Scanwolf Corporation Berhad
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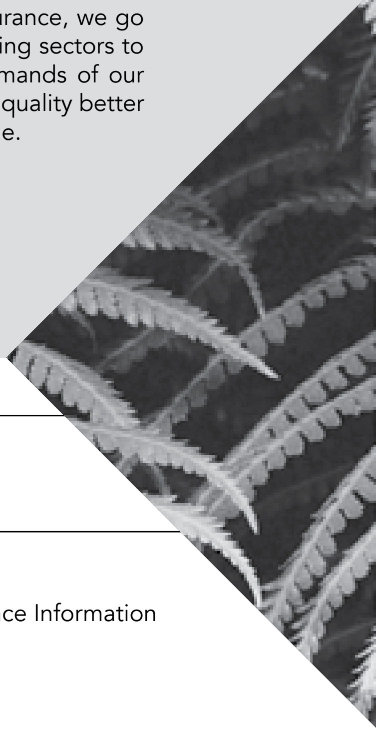
VALUE CREATION FOR TOMORROW

Annual Report 2023

VALUE CREATION FOR
TOMORROW

Scanwolf Corporation Berhad aims to create value for sustainable tomorrow. With commitment towards quality assurance, we go through meticulous process in each of our operating sectors to ensure we are able to satisfy the needs and demands of our customers. We will continue to grow by providing quality better than ever, achieve resourceful results with everyone.



WHAT'S INSIDE

NOTICE OF SEVENTEETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting ("17th AGM") of SCANWOLF CORPORATION BERHAD will be held at Agate Room (Level G), AVANTE Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia on Thursday, 30 November 2023 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 2023 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. Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir **(Resolution 1)**
   ii. Dato' Tan Sin Keat **(Resolution 2)**

3. To re-elect Ms. Lee Pei Fen who retires pursuant to Clause 102 of the Constitution. **(Resolution 3)**

4. To approve the payment of Directors' fees and benefits amounting to RM384,000.00 for the financial year ending 30 June 2024. **(Resolution 4)**

5. To re-appoint Messrs. PKF PLT as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 5)**

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 6)**

   "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 SEVENTEETH ANNUAL GENERAL MEETING

Special Business (Cont'd)

To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolution:- (Cont'd)

6. Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 (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
WONG SIEW YEEN (SSM PC NO. 202008001471) (MAICSA 7018749)
TEE THIAM CHAI (SSM PC NO. 202008002297) (MAICSA 7066679)
Company Secretaries

Kuala Lumpur
31 October 2023

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.*

NOTICE OF SEVENTEETH ANNUAL GENERAL MEETING

Notes: (Cont'd)

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.*

7. *For the purpose of determining a member who shall be entitled to attend the 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 23 November 2023. 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 17th AGM.*

Explanatory Notes on Ordinary Business:

1. ***Agenda Item No. 1 – Audited Financial Statements for the financial year ended 30 June 2023***

   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) and 3 (i) – Re-election of Directors***

   Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir, Dato' Tan Sin Keat and Ms. Lee Pei Fen are standing for re-election as Directors of the Company and being eligible, have offered themselves for reelection at the 17th AGM.

   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 three 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 Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir and Ms. Lee Pei Fen and are satisfied that both 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 4 is to facilitate the payment of Directors' fees and benefits for the financial year ending 30 June 2024. 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 2024. 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 PLT 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 17th AGM are disclosed in the Corporate Governance Overview Statement of this Annual Report.

NOTICE OF SEVENTEETH ANNUAL GENERAL MEETING

Explanatory Note 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 issues 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 did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the Sixteenth Annual General Meeting held on 29 November 2022 and will lapse at the conclusion of the 17th AGM to be held on 30 November 2023. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement on the actual purpose and utilisation of proceeds arising from such issuance of shares.

STATEMENT ACCOMPANYING NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

PURSUANT TO RULE 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 Seventeenth Annual General Meeting.

ADMINISTRATIVE GUIDE

FOR THE SEVENTEENTH ANNUAL GENERAL MEETING ("17TH AGM")

Day and Date	:	Thursday, 30 November 2023
Time	:	10.30 a.m.
Venue	:	Agate Room (Level G), AVANTE Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia

INDIVIDUAL MEMBERS

1. All Members who wish to attend the 17th AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**", or "**TIIH**") via TIIH Online website at https://tiih.online no later than Tuesday, **28 November 2023** at **10.30 a.m.** Kindly refer to the Pre-Register procedures below.

2. Alternatively, members who are unable to attend the 17th 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 17th AGM by indicating the voting instructions in the Form of Proxy 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 17th AGM must deposit their original or duly certified certificate of appointment of corporate representative to the Company's Share Registrar no later than **Tuesday, 28 November 2023** 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 no later than **Tuesday, 28 November 2023** at **10.30 a.m.** to attend and vote at the 17th AGM.

3. **A member who has appointed a proxy/attorney/corporate representative to attend and vote at the 17th 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 17th AGM, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

PRE-REGISTRATION BEFORE 17TH AGM

To assist the Company in managing the turnout for the 17th AGM, the Company reserves the rights to limit the number of participants to the 17th 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
BEFORE 17th AGM DAY	
(a) Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again. You will receive an **e-mail to notify** you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE GUIDE

FOR THE SEVENTEENTH ANNUAL GENERAL MEETING ("17TH AGM")

PRE-REGISTRATION BEFORE 17TH AGM (Cont'd)

Procedure	Action
BEFORE 17th AGM DAY	
(b) Submit your PRE-REGISTER to attend 17th AGM	• **Pre-Registration is open from 10.00 a.m., Tuesday, 31 October 2023 up to 10.30 a.m., Tuesday, 28 November 2023.** • Login with your user ID and password and select the corporate event: **"(REGISTRATION) SCANWOLF 17TH AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert the CDS account number and indicate the number of shares. • Submit to register your physical attendance. • System will send an e-mail to notify that your registration to attend the AGM physically is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 23 November 2023, the system will send you an e-mail after 28 November 2023 to approve or reject your registration for pre-register to attend the 17th AGM.

REGISTRATION ON THE DAY OF 17TH AGM

1. Registration will commence at 8.30 a.m. and shall remain open until the conclusion of the 17th 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 17th AGM as a member as well as a proxy, you will be registered once and will only be given one identification wristband; and
   (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.
   (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

Refreshments will be provided during the 17th 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 17th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **23 November 2023** and only a depositor whose name appears on such Record of Depositors shall be eligible to attend the 17th AGM.

ADMINISTRATIVE GUIDE

FOR THE SEVENTEENTH ANNUAL GENERAL MEETING ("17TH AGM")

PROXY FORM

1. A member of the Company entitled to attend and vote at the 17th 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 17th 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 **TIIH Online** website at https://tiih.online no later than **Tuesday, 28 November 2023** at **10.30 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.

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 17th 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 attending 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 LODGMENT OF PROXY FORM

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

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" select "**Create Account by Individual Holder**". Please do refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: "**SCANWOLF 17TH AGM - SUBMISSION OF PROXY FORM**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

ADMINISTRATIVE GUIDE

FOR THE SEVENTEENTH ANNUAL GENERAL MEETING ("17TH AGM")

ELECTRONIC LODGMENT OF PROXY FORM (Cont'd)

Procedure	Action
ii. Steps for Corporate or Institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and reset your own password. 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.
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online • Select the corporate event: **SCANWOLF 17TH AGM - SUBMISSION OF PROXY FORM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 17th 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	Mr. Jake Too	603-2783 9285
Contact Person	En Aiman Nuri	603-2783 9262
	Mr. David Look	603-2783 9281
Fax Number	603-2783 9222	
Email	is.enquiry@my.tricorglobal.com	

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

LIM KIAN HUAT
Independent Non-Executive Director

LEE PEI FEN
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

KHOO KIEN HOE
Chairman

LIM KIAN HUAT
Member

LEE PEI FEN
Member

REMUNERATION COMMITTEE

LEE PEI FEN
Chairperson

KHOO KIEN HOE
Member

LIM KIAN HUAT
Member

NOMINATION COMMITTEE

LIM KIAN HUAT
Chairman

KHOO KIEN HOE
Member

LEE PEI FEN
Member

COMPANY SECRETARIES

Wong Siew Yeen (MAICSA 7018749)
(SSM PC No. 202008001471)

Tee Thiam Chai (MAICSA 7066679)
(SSM PC No. 202008002297)

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
Email: info@my.tricorglobal.com

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
Email: is.enquiry@my.tricorglobal.com

CORPORATE OFFICE

No. 19, 19A, 19B & 19C
Jalan Pusat Perniagaan Falim
Pusat Perniagaan Falim
30200 Ipoh, Perak
Tel No.: +605 285 0063 Fax No.: +605 285 0272

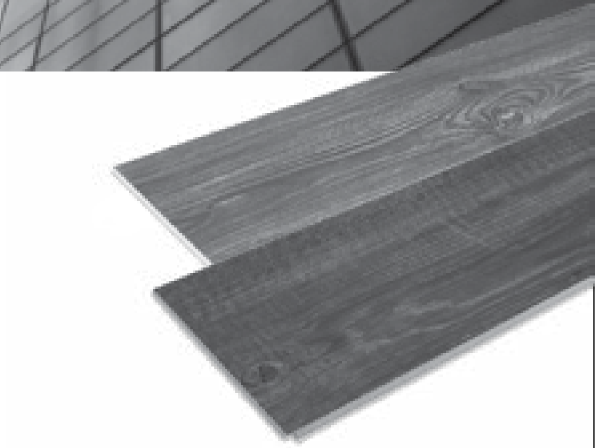
PRINCIPAL BANKERS

RHB Bank Berhad
PAC Lease Berhad

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE



Scanwolf Corporation Berhad
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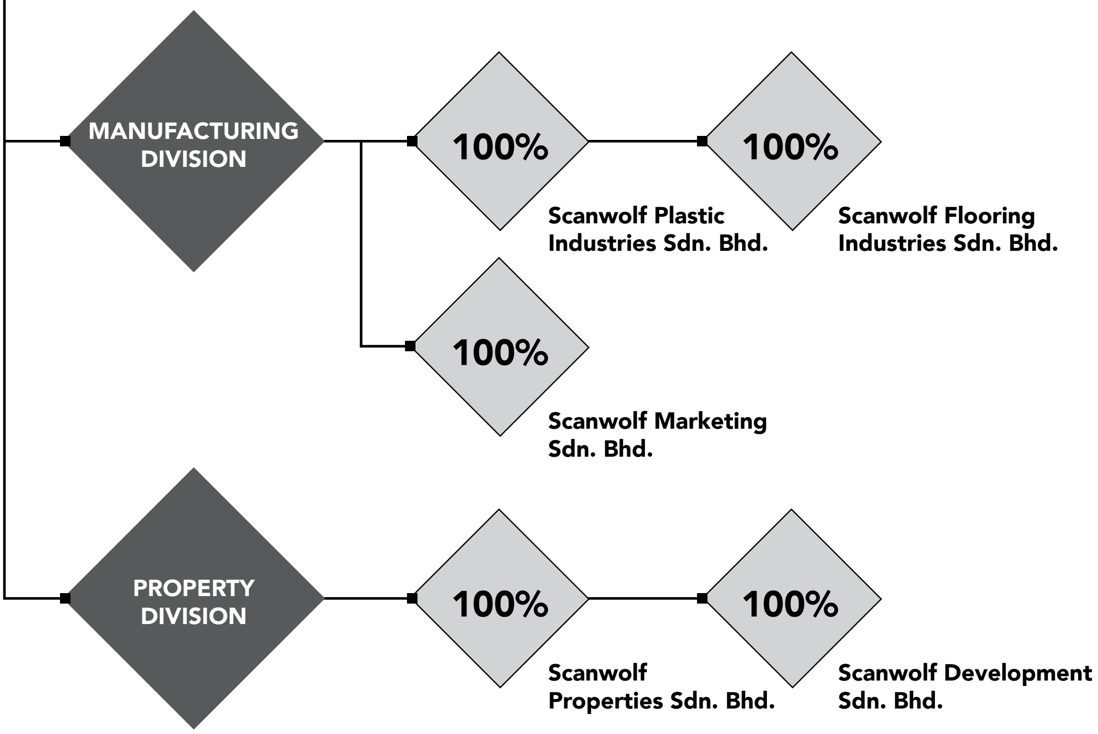


DIRECTORS' PROFILE

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

Independent Non-Executive Director/Chairman

Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir [Tan Sri Dato' Sri Haji Syed Zainal Abidin], Malaysian, age 61, male, 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 Petroliam 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 Haji 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 Executive Chairman, 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

Dato' Dr. Chew Chen Yee [Dato' Dr. Chew], Malaysian, age 34, male, was appointed as Non-Independent Non-Executive Deputy Chairman on 3 January 2022. He obtained the 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. For information, 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.

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

DIRECTORS' PROFILE

Dato' Tan Sin Keat

Executive Director

Dato' Tan Sin Keat [Dato' Tan], Malaysian, age 59, male, 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

Mr. Ng Chee Wai [Mr. Ng], Malaysian, age 48, male, 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 does not hold any directorship in any other public companies and listed issuers.

DIRECTORS' PROFILE

Dato' Cheong Chen Khan

Executive Director

Dato' Cheong Chen Khan [Dato' Cheong], Malaysian, age 34, 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 does not hold any directorships in any other public companies and listed issuers but is a director and shareholder of several other private limited companies in Malaysia.

Mr. Khoo Kien Hoe

Independent Non-Executive Director

Mr. Khoo Kien Hoe [Mr. Khoo], Malaysian, age 53, male, 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 a member of the Remuneration Committee and Nomination Committee.

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

DIRECTORS' PROFILE

Mr. Lim Kian Huat

Independent Non-Executive Director

Mr. Lim Kian Huat [Mr. Lim], Malaysian, age 47, male, was appointed as Independent Non-Executive Director on 3 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 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.

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

Ms. Lee Pei Fen

Independent Non-Executive Director

Ms. Lee Pei Fen [Ms. Lee], Malaysian, age 40, female, was appointed as Independent Non-Executive Director on 31 May 2023. She graduated with a Master Degree of Business Administration from the University of Sunderland.

Ms. Lee has 17 years of experience in Sales & Marketing. She is currently holding the position as Director in private companies involved in building.

She is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee. Ms. Lee has attended the Mandatory Accreditation Programme (MAP) as required under Paragraph 15.08 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements on 26 September 2023 to 27 September 2023.

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

Other Information:-

- **Directors' Shareholdings**
  Details of Directors' shareholdings in the Company are as disclosed on page 129 of the Annual Report 2023.
- **Family relationship with Directors and Major Shareholders**
  None of the Directors of the Company have any family relationship with any Director and/or major shareholder of the Company.
- **Conflict of interest**
  All the Directors of the Company 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 of the Company 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 2023.
- **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

59 years old
Malaysian
Male

Dato' Tan's profile is set out on page 013 of this Annual Report.

Mr. Ng Chee Wai

Executive Director of Manufacturing and Property Divisions/ Chief Financial Officers

48 years old
Malaysian
Male

Mr. Ng's profile is set out on page 013 of this Annual Report.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Warmest Greetings to all.

As another year had passed. This is my second report to our shareholders and stakeholders on the performance of the Group.

During the financial year, Scanwolf had actively looking for more business opportunity. We had during the years grow our business in our building material line, expanded to collaboration with others international group.

For the year review, the Group's revenue decreased from RM39.2 million to RM36.5 million during the financial year ("FYE") 2023, a decrease of RM2.7 million or 6.89% as compared to the previous FYE 2022. The Group recorded a Loss Before Tax ("LBT") of RM10.4 million in the FYE 2023 as compared to LBT of RM17.1 million in FYE 2022. Higher LBT recorded in FYE 2022 was mainly due to higher cost of material and staff costs amounting to RM7.9 million arisen from vesting of share options.

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

I would like to extend a warm welcome to Ms. Lee Pei Fen 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

Introduction

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.

<u>Manufacturing Division</u>

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. During the financial year, SFI expanding the products range into Stone Plastic Composite flooring to cater premium market.

Scanwolf Marketing Sdn Bhd ("SMSB"), a wholly-owned subsidiary of Scanwolf, is involved in the wholesale of fittings and fixtures. SMSB has a showroom located at Kota Damansara.

<u>Property Division</u>

Currently, there is no ongoing property project on hand. The division 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 and UTAR Hospital.

Financial Review

The revenue by geographical segments is analysed as follows:

	FYE 2023 (RM'000)	FYE 2022 (RM'000)
Asia	4,390	4,538
Oceania	1,503	3,146
Middle East	630	542
Africa	105	162
Others	540	462
Total Exports	7,168	8,850
Malaysia	29,382	30,367
Total	36,550	39,217
Local	80%	77%
Export	20%	23%
	100%	100%

The Group recorded a Loss Before Tax ("LBT") of RM10.4 million in the FYE 2023 as compared to LBT of RM17.1 million in FYE 2022. Higher LBT recorded in FYE 2022 was mainly due to higher cost of material and staff costs amounting to RM7.9 million arisen from vesting of share options.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position

The Group's financial position remains solid with net assets per share of 29 cents (2022: 34 cents). Cash and bank balances of the Group have decreased from RM0.21 million to RM0.20 million. The Group's borrowings have decreased from RM17.20 million to RM16.72 million due to repayment of bank borrowings during the year. The Group managed to maintain the gearing ratio at 0.28 (2022: 0.23) 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

In Malaysia, the high energy costs arising from the electricity tariff adjustments through the Imbalance Cost Pass-Through mechanism will further dent the Group's performance. The Group has taken precautionary step to increase its average selling price amidst the higher cost and will be continuously seeking opportunities to create value.

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 FYE 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") recognises 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 Paragraph 15.25 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**MMLR**") 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 2023 and is available on the Company's website at 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 conferred some of its authorities and discretion on the Chairman, Board Committees, Executive Directors and Management as at financial year ended 30 June 2023 ("FYE 2023" or "financial year under review"). 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.

The Board Committees are made up of the Audit and Risk Management Committee ("**ARMC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**"); 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 TORs of the Board Committees are published on the corporate website at 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 primarily cover the monitoring of the Group performance and contributing to the development of the Group such as providing constructive commentaries and contribute to the development of Group strategies as well as overseeing the performance of management in meeting and delivering the approved targets and business plans within the risk appetite set by the Board. They have full access and 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. In addition, the Non-Executive Directors provide relevant check and balance and to ensure that high standard of corporate governance are applied whilst taking into consideration of the interest of the shareholders and other stakeholders.

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 individually 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

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 FYE 2023 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	5/5	-	-	-	-
Dato' Dr. Chew Chen Yee	5/5	-	-	-	-
Dato' Tan Sin Keat	5/5	-	-	-	-
Mr. Ng Chee Wai	5/5	-	-	-	0/0
Dato' Cheong Chen Khan	5/5	-	-	-	0/0
Mr. Khoo Kien Hoe	5/5	5/5	1/1	1/1	0/0
Mr. Lim Kian Huat	5/5	5/5	1/1	1/1	-
Mr. Ow Kee Teik *(Resigned on 1 June 2023)*	5/5	5/5	1/1	1/1	0/0
Ms. Lee Pei Fen [1] *(Appointed on 31 May 2023)*	0/0	-	-	-	-

[1] *Ms. Lee Pei Fen was appointed as a member of ARMC, NC, and Share Issuance Scheme Committee and Chairman of RC on 29 August 2023.*

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively and in line with Paragraph 15.06 of the MMLR, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. Board Responsibilities (Cont'd)

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

The trainings attended by the Directors during FYE 2023 are as follows:-

Name of Director		Course Title	Date
Mr. Ng Chee Wai	-	Taklimat Pengenalan Akta Wang Tak Dituntut 1965	15 February 2023
	-	MIA International Conference 2023	13 -14 June 2023
	-	Sales Tax Workshop	19 October 2023
	-	PKF Transfer Pricing workshop	20 October 2023
Mr. Khoo Kien Hoe	-	Seminar on "Interest Scheme 2016 : Duties Responsibility of Trustee'	18 July 2022
	-	SSM National Conference 2022 – Corporate Governance and Sustainability	26-27 July 2022
	-	2023 Budget Seminar	6 April 2023
Ms. Lee Pei Fen	-	Zak World of Facade Conference	25 August 2022
	-	Seminar Undang-Undang Kecil Bangunan Seragam (Pindaan 2021)	19 September 2022
	-	MABC – Seminar – Design for Health by Architect Shyuen Kuee	29 September 2022
	-	Reka Interiors Exhibition – Malaysia's Leading Interior Expo 2022 Design Forward	27 – 30 October 2022
	-	CIDB MS Standard Seminar by PIFM	2 March 2023
	-	Malaysia Australia Business Council Seminar: Unlocking the Design Process	28 June 2023

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

1.2 Chairman of the Board

The Board is led by an 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 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 forthcomings. 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 senior management over operational matters and seek opinion of fellow Board members over any matters that give cause for major concerns. The Chairman also carries out a leadership role in relation with the shareholders and other stakeholders.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

1. Board Responsibilities (Cont'd)

1.3 Separation of the position of Chairman and the Managing Director

The Chairman of the Board is Tan Sri Dato' Sri Haji Syed Zainal Abidin, the Independent Non-Executive Director of the Company whilst the Company does not have a 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 leads the Board to ensure its smooth and effective functioning.

The role of the Chairman has been outlined in Practise 1.2 of the CG Report.

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 MMLR 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.

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. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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.

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 recognise 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 this Annual Report.

II. BOARD COMPOSITION

4. Board Objectivity

4.1 Board composition

As at 30 June 2023, 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% of the Board. The Board composition also complies with the MMLR that requires a minimum of two (2) Directors or 1/3 of the Board, whichever is higher, to be Independent Directors.

On 31 May 2023, Ms. Lee Pei Fen was appointed as an Independent Non-Executive Director of the Company and is in compliance with the requirements of the MMLR to have a minimum of one female director.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

II. BOARD COMPOSITION (Cont'd)

4. Board Objectivity (Cont'd)

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 exceeding 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 through a two-tier voting process 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.

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.

4.7 Nomination Committee

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

Chairman:	Mr. Lim Kian Huat Independent Non-Executive Director
Members:	Mr. Khoo Kien Hoe Independent Non-Executive Director Ms. Lee Pei Fen Independent Non-Executive Director *(Appointed as NC Member on 29 August 2023)* Mr. Ow Kee Teik Independent Non-Executive Director *(Resigned as NC Member on 1 June 2023)*

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

II. BOARD COMPOSITION (Cont'd)

4. Board Objectivity (Cont'd)

4.7 Nomination Committee (Cont'd)

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

a) Reviewed Board structure, size and composition.
b) Reviewed and assessed the Board of Directors mix of skills, experience and other qualities, including core competencies.
c) Assessed effectiveness of the Board as a whole, the committees of the board, and the contribution of each individual director.
d) Assessed the independence of the Independent Directors.
e) 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.
f) Conducted annual assessment on Board, Board Committees and individual Directors.
g) Discussed and recommended the re-election of Directors, as applicable at AGM.
h) Deliberated and recommended to the Board the appointment of new directors.

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

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 circulated at the NC Meeting for assessment.

The NC, upon conclusion of the exercise carried out on 29 August 2023, 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.

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

III. REMUNERATION (Cont'd)

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

6.1 Remuneration Policy (Cont'd)

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

a) The remuneration package of 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 meetings attended during the year.
d) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

6.2 Remuneration Committee

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

Chairperson:	Ms. Lee Pei Fen Independent Non-Executive Director *(Appointed as RC Chairperson on 29 August 2023)* Mr. Ow Kee Teik Independent Non-Executive Director *(Resigned as RC Chairman on 1 June 2023)*
Members:	Mr. Khoo Kien Hoe Independent Non-Executive Director Mr. Lim Kian Huat Independent Non-Executive Director

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.

The key duties and responsibilities of the Remuneration Committee include the following:

a) To determine and recommend to the Board the framework or board policy for the remuneration structure, 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

b) To implement/maintain a reward system for Executive Director based on individual performance and the Group's results. The following factors shall be taken 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

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 2023 are as follow:-

	Fee (RM)	Salaries (RM)	Others* (RM)	Total (RM)
Executive Directors				
Dato' Tan Sin Keat	30,000	366,042	158,104	554,146
Mr. Ng Chee Wai	30,000	258,000	137,569	425,569
Dato' Cheong Chen Khan	30,000	-	1,250	31,250
Independent Directors				
Tan Sri Dato' Sri Haji Syed Zainal Abidin Bin Syed Mohamed Tahir	150,000	-	1,250	151,250
Mr. Khoo Kien Hoe	30,000	-	1,250	31,250
Mr. Lim Kian Huat	30,000	-	1,250	31,250
Mr. Ow Kee Teik *(Resigned on 1 June 2023)*	27,500	-	1,250	28,750
Ms. Lee Pei Fen *(Appointed on 31 May 2023)*	2,500	-	-	2,500
Non-Independent Director				
Dato' Dr. Chew Chen Yee	30,000	-	1,250	31,250
Total	**360,000**	**624,042**	**303,173**	**1,287,215**

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

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 as well as 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.

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.

The composition of the ARMC is in compliance with Paragraphs 15.09 and 15.10 of the MMLR and MCCG where all the three (3) ARMC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

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 2023, 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 2023, 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 17th 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 (2) discussion sessions between the ARMC and the external auditors were held on 29 August 2022 and 30 May 2023, 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 fulfils the requirement set out in Paragraph 15.09 of the MMLR 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

For effectiveness in the discharging of 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 in this Annual Report.

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 of 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Bursa Securities' website, the Company's webpage, press releases and annual reports in line with the disclosure requirements of MMLR.

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 17^{th} AGM in 2023 was circulated 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 Sixteenth AGM of the Company held on 29 November 2022.

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 the platforms for shareholders' engagement with the Company's Directors and Senior Management.

Following the endemic phase of COVID-19, the Company held its physical Sixteenth AGM on 29 November 2022 at Jasper Room (Level G), AVANTE Hotel. This allowed the Company's Directors to continue to engage effectively with its shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 MMLR. 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 27 October 2023.

SUSTAINABILITY STATEMENT

Reporting Framework and Guidelines

This statement has been prepared with reference to the guidelines set out in the Main Market Listing Requirements and the Sustainability Reporting Guide (3rd edition) issued by Bursa Malaysia Securities Berhad.

Our sustainability statement is designed to reflect the significant Economic, Environmental and Social impacts of the Group's operations to facilitate decision making of stakeholders and contribute to the development of a sustainable businesses.

Economic

Catalysing Economic Sustainability

- Product Innovation
- Economic Value Contributed
- Responsible Business Conduct and Governance

Environment

Improving Our Environmental Footprint

- Responsible Waste Management
- Optimising Consumption of Materials
- Reducing Energy Consumption and Emissions

Social

Transitioning Social Outcomes

- Empowering Our People
- Occupational Safety and Health
- Contributing to Local Communities
- Labour Rights

SUSTAINABILITY STATEMENT

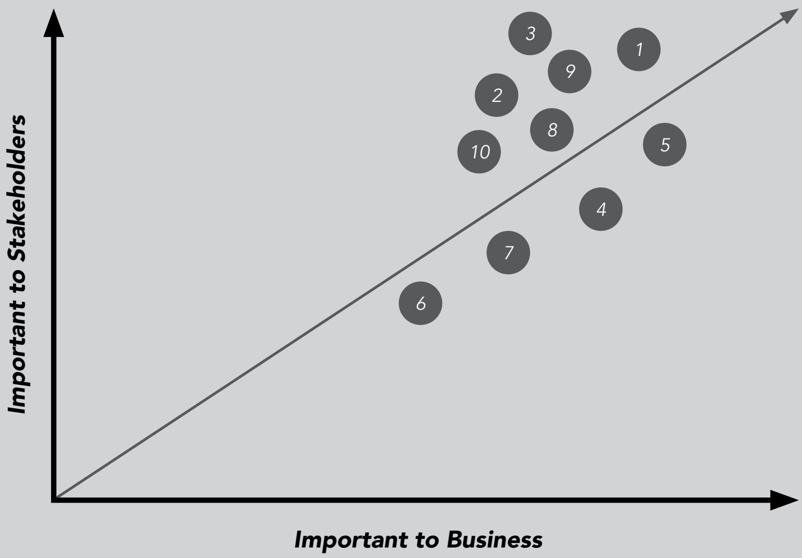
Engaging Our Stakeholders

The Group encourage and practice open dialogue with our stakeholders, carrying out detailed engagements on a frequent basis in order to understand their evolving needs and how our business practices impact them. The insights we gain are in turn incorporated as part of our materiality determination process and in the initiatives, we develop across our sustainability topics.

Stakeholder	Mode of Engagement	Frequency
Customers	• Customer feedback management • Complaint management • Market research & innovation	Regular
Suppliers	• Independent evaluation • Vendor relationship management	Annually Regular
Employees	• Employee performance appraisal • Health and safety awareness • Employee engagement programmes • Monthly management meetings	Annually Regular
Regulatory bodies	• Regular meetings and consultations • Seminars, training sessions, dialogues and forums organised by regulatory bodies • On-site inspections and audit	As when required Regular

Assessment of Material Matters

The matrix shown below was generated as a result of our materiality determination process, detailing the significance of each sustainability material matter to the Group and to our stakeholders



Economic

1. Product Innovation
2. Economic Value Contributed
3. Responsible Business Conduct and Governance

Social

4. Empowering our People
5. Occupational Safety & Health
6. Contributing to Local Community
7. Labour Right

Environmental

8. Waste Management
9. Optimising Consuption of Material
10. Reducing Energy Consumption and Emission

SUSTAINABILITY STATEMENT

Governance, Economic, Environment and Social

1) Governance

Good corporate governance plays a fundamental role in supporting the sustainability of our business. It ensures the stability and efficiency of our operations, bolsters the Group's credibility in the eyes of our stakeholders and enables us to foster a healthy working culture that values and rewards fair, transparent and ethical conduct.

Corporate Governance and Anti-Corruption

A robust governance structure serves as an important foundation for the success of our organisation. The Group maintains high standards of ethics in carrying out management roles and responsibilities as well as in incorporating relevant policies, codes and procedures into our strategic framework.

Our corporate policies act as guiding principles for our business conduct and are communicated to employees and stakeholders through briefings and the corporate website.

All Directors and employees must comply with all applicable anti-bribery and anti-corruption laws and regulations and any other laws, regulations, rules, guidelines and/or directives in regards to our conduct both in Malaysia and abroad. The Group 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.

Whistleblowing Policy

The Whistleblowing Policy provides a platform for employees and stakeholders to report suspected misconduct such as corruption, bribery or blackmail, criminal offences, theft or embezzlement, abuse of power, conflict of interest, misuse of the Group's property, failure to comply with legal or regulatory obligations, injustice, endangerment of an individual's health and safety, money laundering, concealment of any kind or a combination of these. Disclosures can be made in a strict confidential manner through reporting channels to the Chairman of the Audit Committee.

2) Economic

Malaysia's economic health is important to the stakeholders who receive income through our business, including our personnel, shareholders, financiers and contractors. Our approach to generating economic value is based on strategic investments and effective operations.

Increasing the amount of recycled plastic used as an input is a vital strategy in supporting the circular plastic economy, to reduce its impact on the environment.

SUSTAINABILITY STATEMENT

Governance, Economic, Environment and Social (Cont'd)

3) Environment

The Group continuously assesses the environmental impacts of the Group's operations and scaled up our sustainable practices to strengthen our approach to conservation of the environment.

Environmental Compliance

The environmental regulations that specifically apply to the Group are:

- Environmental Quality Act 1974;
- Environmental Quality (Clean Air) Regulations 2014;
- Environmental Quality (Industrial Effluent) Regulations 2009; and
- Environmental Quality (Scheduled Wastes) Regulations 2005

The Group is committed to operate in accordance with these relevant laws and regulations, so that we can ensure that our operation procedures are of the prescribed standards.

Waste Management

In all of our facilities, we apply the "Reduce, Reuse and Recycle" approach to achieve a more sustainable factory waste and resources management system. Our aim is to reduce the disposal costs, toxicity and consumption of natural resources and overall waste-related impacts.

Additionally, we ensure that management of chemicals, scheduled waste, solid waste, fire hazards, smoke emission control and dust control are implemented at our factory sites.

SUSTAINABILITY STATEMENT

Governance, Economic, Environment and Social (Cont'd)

4) Social

People are the driving force behind our operations. By prioritising the well-being of our workforce, including those within our supply chain, the Group looks forward to improving our social sustainability performance while establishing meaningful relationships with the communities.

Workforce Diversity and Equal Opportunity

The Group is committed to promote equality and diversity in the workplace. The Group 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 endeavor 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.

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
26 – 28 September 2022	Occupational Safety and Health Coordinator Training
29 – 30 September 2022	Basic First Aid+Cpr+Aed Training
19 – 23 December 2022	Environmental Professional in Scheduled Waste Management
17 January 2023	Chemical Spill, Fire Drill and Fire Fighting
30 January 2023 – 3 February 2023	Environmental Professional in Bag Filter Operation
27 June 2023	Safe Forklift Driving & Attitude Training

Safety and Occupational Health Management

The Group has over 200 employees in our workforce. Hence, we are fully committed to ensuring a safe and healthy workplace for all employees. As a baseline, we ensure compliance with all applicable laws and regulations set forth by the Department of Occupational Safety and Health. The implementation of our Occupational Health and Safety Policy reflects our efforts to promote a safety culture in all manufacturing facilities within the Group.

This has led to the accreditation of ISO 45001:2015 in our flooring manufacturing operations under Scanwolf Flooring Industries Sdn. Bhd. The Group is dedicated to equipping our employees with valuable training programmes that focus on enhancing health and safety knowledge and skills, providing them with the necessary confidence to excel in their duties.

This approach has enhanced our operations' productivity, morale, and efficiency and enabled us to attract and retain top industry talent, thereby positioning us for sustainable business growth.

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. Bursa Securities' MMLR require Directors of listed companies to include a statement in annual reports on the state of their risk managements and internal controls. Bursa Securities' "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, risks were identified by management and controls were developed to mitigate such risk identified. The internal auditors have also identified operational risks and recommended the remedial controls to counter the risk identified. All these findings were escalated to the Board for further discussion during board meetings. The Directors also brought up 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 ARMC and have subsequently reported their findings to the ARMC. The ARMC 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.

STATEMENT ON RISK MANAGEMENT AND 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:

- Organisation 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 ARMC 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 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 MMLR, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for FYE 2023 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 27 October 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Audit and Risk Management Committee

Chairman

Mr. Khoo Kien Hoe *(Independent Non-Executive Director)*

Members

Mr. Lim Kian Huat *(Independent Non-Executive Director)*

Ms. Lee Pei Fen *(Independent Non-Executive Director)*
(Appointed as ARMC Member on 29 August 2023)

Mr. Ow Kee Teik *(Independent Non-Executive Director)*
(Resigned as ARMC Member on 1 June 2023)

Introduction

The ARMC of Scanwolf Corporation Berhad is pleased to present the ARMC Report for FYE 2023 in compliance with Paragraph 15.15 of the MMLR.

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 five (5) meetings during FYE 2023 and the attendance record of the Committee members are as follows:-

Name of Committee Members	Attendance
Mr. Khoo Kien Hoe	5/5
Mr. Lim Kian Huat	5/5
Mr. Ow Kee Teik *(Resigned as ARMC Member on 1 June 2023)*	5/5
Ms. Lee Pei Fen *(Appointed as ARMC Member on 29 August 2023)*	0/0

Duties and Responsibilities

The duties and responsibilities of the ARMC include 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Duties and Responsibilities (Cont'd)

(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 Key Senior Management to the Board has not been satisfactorily resolved resulting in a breach of the MMLR;

(j) to verify the allocation of options during the year if any, under the Company's Employees Share Option Scheme ("ESOS") to ensure compliance with the allocation criteria determined by the ESOS committee and in accordance with the By-Laws of the ESOS; and

(k) to perform any other work as may be directed by the Board from time to time.

Summary of Activities of the Audit and Risk Management Committee

For FYE 2023, 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 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Summary of Activities of the Audit and Risk Management Committee (Cont'd)

For the financial year ended 30 June 2023, the ARMC had carried out the following activities in the discharge of its duties and responsibilities:- (Cont'd)

(3) Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the 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 FYE 2023.

(5) Reviewed the Internal Audit Plan prepared by internal auditors for FYE 2023.

(6) Reviewed and discussed the effectiveness of the Group's risk management and internal control system.

(7) Reviewed and discussed the quarterly financial performance 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 FYE 2023 was RM20,606.

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 FYE 2023, the Internal Auditors carried out the internal audit work for the Group and 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.

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 2023, 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 2023 on 27 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate exercise.

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 2023 by PKF and/or their affiliates are as follows:-

	Company (RM)	**Group (RM)**
Audit services rendered by PKF	32,000	124,500
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 2023 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 2023.

5. Employee Share Scheme

The Shares Issuance Scheme ("SIS") was implemented on 31 March 2022. 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 2023 on pages 46, 47 and 104.

Brief details on the number of SIS Options granted, exercised and outstanding since commencement on 31 March 2022 to 30 June 2023 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	-	(218)	(218)
Number of SIS Options forfeited	-	(445)	(445)
Number of SIS Options outstanding as at 30 June 2023	11,800	12,607	24,407

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

Principal activities

The 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	10,390,747	52,565,229

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 2023.

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
Dato' Dr. Chew Chen Yee
Lim Kian Huat
Ow Kee Teik - Resigned on 1 June 2023
Lee Pei Fen - Appointed on 31 May 2023

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' REPORT

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 2023 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:

	Number of Ordinary Shares			
	Balance as at 30.6.2022	**Bought**	**Sold**	**Balance as at 30.6.2023**
In the Company				
Direct interest				
Dato' Tan Sin Keat	7,727,181	-	-	**7,727,181**
Ng Chee Wai	7,180,000	-	-	**7,180,000**
Ow Kee Teik	650,000	-	(650,000)	**-**
Other shareholdings in which Directors are deemed to have interest				
Dato' Tan Sin Keat	2,000,000	-	-	**2,000,000**
Dato' Dr. Chew Chen Yee	16,000,000	-	-	**16,000,000**

	Number of Share Issuance Scheme ("SIS")			
	Balance as at 30.6.2022	**Granted**	**Exercised**	**Balance as at 30.6.2023**
Dato' Tan Sin Keat	6,000,000	-	-	**6,000,000**
Ng Chee Wai	5,800,000	-	-	**5,800,000**

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 to RM1,113,339 and RM927,215 as disclosed in Note 4 to the financial statements.

Directors' fee of the Group and of the Company are amounted to RM360,000 as disclosed in Note 4 to the financial statements.

DIRECTORS' REPORT

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 196,191,510 ordinary shares to 198,767,010 ordinary shares by issuance of additional 2,575,500 ordinary shares by:

i) issuance of 2,357,500 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) issuance of 218,000 shares pursuant to the Company's Share Issuance Scheme ("SIS") at exercise price of RM0.5445 per share during the financial year.

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:-

<u>Share Issuance Scheme ('SIS')</u>

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

		Number of options over ordinary shares				
Date of offer	**Exercise price**	**As at 1.7.2022**	**Granted**	**Exercised**	**Forfeited**	**As at 30.6.2023**
31 March 2022	0.5445	25,070,000	-	(218,000)	(445,000)	24,407,000

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.

DIRECTORS' REPORT

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 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs PKF PLT, have indicated their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 amounted to RM124,500 and RM32,000 respectively.

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

DATO' TAN SIN KEAT

NG CHEE WAI

Kuala Lumpur

27 October 2023

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 054 to 126 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 2023 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

27 October 2023

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 054 to 126 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 27 October 2023)

NG CHEE WAI
(MIA No. 23200)

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

Opinion

We have audited the financial statements of SCANWOLF CORPORATION BERHAD, which comprise the statements of financial position as at 30 June 2023 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 054 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial year ended 30 June 2023 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 loss of RM10,390,747 and RM52,565,229 respectively during the financial year. The losses were mainly incurred by Scanwolf Flooring Industries Sdn Bhd.

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 and venturing into manufacturing of new flooring products.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

Key Audit Matters (Cont'd)

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

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;

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 and 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 RM42,971,642 and RM2,335,267 respectively as at 30 June 2023.

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 an 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.

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.

The management has performed an impairment review and concluded impairment of RM387,300 in respect of the property, plant and equipment as their recoverable amounts were lower 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCANWOLF CORPORATION BERHAD

Key Audit Matters (Cont'd)

(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 approximately RM51 million. The Company carries significant amount owing by 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 due from subsidiaries amounted approximately RM51 million has been made in the Company's financial statements.

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.

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

TO THE MEMBERS 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 compiled 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
27 October 2023

NGU SIOW PING
03033/11/2023 J
CHARTERED ACCOUNTANT

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	3 (a)	**36,549,956**	39,217,438	**720,000**	720,000
Other operating income	3 (b)	**61,517**	1,447,928	**-**	92
Changes in inventories of completed projects		**(3,347,059)**	(1,895,382)	**-**	-
Changes in inventories of finished goods and work in progress		**(1,200,024)**	246,368	**-**	-
Raw materials and consumables used		**(17,801,001)**	(24,543,516)	**-**	-
Changes in inventories of trading merchandise		**(1,742,925)**	(972,492)	**-**	-
Employee benefits expenses	4	**(8,900,956)**	(16,166,111)	**(1,435,822)**	(9,146,688)
Depreciation		**(3,879,797)**	(3,521,721)	**-**	-
(Allowance)/Reversal for expected credit losses		**(160,170)**	26,395	**(50,636,882)**	(720,000)
Other operating expenses		**(8,429,043)**	(9,330,144)	**(1,328,753)**	(1,300,672)
Impairment loss on investment in subsidiary		**-**	-	**(100,000)**	(3,763,134)
Loss from operations		**(8,849,502)**	(15,491,237)	**(52,781,457)**	(14,210,402)
Finance income	5	**-**	-	**395,695**	377,751
Finance cost	6	**(1,557,780)**	(1,609,231)	**(179,467)**	(174,535)
Net finance (costs)/income		**(1,557,780)**	(1,609,231)	**216,228**	203,216
Loss before tax	7	**(10,407,282)**	(17,100,468)	**(52,565,229)**	(14,007,186)
Tax income	8	**16,535**	26,509	**-**	-
Loss, representing total comprehensive loss, for the financial year		**(10,390,747)**	(17,073,959)	**(52,565,229)**	(14,007,186)
Other comprehensive income:					
Revaluation surplus (net of tax)		**-**	2,074,936	**-**	-
Total comprehensive loss for the year		**(10,390,747)**	(14,999,023)		
Loss per share (sen)					
- Basic	9	**(5.25)**	(9.91)		
- Diluted	9	**(5.25)**	(9.91)		

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

STATEMENTS CONSOLIDATED OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10(a)	**42,971,642**	37,342,148	**-**	-
Intangible asset	10(b)	**900**	-	**-**	-
Right-of-use assets	11	**2,335,267**	3,577,353	**-**	-
Investment in subsidiaries	12	**-**	-	**12,942,746**	13,042,746
Deferred tax assets	13	**154,207**	160,307	**154,207**	160,307
Inventories	14	**1,532,280**	8,731,448	**-**	-
Other receivables	15	**-**	-	**-**	51,619,830
		46,994,296	49,811,256	**13,096,953**	64,822,883
Current assets					
Inventories	14	**43,865,736**	50,202,070	**-**	-
Trade receivables	15	**5,988,444**	6,050,627	**-**	-
Other receivables, deposits and prepayments	15	**2,414,119**	3,391,456	**32,002**	71,657
Cash and bank balances	16	**200,004**	212,289	**40,764**	24,482
		52,468,303	59,856,442	**72,766**	96,139
Assets classified as held for sale	17	**7,199,168**	-	**-**	-
		59,667,471	59,856,442	**72,766**	96,139
TOTAL ASSETS		**106,661,767**	109,667,698	**13,169,719**	64,919,022

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

STATEMENTS CONSOLIDATED OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	**82,018,992**	81,125,046	**82,018,992**	81,125,046
Other reserves	19	**(922,809)**	(327,707)	**13,083,871**	13,507,094
Accumulated losses		**(23,700,138)**	(13,481,270)	**(83,382,714)**	(30,817,485)
Total equity		**57,396,045**	67,316,069	**11,720,149**	63,814,655
Non-current liabilities					
Other payable	20	**-**	959,224	**-**	-
Lease liabilities	21	**3,934,014**	1,198,797	**-**	-
Borrowings	22	**1,387,713**	8,028,391	**-**	-
Deferred tax liabilities	13	**2,107,290**	2,123,825	**-**	-
		7,429,017	12,310,237	**-**	-
Current liabilities					
Trade payables	23	**13,001,339**	12,754,085	**-**	-
Other payables, deposits and accruals	20	**11,084,171**	6,552,819	**807,041**	436,421
Lease liabilities	21	**1,485,973**	859,372	**-**	-
Borrowings	22	**15,333,572**	9,170,522	**-**	-
Amount due to Directors	24	**272,473**	-	**-**	-
Irredeemable Convertible Unsecured Loan Stocks liabilities	19(e)	**642,529**	667,946	**642,529**	667,946
Tax payables		**16,648**	36,648	**-**	-
		41,836,705	30,041,392	**1,449,570**	1,104,367
Total liabilities		**49,265,722**	42,351,629	**1,449,570**	1,104,367
TOTAL EQUITY AND LIABILITIES		**106,661,767**	109,667,698	**13,169,719**	64,919,022

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

STATEMENTS OF CHANGES IN EQUITY

AS AT 30 JUNE 2023

	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Revaluation reserve RM	Warrant reserves RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Share options reserves RM	Retained earnings RM	Total equity RM
Group									
At 30 June 2021	49,724,006	(307,138)	(19,524,076)	3,788,146	-	-	-	3,417,360	37,098,298
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	-
At 30 June 2022	**81,125,046**	**-**	**(19,524,076)**	**5,689,275**	**3,499,040**	**2,188,721**	**7,819,333**	**(13,481,270)**	**67,316,069**
Conversion of ICULS	**707,250**	**-**	**-**	**-**	**-**	**(216,433)**	**-**	**-**	**490,817**
Share options exercise	**186,696**	**-**	**-**	**-**	**-**	**-**	**(67,995)**	**-**	**118,701**
Share options forfeited	**-**	**-**	**-**	**-**	**-**	**-**	**(138,795)**	**-**	**(138,795)**
Loss, representing total comprehensive loss, for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,390,747)**	**(10,390,747)**
Realisation on revaluation reserve				**(171,879)**				**171,879**	**-**
At 30 June 2023	**82,018,992**	**-**	**(19,524,076)**	**5,517,396**	**3,499,040**	**1,972,288**	**7,612,543**	**(23,700,138)**	**57,396,045**

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

STATEMENTS OF CHANGES IN EQUITY

AS AT 30 JUNE 2023

	Note	Share capital RM	Treasury shares RM	Warrant reserves RM	Irredeemable Convertible Unsecured Loan Stocks (ICULS) RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Company								
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**
Conversion of ICULS		**707,250**	**-**	**-**	**(216,433)**	**-**	**-**	**490,817**
Share options exercise		**186,696**	**-**	**-**	**-**	**(67,995)**	**-**	**118,701**
Share options forfeited		**-**	**-**	**-**	**-**	**(138,795)**	**-**	**(138,796)**
Loss, representing total comprehensive loss, for the financial year		**-**	**-**	**-**	**-**	**-**	**(52,565,229)**	**(52,565,229)**
		82,018,992	**-**	**3,499,040**	**1,972,288**	**7,612,543**	**(83,382,714)**	**11,720,149**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities					
Loss before tax		**(10,407,282)**	(17,100,468)	**(52,565,229)**	(14,007,186)
Adjustments for:					
Property, plant and equipment					
- depreciation		**3,128,772**	2,839,001		-
- loss/(gain) on disposal		**44,729**	(46,500)		-
- written off			1		-
Right-of-use assets					
- depreciation		**705,997**	682,720	**-**	-
- written off		**-**	16,619	**-**	-
Amortisation of intangible assets		**100**	-	**-**	-
Impairment of property, plant and equipment		**387,300**	-	**-**	-
Gain on disposal of asset held for sale		**-**	(1,246,381)	**-**	-
Impairment loss on investment in subsidiaries			-	**100,000**	3,763,134
Allowance for expected credit loss/ impairment loss					
- charge for the financial year		**160,170**	-	**50,636,882**	720,000
- reversal		**-**	(26,555)	**-**	-
Bad debts written off		**-**	160	**-**	-
Interest					
- expense		**1,529,019**	1,609,231	**-**	174,535
- income		**-**	-	**-**	(377,751)
Inventories					
- written down		**337,500**	-	**-**	-
Equity settled share based payment		**-**	7,819,333	**-**	7,819,333
Foreign exchange					
- unrealised (gain)/loss		**(46,789)**	13,600	**-**	-
Operating loss before working capital changes		**(4,160,484)**	(5,439,239)	**(1,828,347)**	(1,907,935)
Decrease/(Increase) in inventories		**5,998,835**	(864,966)	**-**	-
Decrease/(Increase) in receivables		**877,481**	(2,473,027)	**39,655**	(239,444)
Increase/(Decrease) in payables		**4,813,408**	(16,475,000)	**370,620**	(536,901)
Decrease in amount due from subsidiaries		**-**	-	**982,948**	-
Increase/(Decrease) in amount due to Directors		**272,473**	(1,761,964)	**-**	-
Decrease in ICULS liabilities		**-**	-	**(19,317)**	-
Cash generated/(used in) from operations		**7,801,713**	(27,014,196)	**(454,441)**	(2,684,280)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash generated from/(used in) operations		**7,801,713**	(27,014,196)	**(454,441)**	(2,684,280)
Tax paid		**(20,000)**	(492,488)	**-**	-
Real property gain tax paid		**(1,425)**	(83,643)	**-**	-
Net cash from/(used in) operating activities		**7,780,288**	(27,590,327)	**(454,441)**	(2,684,280)
Cash flows from investing activities					
Interest received		**-**	-	**-**	377,751
Proceeds from disposal of					
- property, plant and equipment		**403,000**	48,500	**-**	-
- asset held for sale		**-**	6,800,000	**-**	-
Acquisition of subsidiary		**-**	-		(100,000)
Acquisition of property, plant and equipment	(iii)	**(4,461,043)**	(2,737,410)	**-**	-
Additions of intangible asset		**(1,000)**	-	**-**	-
Additions of right-of-use assets	11	**-**	(191,363)	**-**	-
Repayments (to)/from subsidiaries		**-**	-	**-**	(35,311,424)
Net cash (used in)/generated from investing activities		**(4,059,043)**	3,919,727		(35,033,673)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from financing activities					
Interest paid		**(1,441,719)**	(1,534,887)	**-**	(174,536)
Interest received		**-**	-	**-**	-
Drawdown of term loan		**-**	-	**-**	-
Proceeds from disposal of treasury shares		**-**	308,660	**-**	308,660
Proceeds from lease liabilities		**-**		**-**	
Proceeds from					
- Irredeemable Convertible Unsecured Loan Stocks (ICULS)		**(235,750)**	10,497,120	**(216,433**	10,497,120
- share options exercised		**(206,790)**		**(206,790)**	
- creditor capitalisation		**-**	3,000,000		3,000,000
- issuance of shares		**893,946**	24,099,320	**893,946**	24,099,320
- banker's acceptances		**44,986,302**	40,122,813	**-**	-
Repayments of					
- back-to-back loan arrangement with a company		**(1,013,418)**	(821,316)	**-**	-
- banker's acceptances		**(45,086,090)**	(41,364,099)	**-**	-
- bridging and term loans		**(4,100,969)**	(5,063,802)	**-**	-
- lease liabilities		**(1,232,921)**	(865,569)	**-**	-
Net cash from/(used in) financing activities		**(7,437,409)**	28,378,240	**470,723**	37,730,564
Net increase/(decrease) in cash and cash equivalents		**(3,716,164)**	4,707,640	**16,282**	12,611
Cash and cash equivalents at 1 July 2022/2021		**(1,295,577)**	(6,010,772)	**24,482**	11,871
Effect of exchange differences		**(19,250)**	7,554	**-**	-
Cash and cash equivalents at 30 June	(ii)	**(5,030,991)**	(1,295,578)	**40,764**	24,482

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Notes:

(i) Cash and cash equivalents

Cash and cash equivalents comprise the following:

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances		**200,004**	212,289	**40,764**	24,482
Less: Bank overdrafts	22	**(5,230,995)**	(1,507,867)	**-**	-
Total cash and cash equivalents		**(5,030,991)**	(1,295,578)	**40,764**	24,482

(ii) Reconciliation of liabilities arising from financing activities:

	As at 1 July RM	Cash flows RM	Non-cash flows RM	As at 30 June RM
2023				
Group				
Bankers' acceptances	**6,966,099**	**(99,788)**	**-**	**6,866,311**
Back to back arrangement liability	**1,013,418**	**(1,013,418)**	**-**	**-**
Bridging loans	**6,713,838**	**(3,695,417)**	**-**	**3,018,421**
Lease liabilities	**2,058,169**	**(1,232,921)**	**4,594,739**	**5,419,987**
Term loans	**2,011,110**	**(405,552)**	**-**	**1,605,558**
2022				
Group				
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	5,573,486	(3,776,944)	214,568	2,011,110

(iii) Acquisition of property, plant and equipment

During the financial year, the Group made the following cash payments to acquire property, plant and equipment:

		Group	
	Note	2023 RM	2022 RM
Acquisition of property, plant and equipment		**8,787,360**	2,737,410
Less: financed by hire purchase and term loan arrangements	22	**(4,326,317)**	(2,737,410)
Cash payment on acquisition of property, plant and equipment		**4,461,043**	-

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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 2022, 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 2022.

Description

- Amendments to MFRS 3, *Business Combinations:* Reference to the Conceptual Framework
- Amendments to MFRS 116, *Property, Plant and Equipment:* Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to MFRSs 2018 - 2020 cycle
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 16, *Leases*
  - Amendments to MFRS 141, *Agriculture*

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:

Description	Effective for annual periods beginning on or after
• MFRS 17, *Insurance Contracts*	1 January 2023
• Amendments to MFRS 17, *Insurance Contracts*	1 January 2023
• Amendment to MFRS 17 *Insurance Contracts:* Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
• Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors:* Definition of Accounting Estimates	1 January 2023
• Amendments to MFSR 112, *Income Tax:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 16, *Leases:* Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 101, *Presentation of Financial Statements:* Non-current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures* – Supplier Finance Arrangements	1 January 2024
• Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability	1 January 2025
• Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128 *Investment in Associate and Joint Ventures:* 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.

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.

As at the reporting date, the Group and the Company incurred net losses of RM10,390,747 and RM52,565,229 respectively for the financial year ended 30 June 2023. The losses mainly incurred by Scanwolf Flooring Industries Sdn Bhd.

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 and venturing into manufacturing of new flooring 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 are able to meet its obligations as and when they fall due.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

1. Basis of preparation (Cont'd)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

1. Basis of preparation (Cont'd)

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

(vi) 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.

(vii) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(a) Basis of consolidation (Cont'd)

(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

AS AT 30 JUNE 2023

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

(b) Foreign currencies (Cont'd)

(ii) Foreign currencies transactions (Cont'd)

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

	2023 RM	2022 RM
100 Chinese Renminbi	**0.6455**	0.6577
1 Euro	**5.0865**	4.7900
1 Singapore Dollar	**3.4517**	3.2460
1 United States Dollar	**4.6790**	4.4505
100 New Taiwan Dollar	**15.0363**	14.9920

(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

AS AT 30 JUNE 2023

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

AS AT 30 JUNE 2023

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

AS AT 30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

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

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.

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	50 years – 84 years
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) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, exclude capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the period in which it incurred.

The useful life of intangible assets is assessed to be either finite or definite.

<u>Definite life</u>

Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life. Annual amortisation based on the estimated useful lives of the assets are as follows:-

Trademark	10 years

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(j) 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 depends 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(j) Leases (Cont'd)

(ii) Subsequent measurement (Cont'd)

(a) As a lessee (Cont'd)

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.

(k) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(k) Inventories (Cont'd)

(i) Inventory properties (Cont'd)

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.

(l) 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(m) Financial assets (Cont'd)

(ii) Subsequent measurement (Cont'd)

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")

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(m) Financial assets (Cont'd)

(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.

(n) 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.

(o) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(o) Financial liabilities (Cont'd)

(ii) Subsequent measurement (Cont'd)

(b) Fair value through profit or loss ("FVTPL") (Cont'd)

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.

(p) 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.

(q) 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.

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

(r) 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.

(s) 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.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

(t) Non-current assets held for sales (Cont'd)

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.

(u) 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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Revenue from contract customers	**36,549,956**	39,217,438	**720,000**	720,000

(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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Revenue from contract customers				
Finished goods				
- Manufacturing and goods	**29,056,625**	29,827,524	**-**	-
- Trading	**3,226,431**	5,199,514	**-**	-
Property development				
- Completed development units	**4,266,900**	4,190,400	**-**	-
Management fees charged to subsidiaries	**-**	-	**720,000**	720,000
	36,549,956	39,217,438	**720,000**	720,000

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

3 (a) Revenue (Cont'd)

(i) Disaggregation of revenue (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Geographical markets				
Africa	**105,301**	161,704	**-**	-
Rest of Asia	**4,389,814**	4,538,091	**-**	-
Middle East	**629,703**	542,502	**-**	-
Oceania	**1,503,076**	3,146,343	**-**	-
Malaysia	**29,382,180**	30,366,823	**720,000**	720,000
Others	**539,882**	461,975	**-**	-
	36,549,956	39,217,438	**720,000**	720,000
Timing of revenue recognition				
At a point in time	**36,549,956**	39,217,438	**-**	-
Over time	**-**	-	**720,000**	720,000
	36,549,956	39,217,438	**720,000**	720,000

3 (b) Other operating income

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income	**-**	1,500	**-**	-
Miscellaneous income	**1,028**	88,836	**-**	-
Wages subsidy received	**-**	9,600	**-**	-
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	**-**	-
Unrealised gain on foreign exchanges	**46,789**	-	**-**	-
Others	**13,700**	36,112	**-**	92
	61,517	1,447,928	**-**	92

NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2023

4. Employee benefits expense

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
(a) Staff cost:				
Salaries, wages, bonus and allowances	**6,716,566**	6,223,860	**120,000**	126,000
Contributions to defined contribution plan	**514,155**	555,720	**19,200**	19,920
Social security contributions	**106,939**	95,135	**718**	593
Share issuance scheme	**-**	4,138,913	**-**	4,138,913
Other short-term employee benefits	**89,957**	162,419	**8,689**	10,571
Total staff costs	**7,427,617**	11,176,047	**148,607**	4,295,997
(b) Directors' remuneration:				
(i) Executive directors:				
- fees	**90,000**	82,500	**90,000**	82,500
- salaries, bonus and allowances	**934,792**	876,538	**772,792**	755,037
- defined contribution plan	**166,995**	147,182	**145,935**	131,387
- social security contributions	**5,302**	3,924	**2,238**	1,847
- share issuance scheme	**-**	3,680,420	**-**	3,680,420
	1,197,089	4,790,564	**1,010,965**	4,651,191
(ii) Non-executive directors:				
- fees	**270,000**	185,000	**270,000**	185,000
- allowances	**6,250**	14,500	**6,250**	14,500
	276,250	199,500	**276,250**	199,500
Total directors' remuneration	**1,473,339**	4,990,064	**1,287,215**	4,850,691
Total employee benefits expense	**8,900,956**	16,166,111	**1,435,822**	9,146,688

5. Finance income

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Interest income from				
- advances to a subsidiary	**-**	-	**395,695**	377,751

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

6. Finance cost

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on:				
- back to back arrangement	**60,321**	78,693	**-**	-
- bank overdrafts	**325,080**	173,422	**-**	-
- bankers' acceptances	**203,040**	115,755	**-**	-
- bridging loans	**321,355**	601,811	**-**	-
- lease liabilities	**278,917**	111,974	**-**	-
- promissory note	**112,260**	103,804	**-**	-
- term loans	**79,943**	214,568	**-**	-
- irredeemable convertible unsecured loan stock (ICULS)	**174,536**	174,535	**179,467**	174,535
- others	**2,328**	34,669	**-**	-
	1,557,780	1,609,231	**179,467**	174,535

7. Loss before tax

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss for the year is arrived at after charging:				
Auditors' remunerations				
Audit fees	**124,500**	103,000	**32,000**	27,000
Material expenses				
Property, plant and equipment				
- depreciation	**3,128,772**	2,839,001	**-**	-
- (loss)/gain on disposal	**44,729**	(46,500)	**-**	-
- written off	**-**	1	**-**	-
Right-of-use assets				
- depreciation	**750,925**	682,720	**-**	-
- written off	**-**	16,619	**-**	-
Inventories written down	**337,500**	-	**-**	-
Gain on disposal of asset held for sale	**-**	(1,246,381)	**-**	-
Amortisation of intangible asset	**100**	-	**-**	-
Allowance for expected credit losses	**160,170**	-	**50,636,882**	720,000
Reversal of allowance for expected credit losses	**-**	(26,555)	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**100,000**	3,763,134
Impairment loss on property, plant and equipment and right-of-uses assets	**387,300**	-	**-**	-
Bad debts written off	**-**	160	**-**	-
Unrealised (gain)/loss on foreign exchange	**(46,789)**	13,600	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

8. Tax income

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Current tax:				
- Underprovision in prior years	**-**	11,104	**-**	-
Deferred tax: (Note 13)				
- Crystallisation of deferred tax liabilities arising from revaluation reserve	**(16,535)**	(37,613)	**-**	-
	(16,535)	(37,613)	**-**	-
	(16,535)	(26,509)	**-**	-

Reconciliation of tax expense

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Loss before tax	**(10,407,282)**	(17,100,468)	**(52,565,229)**	(14,007,186)
Tax calculated at statutory tax rate of 24%	**(2,497,748)**	(4,104,112)	**(12,615,655)**	(3,361,725)
Crystallisation of deferred tax liabilities arising from revaluation reserve	**(16,535)**	(37,612)	**-**	-
Non-deductible expenses	**147,409**	1,391,587	**12,199,429**	2,116,630
Non-taxable income	**(10,393)**	(316,507)	**-**	-
Deferred tax asset not recognised	**2,360,732**	3,029,031	**416,226**	1,245,095
	(16,535)	(37,613)	**-**	-
Underprovision of current tax in prior year	**-**	11,104	**-**	-
Tax income	**(16,535)**	(26,509)	**-**	-

The Group has unabsorbed capital allowance and unutilised tax losses amounted to RM24,313,734 and RM42,335,069 (2022: RM9,596,281 and RM40,329,394) respectively for set off against future taxable profits.

The Company has unutilised tax losses amounting to approximately RM4,768,759 (2022: RM3,034,486) for set off against future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

8. Tax income (Cont'd)

Reconciliation of tax expense (Cont'd)

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	6,649,347	1,034,101	YA 2029
YA 2020	4,982,639	200,103	YA 2030
YA 2021	6,054,573	17,273	YA 2031
YA 2022	5,443,595	323,670	YA 2032
YA 2023	8,868,372	1,734,273	YA 2033

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	
	2023 RM	**2022 RM**
Net loss for the financial year attributable to owners of the parent (RM)	**(10,390,747)**	(17,073,959)
Weighted average number of ordinary shares in issue (units)	**197,997,000**	172,227,000
Basic loss per share (sen)	**(5.25)**	(9.91)

(b) Diluted loss per ordinary share

	Group	
	2023	**2022**
Loss attributable to owners of the parent (RM)	**(10,390,747)**	(17,073,959)
Weighted average number of ordinary shares at 30 June	**197,997,000**	172,227,000
Effect of new ordinary share pursuant to exercise of ICULS	**-***	-*
Effect of new ordinary shares pursuant to warrants	**-***	-*
Weighted average number of ordinary shares at 30 June	**197,997,000**	172,227,000
Diluted loss attributable to owners of the Company per ordinary share	**(5.25)**	(9.91)

* The Group has no diluted earnings per share is presented as there are no potential dilutive ordinary shares at the end of the financial year.

10 (a) Property, plant and equipment

2023	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Work-in-progress -Machinery RM	Renovation and signboards RM	Total RM
Group									
Cost/Valuation									
At 1 July 2022	5,958,017	12,791,936	2,300,000	1,786,129	998,822	26,229,216	-	6,213,070	56,277,190
Additions	-	-	-	47,923	40,000	665,423	6,799,727		8,787,360
Transfer from right-of-uses assets (Note 11)	-	-	-	-	441,205	1,358,913	-	1,234,287	1,800,118
Reclassification	(508,017)	(1,191,936)	-	-	-	-	-	-	(1,699,953)
Disposals	(450,000)	-	-	-	(140,567)	-	-	-	(590,567)
At 30 June	5,000,000	11,600,000	2,300,000	1,834,052	1,339,460	28,253,552	6,799,727	7,447,357	64,574,148
Accumulated depreciation									
At 1 July 2022	516,346	1,212,753	283,666	1,169,059	971,015	14,106,065		676,138	18,935,042
Charge for the financial year	168,568		46,000	121,822	69,631	2,278,702		212,049	3,128,772
Disposal	(3,697)	232,000	-	-	(140,566)	-		-	(144,263)
Transfer from right-of-uses assets (Note 11)	-	-	-	-	233,511	762,097	-	-	995,608
Reclassification	(508,017)	(1,191,936)	-	-	-	-	-	-	(1,699,953)
At 30 June	173,200	252,817	329,666	1,290,881	1,133,591	17,146,864	-	888,187	21,215,206

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

10 (a) Property, plant and equipment (Cont'd)

2023	Leasehold land RM	Leasehold land and factory buildings RM	Office building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Work-in-progress -Machinery RM	Renovation and signboards RM	Total RM
Group									
Accumulated impairment loss									
At 1 July 2022	-	-	-	-	-	-	-	-	-
Addition	-	-	-	-	-	387,300	-	-	387,300
At 30 June	-	-	-	-	-	387,300	-	-	387,300
Carrying Amount									
At 30 June	4,826,800	11,347,183	1,970,334	543,171	205,869	10,719,388	6,799,727	6,559,170	42,971,642
Representing:									
At cost	-	-	1,970,334	543,171	205,869	10,719,388	6,799,727	6,559,170	26,797,659
At valuation	4,826,800	11,347,183	-	-	-	-	-	-	16,173,983
	4,826,800	11,347,183	1,970,334	543,171	205,869	10,719,388	6,799,727	6,559,170	42,971,642

10 (a) Property, plant and equipment (Cont'd)

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
Group								
Cost/Valuation								
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
Accumulated depreciation								
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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

10 (a) Property, plant and equipment (Cont'd)

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
Group								
Carrying amount								
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
Representing:								
At cost	-	-	2,016,334	617,070	27,807	12,123,151	5,536,932	20,321,294
At valuation	5,441,671	11,579,183	-	-	-	-	-	17,020,854
	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

AS AT 30 JUNE 2023

10 (a) 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 a five (5) years period. 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 8.20% (2022: 9.30%).

(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.

The management has performed an impairment review and concluded impairment of RM387,300 in respect of the property, plant and equipment as their recoverable amounts were lower than their carrying amounts.

(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	
Carrying amount	**2023 RM**	**2022 RM**
Leasehold land	**4,826,800**	5,441,671
Leasehold buildings	**11,347,183**	11,579,183
Office buildings	**1,970,334**	2,016,334
	18,144,317	19,037,188

(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, 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

AS AT 30 JUNE 2023

10 (a) 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:

	Group	
	2023 RM	2022 RM
Long-term leasehold land		
At cost	**350,000**	350,000
Less: Accumulated depreciation	**(62,294)**	(54,082)
Carrying amount	**287,706**	295,918
Short-term leasehold land		
At cost	**2,560,000**	2,560,000
Less: Accumulated depreciation	**(884,262)**	(767,726)
Carrying amount	**1,675,738**	1,792,274
Factory buildings		
At cost	**11,730,774**	11,730,774
Less: Accumulated depreciation	**(2,874,087)**	(2,586,277)
Carrying amount	**8,856,687**	9,144,497
Total carrying amount	**10,820,131**	11,232,689

10 (b) Intangible asset

	Group 2023 RM
Trademark	
At 1 July 2022	-
Additions	**1,000**
At 30 June	**1,000**
Accumulated amortisation	
At 1 July 2022	-
Charge for the financial year	**100**
At 30 June	**100**
Carrying amount	
At 30 June	**900**

11. Right-of-use assets

	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Hostel RM	Showroom RM	Warehouse RM	Total RM
2023							
Group							
Cost							
At 1 July 2022	136,000	1,231,568	3,569,458	373,650	231,377	-	5,542,053
Addition	-	-	-	73,782	-	194,639	268,421
Transfer to property, plant and equipment (Note 10)	-	(441,205)	(1,358,913)	-	-	-	(1,800,118)
At 30 June	136,000	790,363	2,210,545	447,432	231,377	194,639	4,010,356
Accumulated amortisation							
At 1 July 2022	42,613	291,535	1,416,136	146,931	67,485	-	1,964,700
Charge for the financial year	10,880	158,072	221,055	167,858	115,692	32,440	705,997
Transfer to property, plant and equipment (Note 10)	-	162,199	(762,097)	-	-	-	(995,606)
At 30 June	53,493	216,097	875,094	314,789	183,177	32,440	1,675,089
Carrying amount							
At 30 June 2023	82,507	574,267	1,335,451	132,643	48,200	162,199	2,335,265

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

	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Hostel RM	Showroom RM	Total RM
2022						
Group						
Cost						
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
Accumulated amortisation						
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
Carrying amount						
At 30 June 2022	93,387	940,033	2,153,322	226,719	163,892	3,577,353

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

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

	Group	
	2023 **RM**	**2022** **RM**
Total additions	**268,421**	1,531,367
Lease liabilities	**(268,421)**	(1,340,004)
Cash payments	**-**	191,363

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 a five (5) years period. 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 8.20% (2022: 9.30%).

(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.

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 right-of-use assets to materially exceed its recoverable amount.

12. Investment in subsidiaries

	Company	
	2023 **RM**	**2022** **RM**
Unquoted shares at cost	**22,024,076**	21,924,076
Addition	**-**	100,000
	22,024,076	22,024,076
Less: Impairment loss		
At 1 April 2022/2021	**8,981,330**	5,218,196
Addition	**100,000**	3,763,134
At 30 June	**9,081,330**	8,981,330
	12,942,746	13,042,746

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

12. Investment in subsidiaries (Cont'd)

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

Name of subsidiaries	Country of incorporation	Percentage of equity held (%)		Principal activities
		2023 %	2022 %	
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**	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

<u>In the current reporting year</u>

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") and impairment review on Scanwolf Marketing Sdn. Bhd. ("SMSB"). The carrying amounts of the investment in SPI Group and SMSB are lesser than their net assets value, 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.

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 subsidiaries were made since there is significant decline in the net assets of the subsidiary as a result of operational losses. The total impairment made for SMSB during the year amounted to RM100,000. The SPI group was fully impaired in the prior year. Hence, there is no additional impairment made for SPI group in this financial year.

<u>In the previous reporting period</u>

For Scanwolf Plastic Industries Sdn. Bhd. and its subsidiary, Scanwolf Flooring Sdn. Bhd. (collectively refer as "SPI Group"), 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.

(b) Incorporation of subsidiary

<u>In the previous reporting period</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2023

13. Deferred tax (assets)/liabilities

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
At 1 July 2022/2021	**1,963,518**	1,506,195	**(160,307)**	-
Recognised in profit or loss (Note 8):				
- crystallisation of deferred tax liabilities arising from revaluation reserve	**(16,535)**	(37,613)	**-**	-
Recognised directly in equity:				
- arising from Irredeemable Convertible Unsecured Loan Stocks liabilities	**6,100**	(160,307)	**6,100**	(160,307)
Recognised in other comprehensive income:				
- transfer from revaluations	**-**	655,243	**-**	-
	(10,435)	457,323	**6,100**	(160,307)
At 30 June	**1,953,083**	1,963,518	**(154,207)**	(160,307)

Presented after offsetting as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Deferred tax assets	**(154,207)**	(160,307)	**(154,207)**	(160,307)
Deferred tax liabilities	**2,107,290**	2,123,825	**-**	-
	1,953,083	1,963,518	**(154,207)**	(160,307)

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
2023			
Deferred tax liabilities			
At 1 July 2022	**5,184,229**	**2,123,825**	**7,308,054**
Recognised in profit or loss	**(3,416,927)**	**(16,535)**	**(3,433,462)**
At 30 June	**1,767,302**	**2,107,290**	**3,874,592**
2022			
Deferred tax liabilities			
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	5,184,229	2,123,825	7,308,054

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

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

Group	Unabsorbed capital allowance RM	Unutilised tax losses RM	Others RM	Total RM
2023				
Deferred tax assets				
At 1 July 2022	**(1,363,170)**	**(3,821,059)**	**(160,307)**	**(5,344,536)**
Recognised in profit or loss	**60,411**	**3,356,516**	**-**	**3,416,927**
Recognised directly in equity	**-**	**-**	**6,100**	**6,100**
At 30 June	**(1,302,759)**	**(464,543)**	**(154,207)**	**(1,921,509)**
2022				
Deferred tax assets				
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	(1,363,170)	(3,821,059)	(160,307)	(5,344,536)

Company	Others RM	Total RM
2023		
Deferred tax assets		
At 1 July 2022	**(160,307)**	**(160,307)**
Recognised directly in equity	**6,100**	**6,100**
At 30 June	**(154,207)**	**(154,207)**
2022		
Deferred tax assets		
At 1 July 2021	-	-
Recognised directly in equity	(160,307)	(160,307)
At 30 June	(160,307)	(160,307)

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

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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Unabsorbed capital allowance	**18,885,571**	9,596,281	**-**	-
Unutilised tax losses	**40,399,473**	40,329,394	**4,768,759**	3,034,486
Right-of-use assets	**-**	5,735	**-**	-
	59,285,044	49,931,410	**4,768,759**	3,034,486

14. Inventories

	Group	
	2023 RM	**2022 RM**
Manufacturing		
- raw materials	**3,231,470**	5,300,720
- work in progress	**2,291,922**	2,977,653
- finished goods	**3,665,506**	3,582,562
- production supplies	**300,028**	396,206
	9,488,926	12,257,141
Properties		
- properties held for development	**8,731,448**	8,731,448
- properties held for sale	**34,376,810**	37,944,929
	43,108,258	46,676,377
	52,597,184	58,933,518
Less: non-current portion	**(1,532,280)**	(8,731,448)
Less: transfer as assets held for sales (Note 17)	**(7,199,168)**	50,202,070
	43,865,736	27,165,022
Recognised in profit or loss		
Inventories recognised as cost of sales	**18,649,156**	27,165,022

The properties development are pledged against borrowings as disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

15. Receivables, deposits and prepayments

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-current asset					
Amount due from subsidiaries	(a)	**-**	-	**50,999,726**	51,619,830
Less: Impairment		**-**	-	**(50,999,726)**	-
		-	-	**-**	51,619,830
Current assets					
Trade receivables	(b)	**6,340,400**	6,242,413	**-**	-
Less: Impairment		**(351,956)**	(191,786)	**-**	-
		5,988,444	6,050,627	**-**	-
Amount due from subsidiaries	(a)	**-**	-	**5,213,100**	5,575,944
Less: Impairment		**-**	-	**(5,213,100)**	(5,575,944)
		-	-	**-**	-
Non-trade receivables		**1,318,584**	1,021,827	**-**	-
Deposits		**625,669**	1,913,573	**4,000**	4,000
Prepayments		**469,866**	456,056	**28,002**	67,657
		2,414,119	3,391,456	**32,002**	71,657
		8,402,563	9,442,083	**32,002**	51,691,487

(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 (2022: 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	
	2023 RM	2022 RM
Loss allowance		
At 1 July 2022/2021	**5,575,944**	4,855,944
Additions	**720,000**	720,000
Less: written off	**(1,082,844)**	-
At 30 June	**5,213,100**	5,575,944

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

15. Receivables, deposits and prepayments (Cont'd)

(a) Amounts due from subsidiaries (Cont'd)

Non-trade in nature

Amount due from subsidiaries are non-trade, unsecured, bear interest ranging from 3.00% to 6.70% (2022: 3.00% to 6.70%) per annum.

The movements in the loss allowance of amount due from subsidiaries during the financial year are as follows:

	Company	
	2023 RM	2022 RM
Loss allowance		
At 1 July 2022/2021	**-**	-
Additions	**50,999,726**	-
At 30 June	**50,999,726**	-

(b) Trade receivables

The normal trade credit terms of the Group are 0 to 120 days (2022: 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	
	2023 RM	2022 RM
Loss allowance		
At 1 July 2022/2021	**191,786**	218,341
Additions	**160,170**	-
Reversal of allowance for impairment	**-**	(26,555)
At 30 June	**351,956**	191,786

16. Cash and bank balances

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash on hand	**8,950**	8,992	**255**	248
Cash at bank	**191,054**	203,297	**40,509**	24,234
	200,004	212,289	**40,764**	24,482

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

17. Assets classified as held for sales

On 29 May 2023, the management has signed the Sales and Purchase agreement ("SPA") with Meru Properties Sdn. Bhd. ("the Purchaser"). The management concluded the decision on disposal of townhouse which located at Kampar, Perak Darul Ridzuan. Process of disposal of townhouse has not completed up to current date as the appointed lawyer firm have not received the letter of state consent from Inland Revenue Board of Malaysia as at 30 June 2023.

As at 30 June 2023, this townhouse was classified as assets held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The details are as follows:

	Group	
	2023 RM	**2022 RM**
Assets classified as held for sale		
Cost of townhouse	**7,199,168**	-

18. Share capital

	Note	Group and Company		Group and Company	
		2023 No. of shares	**2022 No. of shares**	**2023 RM**	**2022 RM**
Issued and fully paid:					
At 1 July 2022/2021		**196,191,510**	105,752,100	**81,125,046**	49,724,006
Issuance of shares pursuant to private placement		**-**	17,461,010	**-**	9,507,520
Exercise of SIS	19(d)	**218,000**	-	**186,696**	-
Conversion of ICULS	19(e)	**2,357,500**	72,978,400	**707,250**	21,893,520
At 30 June		**198,767,010**	196,191,510	**82,018,992**	81,125,046

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

AS AT 30 JUNE 2023

19. Other reserves

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable:					
Revaluation reserve	(a)	**5,517,396**	5,689,275	**-**	-
Reverse acquisition reserve	(b)	**(19,524,076)**	(19,524,076)	**-**	-
Treasury reserve	(c)	**-**	-	**-**	-
Share options reserves	(d)	**7,612,543**	7,819,333	**7,612,543**	7,819,333
Irredeemable Convertible Unsecured Loan Stocks (ICULS)	(e)	**1,972,288**	2,188,721	**1,972,288**	2,188,721
Warrant reserves	(f)	**3,499,040**	3,499,040	**3,499,040**	3,499,040
		(922,809)	(327,707)	**13,083,871**	13,507,094

(a) Revaluation reserve

The revaluation reserve represents revaluation surplus arising from leasehold land and buildings. The revaluation reserves 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 recognised 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 198,767,010 (2022: 196,191,510) issued and fully paid ordinary shares as at 30 June 2023. As at 30 June 2023, the number of outstanding shares in issue after the set off is therefore 198,767,010 (2022: 196,191,510).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

19. Other reserves (Cont'd)

(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.

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:

(i) 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;

(ii) 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;

(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 RM0.5445;

(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 2023, 24,407,000 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;

19. Other reserves (Cont'd)

(e) Irredeemable Convertible Unsecured Loan Stocks (ICULS) (Cont'd)

(iii) the tenure of the ICULS of 5 years with interest rate of 3% per annum;

	Note	2023	2022
Number of ICULS not converted as at 30 June (units)		**29,596,500**	31,954,000

	Note	2023 RM	2022 RM
Equity component		**1,972,288**	1,681,082
Liability component		**642,529**	667,946
Deferred tax assets	13	**154,207**	(160,307)
		2,769,024	2,188,721

(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;

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

20. Other payables and accruals

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Current liabilities					
Non-trade payables		**7,885,820**	3,450,125	**169,231**	60,426
Accruals		**1,981,520**	1,625,390	**637,810**	342,450
Accruals of tax penalty		**39,060**	39,060	**-**	-
Amount due to a subsidiary					
- back to back arrangement	(a)	**-**	1,013,418	**-**	-
Deposits received from customers – non refundable		**1,007,000**	320,260	**-**	-
Services tax payable		**170,771**	909,063	**-**	-
Statutory liabilities		**-**	154,727	**-**	33,545
		11,084,171	7,512,043	**807,041**	436,421
Less: Non-current:					
Other payables		**-**	(959,224)	**-**	-
		11,084,171	6,552,819	**807,041**	436,421

(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 5 completed units of three storey shop office included in inventories with carrying amount of RMNIL (2022: RM2,337,500).

	Group	
	2023	2022
	%	%
Term loan	**4.47**	2.22

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

21. Lease liabilities

	Group	
	2023 RM	2022 RM
Representing:		
Current liabilities	**1,485,973**	859,372
Non-current liabilities	**3,934,014**	1,198,797
	5,419,987	2,058,169
Recognised in profit or loss:		
Interest expense on lease liabilities	**278,917**	111,974

The effective interest rates of hire-purchase creditors ranged from 4.17% to 8.45% (2022: 4.17% to 8.45%) per annum.

22. Borrowings

	Group	
	2023 RM	2022 RM
Non-current:		
Bridging loans	**-**	6,424,074
Term loans	**1,387,713**	1,604,317
	1,387,713	8,028,391
Current:		
Bank overdrafts	**5,230,995**	1,507,867
Bankers' acceptances	**6,866,311**	6,966,099
Bridging loans	**3,018,421**	289,764
Term loans	**217,845**	406,792
	15,333,572	9,170,522
	16,721,285	17,198,913

The maturity structure of term loans can be analysed as follows:

	Group	
	2023 RM	2022 RM
Within one year	**3,236,266**	696,556
More than one year but less than five years	**447,911**	3,021,740
More than five years	**939,802**	5,006,651
	4,623,979	8,724,947

The effective interest rates of borrowings ranged from 0.50% to 7.85% (2022: 0.50% to 7.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

22. Borrowings (Cont'd)

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 (2022: 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

	Company	
	2023 RM	**2022 RM**
Unsecured:		
Corporate guarantee granted for the benefit of subsidiary for the borrowings	**4,624,397**	8,724,947

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.

26. Significant related party disclosures (Cont'd)

(b) Significant related party transactions

Significant related party transactions are as follows:

Name of company With subsidiaries	Type of transaction	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Scanwolf Plastic Industries Sdn. Bhd.	Advances	-	-	**2,296,800**	13,587,106
	Repayment	-	-	**(4,636,968)**	(4,306,930)
Scanwolf Properties Sdn. Bhd.	Management fee income	-	-	**360,000**	360,000
	Rental expense	-	-	**(24,000)**	(24,000)
	Interest income	-	-	**395,695**	377,751
	Advances	-	-	-	654,273
	Repayment	-	-	-	(43,000)
	Refundable deposit	-	-	-	3,000

26. Significant related party disclosures (Cont'd)

(b) Significant related party transactions (Cont'd)

		Group		Company	
Name of company With subsidiaries	**Type of transaction**	**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**
Scanwolf Development Sdn. Bhd.	Management fee income	**-**	-	**360,000**	360,000
	Advances	**-**	-	**3,812,468**	6,937,925
	Repayment	**-**	-	**(1,391,000)**	(2,500)
	Creditor Capitalisation (ICULS)	**-**	-	**-**	3,000,000
Scanwolf Flooring Industries Sdn. Bhd.	Advances	**-**	-	**278,000**	13,907,037
Scanwolf Marketing Sdn. Bhd.	Advances	**-**	-	**326,000**	1,472,290
	Repayment	**-**	-	**(830,500)**	(259,827)

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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

26. Significant related party disclosures (Cont'd)

(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 organised 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.

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
2023						
Revenue						
Revenue from external customers	4,266,900	32,283,056	-	36,549,956	-	36,549,956
Inter-segment revenue	(35,055)	3,143,390	720,000	3,828,335	(3,828,335)	-
	4,231,845	35,426,446	720,000	40,378,291	(3,828,335)	36,549,956
Results						
Profit/(Loss) from operations before finance income	(937,807)	(7,097,525)	(52,781,457)	(60,816,789)	51,967,287	(8,217,367)
Finance income	-	245,578	395,695	641,273	(641,273)	-
(Loss)/Profit from operations	(937,807)	(6,851,947)	(52,385,762)	(60,175,516)	51,326,014	(8,217,367)
Finance cost	(848,105)	(1,210,850)	(179,467)	(2,238,422)	680,642	(1,560,384)
(Loss)/Profit before tax	(1,785,912)	(8,062,797)	(52,565,229)	(62,413,938)	52,006,656	(9,777,751)
Tax expense	-	16,535	-	16,535	-	48,181
Loss for the financial year	(1,785,912)	(8,046,262)	(52,565,229)	(62,397,403)	52,006,656	(9,729,570)
Assets and liabilities						
Segment assets	51,624,491	69,049,415	13,619,718	133,843,624	(27,181,857)	106,714,765
Segment liabilities	60,217,309	64,966,010	1,449,571	126,632,890	(77,367,168)	41,221,333

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
2023						
Capital expenditure on:						
- Property, plant and equipment	-	8,787,360	-	8,787,360	-	8,787,360
- Right-of-use assets	-	268,421	-	268,421	-	268,421
Depreciation						
- Property, plant and equipment	111,350	3,017,422	-	3,128,772	-	3,128,772
- Right-of-use assets	42,892	1,138,930	-	1,181,822	(475,825)	705,997
- Amortisation of intangible assets	-	100	-	100	-	100
Non-cash items other than depreciation and amortisation:						
Net allowances for expected credit losses	-	160,170	-	160,170	-	160,170
Inventories written down	337,500	-	-	337,500	-	337,500
Plant, property and equipment						
- loss on disposal	-	44,729	-	44,729	-	44,729

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
2022						
Revenue						
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)	-
	4,190,400	38,078,119	720,000	42,988,519	(3,771,081)	39,217,438
Results						
(Loss)/Profit 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	(1,175,379)	(7,623,653)	(14,007,186)	(22,806,218)	5,732,259	(17,073,959)
Assets and liabilities						
Segment assets	54,655,648	66,280,965	64,919,022	185,855,635	(76,187,937)	109,667,698
Segment liabilities	61,462,552	54,151,299	1,104,367	116,718,218	(74,366,589)	42,351,629

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
2022						
Capital expenditure on:						
- Property, plant and equipment	-	2,752,804	-	2,752,804	(15,394)	2,737,410
- 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

AS AT 30 JUNE 2023

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").

	Carrying amount RM	AC RM
Group		
2023		
Financial assets		
Trade receivables	5,988,444	5,988,444
Other receivables and deposits (exclude prepayment)	1,944,253	1,944,253
Cash and bank balances	200,004	200,004
	8,132,701	8,132,701
Financial liabilities		
Borrowings	16,721,285	16,721,285
Lease liabilities	5,419,987	5,419,987
Trade payables	13,001,339	13,001,339
Other payables and accruals	11,084,171	11,084,171
Amount due to Director	273,473	273,473
	46,500,255	46,500,255
Company		
2023		
Financial assets		
Deposits (exclude prepayment)	4,000	4,000
Cash and bank balances	40,764	40,764
	44,764	44,764
Financial liability		
Other payables and accruals	807,041	807,041

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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").

	Carrying amount RM	AC RM
Group		
2022		
Financial assets		
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
	9,198,316	9,198,316
Financial liabilities		
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
	38,563,986	38,563,986
Company		
2022		
Financial assets		
Other receivables and deposits (exclude prepayment)	51,623,830	51,623,830
Cash and bank balances	24,482	24,482
	51,648,312	51,648,312
Financial liability		
Other payables and accruals	436,421	436,421

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

28. Financial instruments (Cont'd)

Categories of financial instruments (Cont'd)

Net gains/(losses) arising from financial instruments

	2023 RM	2022 RM
Group		
Net (losses)/gains arising on:		
Financial assets measured at amortised cost		
Allowance for expected credit loss		
- (allowance)/reversal for the financial year	**(160,170)**	26,555
Realised gain on foreign exchange	**-**	7,554
Unrealised gain/(loss) on foreign exchange	**46,789**	(13,600)
Bad debts written off	**-**	(160)
	(113,381)	20,349
Financial liabilities measured at amortised cost		
Interest expenses	**(1,557,780)**	(1,609,231)
Company		
Net (losses)/gains arising on:		
Financial assets measured at amortised cost		
Allowance for expected credit loss		
- charge for the financial year	**50,636,882**	720,000
Financial liabilities measured at amortised cost		
Interest expenses	**(179,467)**	(174,535)

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

AS AT 30 JUNE 2023

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 6 (2022: 3) major customers which constituted approximately 38% (2022: 80%) 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
Group			
2023			
Not past due	**2,297,301**	**-**	**2,297,301**
Past due:			
- more than 30 days	**2,582,379**	**-**	**2,582,379**
- more than 60 days	**882,952**	**-**	**882,952**
- more than 90 days	**577,768**	**(351,956)**	**225,812**
	6,340,400	**(351,956)**	**5,988,444**
2022			
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
	6,242,413	(191,786)	6,050,627

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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 (%)	Group	
		2023 RM	**2022 RM**
Fixed rate instruments			
Borrowings			
- bankers' acceptances	1.00%	**203,040**	115,755
- term loans	6.00% to 8.50%	**79,943**	214,568
- bridging loan	7.12% to 8.22%	**321,355**	601,811
- irredeemable convertible			
unsecured loan stock (ICULS)	3.00%	**174,536**	174,535
		778,874	1,106,669
Variable rate instruments			
Borrowings			
- bank overdraft	0.50%	**325,080**	173,422
- back to back arrangements	2.22%	**60,321**	78,693
		385,401	252,115

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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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

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.

	2023 Increase/ (Decrease) RM	**2022 Increase/ (Decrease) RM**
Effects on profit after taxation/accumulated losses:		
Increase by 10 basis points	**292**	192
Decrease by 10 basis points	**(292)**	(192)

(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

AS AT 30 JUNE 2023

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.

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Between 2 to 5 years RM
Group				
2023				
Lease liabilities	**5,419,987**	**5,698,903**	**1,607,900**	**4,091,003**
Banker acceptances	**6,866,311**	**7,069,351**	**7,069,351**	**-**
Term loan	**1,605,558**	**2,294,517**	**665,591**	**1,628,926**
Bridging loan	**3,018,421**	**3,339,776**	**3,339,776**	**-**
Trade payables	**13,001,339**	**13,001,339**	**13,001,339**	**-**
Non-trade payables and accruals	**11,084,171**	**11,084,171**	**11,084,171**	**-**
Irredeemable Convertible Unsecured Loan Stocks liabilities	**642,529**	**821,996**	**821,996**	**-**
	41,638,316	**43,310,053**	**37,590,124**	**5,719,929**
Company				
2023				
Non-trade payables and accruals	**807,041**	**807,041**	**807,041**	**-**
Irredeemable Convertible Unsecured Loan Stocks liabilities	**642,529**	**821,996**	**821,996**	**-**
	1,449,570	**1,629,037**	**1,629,037**	**-**
Group				
2022				
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	-
	37,724,066	38,942,709	29,205,035	9,737,674
Company				
2022				
Non-trade payables and accruals	436,421	436,421	436,421	-
Irredeemable Convertible Unsecured Loan Stocks liabilities	667,946	842,481	842,481	-
	1,104,367	1,278,902	1,278,902	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

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:

	RMB RM	USD RM	TWD RM	SGD RM	Total RM
Group					
2023					
Financial assets					
Receivables	**-**	**362,914**	**-**	**14,465**	**377,379**
Cash and bank balances	**-**	**19,962**	**-**	**-**	**19,962**
	-	**382,876**	**-**	**14,465**	**397,341**
Financial liabilities					
Payables	**42,921**	**299,977**	**-**	**-**	**342,898**
Net currency exposure	**(42,921)**	**82,899**	**-**	**14,465**	**54,443**
Group					
2022					
Financial assets					
Receivables	134	7,708	5,295	695	13,832
Cash and bank balances	-	812	-	-	812
	134	8,520	5,295	695	14,644
Financial liabilities					
Payables	-	166,067	-	-	166,067
Net currency exposure	134	(157,547)	5,295	695	(151,423)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

28. Financial instruments (Cont'd)

Financial risk management objectives and policies (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:

	2023 Increase/ (Decrease) RM	**2022 Increase/ (Decrease) RM**
Group		
Effects on profit after taxation/accumulated losses:		
RMB/RM		
Strengthen by 10% (2022: 10%)	**(3,262)**	(10)
Weaken by 10% (2022: 10%)	**3,262**	10
USD/RM		
Strengthen by 10% (2022: 10%)	**6,300**	(11,974)
Weaken by 10% (2022: 10%)	**(6,300)**	11,974
SGD/RM		
Strengthen by 10% (2022: 10%)	**1,099**	53
Weaken by 10% (2022: 10%)	**(1,099)**	(53)

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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

29. Fair values (Cont'd)

Fair value hierarchy

The leasehold land and buildings for the manufacturing business segment of the Group were revalued in September 2023 by independent professional valuers using the fair value method which is determined reference to "Comparison Method".

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2023				
Non-recurring fair values measurement				
Short term leasehold land	**-**	**-**	**5,000,000**	**5,000,000**
Factory buildings	**-**	**-**	**11,600,000**	**11,600,000**
2022				
Non-recurring fair values measurement				
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

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 2023 and 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

30. Capital management (Cont'd)

The gearing ratio of the Group as at the end of the reporting period was as follows:

	Group	
	2023 **RM**	**2022** **RM**
Total debts		
- Borrowings	**16,721,285**	17,198,913
- Lease liabilities	**5,419,987**	2,058,169
- Back to back arrangement	**-**	1,013,419
	22,141,272	20,270,501
Less: Cash and bank balances	**(200,004)**	(212,289)
Net debt	**21,941,268**	20,058,212
Total equity	**57,396,045**	67,316,069
Total capital	**79,337,313**	87,374,281
Gearing ratio (times)	**0.28**	0.23

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. 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 Suite, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 27 October 2023.

LIST OF GROUP'S PROPERTIES

Item	Location	Description	Usage	Area	Tenure	Age of Buildings (Years)	Net Book Value 30-Jun-2023 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	26 and 19	8,113,749.70	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	16	4,189,379.32	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	5	3,899,999.92	1 March 2022	Scanwolf Plastic Industries Sdn. Bhd.
4	No. 19, Jalan Pusat Perniagaan Falim 5, Pusat Perniagaan Falim, 30200 Ipoh, Perak	Four storey shop office	Office	185 sq mtr	Freehold	7	1,970,333.62	2 December 2015	Scanwolf Properties Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2023

Class of Shares	:	Ordinary Shares
Total Number of Issued Shares	:	198,767,010 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	22	1.48	570	0.00
100 - 1,000	281	18.90	182,130	0.09
1,001 - 10,000	545	36.65	3,084,700	1.55
10,001 - 100,000	437	29.39	15,883,400	7.99
100,001 - 9,938,349	201	13.52	160,650,710	80.82
9,938,350 and above	1	0.07	18,965,500	9.54
Total	**1,487**	**100**	**198,767,010**	**100**

Substantial Shareholders

(As per Register of Substantial Shareholders)

		No. of Shares Held			
	Name	**Direct**	**%**	**Indirect**	**%**
1.	ARMANI SYNERGY SDN. BHD.	25,955,810	13.06	-	-
2.	DATO' SRI AZLAN BIN AZMI	-	-	25,955,810 [(a)]	13.06
3.	DATO' SRI WONG SZE CHIEN	1,160,000	0.58	25,955,810 [(a)]	13.06
4.	DATO' SRI ANDREW LIM ENG GUAN	1,278,000	0.64	25,955,810 [(a)]	13.06
5.	PEG CAPITAL SDN. BHD.	16,000,000	8.05	-	-
6.	PEG HOLDING SDN. BHD.	-	-	16,000,000 [(b)]	8.05
7.	DATO' DR. CHEW CHEN YEE	-	-	16,000,000 [(c)]	8.05

Notes:

(a) Deemed interest by virtue of their interest in ARMANI SYNERGY SDN. BHD. pursuant to Section 8 of the Companies Act 2016 ("the Act").

(b) Deemed interest by virtue of its interest in PEG CAPITAL SDN. BHD. pursuant to Section 8 of the Act.

(c) Deemed interest by virtue of his interest in PEG CAPITAL SDN. BHD. pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2023

Directors' Shareholdings

(As per Register of Directors' Shareholdings)

		No. of Shares Held			
	Name	**Direct**	**%**	**Indirect**	**%**
1.	DATO' TAN SIN KEAT	7,727,181	3.89	2,000,000 (i)	1.01
2.	NG CHEE WAI	7,180,000	3.61	-	-
3.	DATO' DR. CHEW CHEN YEE	-	-	16,000,000 (ii)	8.05
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.	LEE PEI FEN	-	-	-	-

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.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ARMANI SYNERGY SDN. BHD. (SMART)	18,965,500	9.54
2.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHEE WAI (MY1647)	7,180,000	3.61
3.	PEG CAPITAL SDN. BHD.	7,000,000	3.52
4.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ARMANI SYNERGY SDN. BHD.	6,990,310	3.52
5.	CALVIN LAU CHUEN YIEN	6,423,000	3.23
6.	TAN SIN KEAT	5,727,181	2.88
7.	SEAH LEY HONG	5,083,100	2.56
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEO ANN SECK (MY0696)	5,000,000	2.52
9.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PEG CAPITAL SDN. BHD.	5,000,000	2.52
10.	LAW TEIK EAN	4,504,120	2.27

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2023

Thirty Largest Shareholders (Cont'd)

	Name	Shareholding	%
11.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW FOO HEEN	4,091,300	2.06
12.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PEG CAPITAL SDN. BHD.	4,000,000	2.01
13.	MIRUS HOLDINGS SDN. BHD.	3,333,300	1.68
14.	KENANGA NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	3,078,200	1.55
15.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TWE FOOK CHUAN	3,000,000	1.51
16.	AIDA & DREW CONSULTANCY SDN. BHD.	2,754,900	1.39
17.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR IT SANG ENTERPRISE SDN. BHD. (M04)	2,569,800	1.29
18.	GO WINSTON DY	2,394,000	1.20
19.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LUA CHONG KEONG	2,350,000	1.18
20.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR MOHD SALMAN @ LEONG YEW MUN	2,038,700	1.03
21.	NG CHOI HA	2,001,299	1.01
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SIN KEAT (MY4450)	2,000,000	1.01
23.	TAN YANN KANG	2,000,000	1.01
24.	YANKONG STAINLESS SDN. BHD.	1,967,700	0.99
25.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW FOO HEEN	1,958,400	0.99
26.	CHAI SEONG YEE	1,700,000	0.86
27.	LEE HUAT BOON	1,450,000	0.73
28.	LIM KEY SHEN	1,360,000	0.68
29.	ABDUL HAMID BIN ABDUL SHUKOR	1,310,000	0.66
30.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOIN CHEE PING	1,300,000	0.65

ANALYSIS OF WARRANT HOLDINGS

AS AT 25 SEPTEMBER 2023

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	5.80	1,100	0.00
100 - 1,000	33	7.97	14,000	0.03
1,001 - 10,000	127	30.68	789,600	1.50
10,001 - 100,000	143	34.54	5,423,050	10.33
100,001 - 2,624,279	86	20.77	43,441,850	82.77
2,624,280 and above	1	0.24	2,816,000	5.37
Total	**414**	**100**	**52,485,600**	**100**

Directors' Warrant Holdings

		No. of Warrants Held			
	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.	LEE PEI FEN	-	-	-	-

Thirty Largest Warrant Holders

	Name	No. of Warrants	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR MAH JUN-KIT	2,816,000	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.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR TEW YAN TENG	1,763,300	3.36
5.	WONG KOK YEW	1,726,000	3.29

ANALYSIS OF WARRANT HOLDINGS

AS AT 25 SEPTEMBER 2023

Thirty Largest Warrant Holders (Cont'd)

	Name	No. of Warrants	%
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR AH SANG	1,446,700	2.76
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN LYE ZHANG	1,280,000	2.44
8.	TAN YIN YEN	1,250,000	2.38
9.	NG YEOW HOOI	1,216,000	2.32
10.	LEE SIEW PENG	1,214,900	2.31
11.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR MOH KIAM HENG	1,205,400	2.30
12.	H'NG CHEW LIAN	1,049,900	2.00
13.	TAY KOK SENG	1,034,700	1.97
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG KOK WENG (MY2166)	1,000,000	1.91
15.	LEE SWEE GUAN	958,900	1.83
16.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. LEOW LEONG MOY	912,000	1.74
17.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN CHOY KUAN	800,000	1.52
18.	GOH FUI FIN	775,800	1.48
19.	LAY SOOK HWEY	755,500	1.44
20.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR FAZLINA BINTI MOHD SALMAN	750,000	1.43
21.	ONG YIN YIN	737,400	1.40
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEN HUI YANG (7000068)	700,000	1.33
23.	HO SENG HONG	656,800	1.25
24.	LEOW LEONG MOY	630,000	1.20
25.	CHAI SOON HING	600,000	1.14
26.	TEOH BENG KEONG	600,000	1.14
27.	SOO TONG HUI	568,000	1.08
28.	CHONG CHEE YOONG	544,900	1.04
29.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOK WEI SEONG (E-BPJ)	520,300	0.99
30.	CHAI SOON HING	500,000	0.95

ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") HOLDINGS

AS AT 25 SEPTEMBER 2023

Number of Issued ICULS	:	134,971,200
Number of Unconverted ICULS	:	59,596,500
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	0.00	0	0.00
100 - 1,000	19	17.43	8,900	0.01
1,001 - 10,000	41	37.61	225,300	0.38
10,001 - 100,000	29	26.61	933,900	1.57
100,001 - 2,979,824	18	16.51	23,568,000	39.55
2,979,825 and above	2	1.83	34,860,400	58.49
Total	**109**	**100**	**59,596,500**	**100**

Directors' ICULS Holdings

		No. of ICULS Held			
	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.	LEE PEI FEN	-	-	-	-

Thirty Largest ICULS Holders

	Name	No. of ICULS	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ARMANI SYNERGY SDN. BHD.	23,860,400	40.04
2.	YANKONG STAINLESS SDN. BHD.	11,000,000	18.46
3.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANDREW LIM ENG GUAN	2,900,000	4.87
4.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG SZE CHIEN	2,900,000	4.87
5.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AZLAN BIN AZMI	2,600,000	4.36

ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") HOLDINGS

AS AT 25 SEPTEMBER 2023

	Name	No. of ICULS	%
6.	JEREMY YONG LEE MING	2,514,900	4.22
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (BBRKLANG-CL)	2,238,500	3.76
8.	IMPRESS 31 SDN. BHD.	2,000,000	3.36
9.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR IMPRESS 31 SDN. BHD.	2,000,000	3.36
10.	CHAI SEONG YEE	1,500,000	2.52
11.	LOH YOKE FONG	1,500,000	2.52
12.	TEOH TEIK KEAN	1,300,400	2.18
13.	TEY GIAP CHIAN	516,000	0.87
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEONG SOON WAI (MY4167)	388,100	0.65
15.	TEO YUAN HAO	295,400	0.50
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO BOON TONG (MY3206)	227,700	0.38
17.	TEOH SIEW FONG	197,300	0.33
18.	CHONG CHEE YOONG	187,400	0.31
19.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FRANCIS CHAI KIM LUNG	175,000	0.29
20.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEOW KAI WEN (E-BMM)	127,300	0.21
21.	LIEW THONG	100,000	0.17
22.	CHIN KOK KIEN	85,000	0.14
23.	PANG TUNG SHAN	70,000	0.12
24.	SOO HOO MEI FUAN	50,100	0.08
25.	ONG HOCK POO	50,000	0.08
26.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HO KING CHEE	50,000	0.08
27.	GOH CHOO KEE	46,000	0.08
28.	TAN SHANG NEAN	43,000	0.07
29.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YEONG SENG (E-SPG)	35,000	0.06
30.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KENG CHIN ENG (E-SGM)	30,000	0.05

SCANWOLF®
Scanwolf Corporation Berhad
200601021156 (740909-T)

PROXY FORM

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 Seventeenth Annual General Meeting ("17th AGM") of the Company which will be held at Agate Room (Level G), AVANTE Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia on Thursday, 30 November 2023 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 Tan Sri Dato' Sri Haji Syed Zainal Bin Syed Mohamed Tahir as Director	1		
2.	Re-election of Dato' Tan Sin Keat as Director	2		
3.	Re-election of Ms. Lee Pei Fen as Director	3		
4.	Approval of Directors' fees and benefits amounting to RM384,000.00 for the financial year ending 30 June 2024	4		
5.	Re-appointment of Messrs. PKF as Auditors of the Company and to authorise the Directors to fix their remuneration	5		
6.	Authority to allot and issue shares	6		

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 2023

____
Signature/Common Seal of Shareholder(s)

** Delete whichever is inapplicable*

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 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.
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 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.
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 lodgement 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 .
7. For the purpose of determining a member who shall be entitled to attend the 17th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd to issue a General Meeting Record of Depositors ("ROD") as at 23 November 2023. 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 17th AGM.

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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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www.scanwolf.com

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