vote at meeting of the Company, or at a meeting of any class of members of the Company, may appoint one or more proxies to attend and vote instead of the member at the meeting.
- Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office of the Share Registrar, 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via TIIH Online website at <https://tiah.online> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- For the purpose of determining a member who shall be entitled to attend the Sixteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 22 November 2022. Only a depositor whose name appears on the ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her stead.
- Shareholders are advised to check the Company's website at <http://www.scanwolf.com> and announcements from time to time for any changes to the administration of the Sixteenth Annual General Meeting that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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**AFFIX  
STAMP**

**SCANWOLF CORPORATION BERHAD**

[200601021156 (740909-T)]

c/o 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

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REDUCE  
30%  
WASTE



RECYCLE



SAVE  
ENERGY



REUSE



**Scanwolf Corporation Berhad**

(Company No.: 200601021156 (740909-T))  
(Incorporated in Malaysia)

No. 19, 19A, 19B & 19C,  
Jalan Pusat Perniagaan Falim 5,  
Pusat Perniagaan Falim, 30200, Ipoh, Perak.  
T 605 285 0063 F 605 285 0272

[www.scanwolf.com](http://www.scanwolf.com)