

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



AWC BERHAD

(Registration No. 200101014341 (550098-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ACQUISITIONS BY AWC BERHAD ("AWC" OR THE "COMPANY") OF THE FOLLOWING:

- I. **THE REMAINING 49.00% EQUITY INTEREST IN STREAM GROUP SDN BHD NOT ALREADY OWNED BY AWC FROM PREMIUM NXL SDN BHD ("PNSB"); AND**
- II. **51.00% EQUITY INTEREST IN PREMIUM PATENTS SDN BHD FROM PNSB AND PREMIUM DELUXE SDN BHD,**

FOR A TOTAL CASH CONSIDERATION OF RM110,000,001

AND

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of AWC will be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 13 December 2023 at 10:00 a.m. or at any adjournment thereof (as the case may be).

The notice of EGM and the Proxy Form are enclosed in this Circular and can be downloaded from the Company's website at <https://www.awc.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>. Please follow the procedures provided in the Administrative Notes in order to register, attend, participate, speak and vote remotely at the EGM.

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) may be made in a hard copy form or electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote:

(a) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

(b) By electronic form

The Proxy Form can be electronically lodged with the Share Registrar's online system ("**TIIH Online**") at <https://tiih.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of Proxy Form via TIIH Online.

The lodgement of the Proxy Form will not preclude you from attending, participating, speaking and voting at the EGM should you subsequently decide to do so and in such event, your Proxy Form shall be revoked accordingly.

Last date and time for lodging the Proxy Form : Monday, 11 December 2023 at 10:00 a.m.

Date and time of the EGM : Wednesday, 13 December 2023 at 10:00 a.m. or at any adjournment thereof (as the case may be)

This Circular is dated 28 November 2023

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

"Act"	:	Companies Act, 2016
"Announcement"	:	Announcement in relation to the Proposed Acquisitions dated 14 September 2023
"AWC" or the "Company"	:	AWC Berhad
"AWC Group" or the "Group"	:	Collectively, AWC and its subsidiaries
"AWCS"	:	Automated Waste Collection System details of which are set out in Section 1 of Appendix I of this Circular
"AWC Shares" or the "Shares"	:	Ordinary shares in AWC
"Board"	:	Board of Directors of AWC
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CA 1965"	:	Companies Act, 1965
"Circular"	:	This Circular dated 28 November 2023
"Completion Date"	:	The date of the completion of the sale and purchase of the Sale Shares, which is within 21 calendar days from the Unconditional Date, or such other date as may be mutually agreed upon between AWC and the Vendors pursuant to the SSA
"Conditions Precedent"	:	Conditions precedent of the SSA as set out in Section 3.1 of Appendix VII of this Circular
"Directors"	:	The directors of AWC and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per share
"ESG"	:	Environmental, social and governance
"ESOS"	:	Employee share option scheme of AWC which was implemented on 9 October 2015 and expiring on 8 October 2025
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be

DEFINITIONS (CONT'D)

"License Agreement"	:	License agreement dated 6 May 2008 entered into between Sri Skanda Rajah A/L S. Ratnam (as inventor), Premium Patents (as licensor) and Stream Group in relation to all intellectual property rights of the "Waste Shuttle" system already registered for the benefit of Premium Patents in carrying out the current Stream Group's Business as well as any other intellectual property rights of the "Waste Shuttle" system and the conventional automated waste collection system that Sri Skanda Rajah A/L S. Ratnam may hold which are currently licensed to Premium Patents and/or which are required for the current Stream Group's Business, further details of which are set out in Section 2.3 of this Circular. For the avoidance of doubt, the only patent and intellectual property right that is licensed by Premium Patents to Stream Group is the "Waste Shuttle" system
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	20 November 2023, being the latest practicable date prior to the date of this Circular
"MFRS"	:	Malaysian Financial Reporting Standards
"NA"	:	Net assets
"O&M"	:	Operations and maintenance
"PAT"	:	Profit after tax
"PDSB"	:	Premium Deluxe Sdn Bhd, being one of the Vendors of the Proposed Acquisition in Premium Patents
"PE Multiple"	:	Price-to-earnings multiple
"PNSB"	:	Premium NXL Sdn Bhd, being the Vendor of the Proposed Acquisition in Stream Group and one of the Vendors of the Proposed Acquisition in Premium Patents
"Premium Patents"	:	Premium Patents Sdn Bhd, a 49.00%-owned associate company of Stream Group
"Premium Patents' Business"	:	Solely involved in the licensing arrangement as set out in the License Agreement
"Premium Patents Sale Shares"	:	A total of 5,100 Premium Patents Shares, representing 51.00% of the issued share capital of Premium Patents, to be acquired by AWC from PNSB and PDSB under the Proposed Acquisition in Premium Patents
"Premium Patents Shares"	:	Ordinary shares in Premium Patents
"Proposed Acquisitions"	:	Collectively, the Proposed Acquisition in Stream Group and the Proposed Acquisition in Premium Patents
"Proposed Acquisition in Premium Patents"	:	Proposed acquisition by AWC of 51.00% equity interest in Premium Patents from PNSB and PDSB
"Proposed Acquisition in Stream Group"	:	Proposed acquisition by AWC of the remaining 49.00% equity interest in Stream Group not already owned by AWC from PNSB

DEFINITIONS (CONT'D)

"Purchase Consideration"	:	The total purchase consideration for the Proposed Acquisitions of RM110,000,001, which will be satisfied fully in cash
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
"RHB Investment Bank" or the "Principal Adviser"	:	RHB Investment Bank Berhad
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Sale Shares"	:	Collectively, Stream Group Sale Shares and Premium Patents Sale Shares
"SSA"	:	Conditional share sale and purchase agreement dated 14 September 2023 entered into between AWC and the Vendors for the Proposed Acquisitions
"Stream Group"	:	Stream Group Sdn Bhd, a 51.00%-owned subsidiary of AWC
"Stream Group's Business"	:	General trading and installation of cleaning equipment, vacuum systems, pipe networks and specialised connections (environment protection equipment) all of which are in relation to the waste collection system as well as O&M services for Stream Group's clients
"Stream Group Sale Shares"	:	A total of 627,200 Stream Group Shares, representing 49.00% of the issued share capital of Stream Group, to be acquired by AWC from PNSB under the Proposed Acquisition in Stream Group
"Stream Group Shares"	:	Ordinary shares in Stream Group
"Unconditional Date"	:	The date when all the Conditions Precedent have been obtained/fulfilled or waived, as the case may be pursuant to the SSA
"Vendors"	:	Collectively, PNSB and PDSB
"Warrants"	:	56,824,679 outstanding warrants 2018/2023 in AWC as at the LPD which are constituted under the deed poll dated 6 December 2018. Each warrant provides the right to warrant holders to subscribe for 1 new AWC Share during the 2-year exercise period up to 25 December 2023 at an exercise price of RM0.88 per warrant

References to "our Company" in this Circular are to AWC and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

DEFINITIONS (CONT'D)

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in its annual reports or quarterly results, is due to rounding. Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's and/or our Group's plans and objectives will be achieved.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	vi
LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITIONS:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED ACQUISITIONS	2
3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITIONS	10
4. PROSPECTS, OUTLOOK AND FUTURE PLAN	10
5. RISKS FACTORS OF THE PROPOSED ACQUISITIONS	15
6. EFFECTS OF THE PROPOSED ACQUISITIONS	17
7. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITIONS	19
8. HIGHEST PERCENTAGE RATIO	19
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	19
10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	20
11. DIRECTORS' STATEMENT AND RECOMMENDATION	20
12. ESTIMATED TIMEFRAME FOR COMPLETION	20
13. EGM	20
14. ADDITIONAL INFORMATION	21
APPENDICES	
I. INFORMATION ON STREAM GROUP	22
II. AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023	30
III. DIRECTORS' REPORT ON STREAM GROUP	130
IV. INFORMATION ON PREMIUM PATENTS	131
V. AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022	136
VI. DIRECTORS' REPORT ON PREMIUM PATENTS	163
VII. SALIENT TERMS OF THE SSA	164
VIII. ADDITIONAL INFORMATION	171
NOTICE OF EGM AND PROXY FORM	ENCLOSED

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the "Definitions" section.

This Executive Summary highlights only the salient information of the Proposed Acquisitions in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Acquisitions before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular
Details of the Proposed Acquisitions	<p>The Proposed Acquisitions involve the following:</p> <ul style="list-style-type: none">(i) the Proposed Acquisition in Stream Group which entails the acquisition by AWC of the Stream Group Sale Shares, representing the remaining 49.00% equity interest in Stream Group not already owned by AWC from PNSB, for a cash consideration of RM110,000,000, subject to the terms and conditions of the SSA; and(ii) the Proposed Acquisition in Premium Patents which entails the acquisition by AWC of the Premium Patents Sale Shares, representing 51.00% equity interest in Premium Patents from PNSB and PDSB, for a cash consideration of RM1, subject to the terms and conditions of the SSA. <p>Upon the completion of the Proposed Acquisitions, Stream Group will become a wholly-owned subsidiary of AWC, while Premium Patents will become a wholly-owned subsidiary of AWC with 49.00% equity interest held through Stream Group.</p>	Section 2 of this Circular
Basis and justification of arriving at the Purchase Consideration	<p>The Purchase Consideration of RM110,000,001 was arrived at on a 'willing-buyer willing-seller' basis and after taking into consideration the following:</p> <ul style="list-style-type: none">(i) the PE Multiple of approximately 9.59 times, derived at upon the execution of the SSA on 14 September 2023, based on the Purchase Consideration over RM11,475,156, being 49.00% of the audited PAT of Stream Group of RM23,418,686 for the FYE 30 June 2022. For shareholders' information, the PE Multiple is approximately 13.26 times, derived based on the Purchase Consideration over RM8,294,982, being 49.00% of the latest audited PAT of Stream Group of RM16,928,534 for the FYE 30 June 2023;(ii) the nominal value of RM1.00 ascribed to the Premium Patents Sale Shares given the negative shareholders' equity position of Premium Patents of RM86,928 and RM130,683 for the FYE 31 December 2021 and FYE 31 December 2022 respectively;(iii) the rationale and benefits of the Proposed Acquisitions, further details of which are set out in Section 3 of this Circular; and(iv) the prospects of Stream Group and Premium Patents as detailed in Section 4.5 of this Circular.	Section 2.4 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Source of funding	The earnest deposit and balance deposit amounting to RM3,300,000 and RM7,700,000 respectively were paid and funded via internally generated funds of AWC Group. The balance sum amounting to RM99,000,001 will be funded through bank borrowings. For shareholders' information purposes, AWC Group had on 10 October 2023, secured banking facilities amounting to RM99,000,000 to finance the Proposed Acquisitions.	Section 2.7 of this Circular
Rationale and benefits of the Proposed Acquisitions	<p>Upon completion of the Proposed Acquisitions, Stream Group will become a wholly-owned subsidiary of AWC, allowing AWC to streamline and fully consolidate the financial performance of Stream Group. The Proposed Acquisitions will allow AWC to obtain full control in Stream Group to drive the future strategic direction and growth of Stream Group, and enable AWC to fully realise all the efforts and initiatives put in place by the Company and its management in Stream Group, thereby creating more value and improving the competitiveness of the Group.</p> <p>In addition, upon completion of the Proposed Acquisitions, Premium Patents will become a wholly-owned subsidiary of AWC with 49.00% equity interest held through Stream Group. By acquiring the remaining stake in Premium Patents from the Vendors, AWC Group will have 100.00% ownership in the patented "Waste Shuttle" system which forms part of the AWCS, and this will enable AWC Group to better position and market the system to its potential clients globally, as well as support operational efficiency for Stream Group's AWCS. The application of the "Waste Shuttle" system can also reduce the energy cost of Stream Group's AWCS by approximately 70.00%. Further details of the "Waste Shuttle" system are set out in Section 1 of Appendix I of this Circular.</p> <p>The Proposed Acquisitions are also in-line with the overall strategy of the Group to enhance its profitability by improving its returns within the waste management business which is considered as a key focus within the Company's ESG initiatives related businesses and facilitate the continuing growth of the Group's core business as a diversified ESG player.</p> <p>In view of Stream Group and Premium Patents' growth potential in the property development, construction and waste management industries as detailed in Sections 4.2, 4.3, 4.4 and 4.5 of this Circular, the Proposed Acquisitions are expected to contribute positively to the future earnings of the Group.</p>	Section 3 of this Circular
Risks factors of the Proposed Acquisitions	<p>The risk factors relating to the Proposed Acquisitions are as follows:</p> <p>(i) Acquisition risk</p> <p>There is no assurance that the anticipated benefits of the Proposed Acquisitions as set out in Section 3 of this Circular will be realised after the completion of the Proposed Acquisitions. Accordingly, there can be no assurance that the enlarged AWC Group may be able to generate sufficient returns in relation to its additional investment in Stream Group and Premium Patents to offset the associated costs arising from the Proposed Acquisitions.</p>	Section 5 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Risks factors of the Proposed Acquisitions (Cont'd)	(ii) Delay or non-completion of the Proposed Acquisitions	Section 5 of this Circular
	<p>Despite the execution of the SSA, there can be no assurance that all the Conditions Precedent and the terms and conditions as set out in the SSA will be able to be fulfilled, and therefore, the Proposed Acquisitions may not be able to complete. There can also be no assurance that the Proposed Acquisitions can be completed within the timeframe set. Any delay or non-completion of the Proposed Acquisitions will deprive the Group from attaining the benefits from the Proposed Acquisitions as set out in Section 3 of this Circular.</p>	
	(iii) Funding and interest rate risk	
	<p>As disclosed in Section 2.7 of this Circular, the balance sum of the Purchase Consideration amounting to RM99,000,001 will be funded through bank borrowings. AWC Group had on 10 October 2023, secured banking facilities amounting to RM99,000,000 to finance the Proposed Acquisitions.</p> <p>The Group will incur interest expense on the bank borrowings and any interest charged on bank borrowings is dependent on prevailing interest rates which expose the Group to risk of unfavorable fluctuation in interest rates which in turn, may have a negative impact to the Group's cash flows and profitability.</p> <p>In addition, the agreement on the credit facilities, contains covenants which may limit the Group's future operating and financing flexibility. Any breach of such covenants may give rise to a right by the financiers to terminate the relevant credit facilities.</p>	
	(iv) Business and operational risk	
	<p>The Proposed Acquisitions are subject to risks inherent to the property development, construction and waste management industries which AWC is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, among others, adverse changes in real estate market prices, changes in economic, social and political conditions, fluctuations in the prices of construction material cost and labour shortage issues, and performance of third-party sub-contractors. Any adverse changes in these conditions may have an adverse material effect on the property development, construction and waste management industries in Malaysia and the Group.</p>	

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Risks factors of the Proposed Acquisitions (Cont'd)	<p>(v) Goodwill and impairment risk</p> <p>AWC Group may recognise goodwill arising from the Proposed Acquisition in Premium Patents, the amount of which will depend on the fair value of Premium Patents' identifiable assets and liabilities acquired as at the Completion Date. For the avoidance of doubt, there is no goodwill on the Proposed Acquisition in Stream Group as Stream Group is currently a 51.00%-owned subsidiary of AWC.</p> <p>The identifiable assets and liabilities of Premium Patents will initially be recorded in AWC's books at its provisional fair values as at the acquisition date pending the conclusion of the purchase price allocation exercise which shall be completed at the earliest practicable date following the completion of the Proposed Acquisition in Premium Patents, as required by the MFRS 3 – Business Combinations. However, the outcome of the purchase price allocation exercise cannot be ascertained at this juncture. Any fair value adjustment to the assets and liabilities arising and the effect of the amortisation of intangible assets identified from the Proposed Acquisition in Premium Patents may affect the financial position and performance of the Group. In addition, any impairment on the carrying amount of intangible assets (including any goodwill arising from the Proposed Acquisition in Premium Patents) pursuant to impairment tests may also affect the financial position and results of the AWC Group.</p>	Section 5 of this Circular
Approvals required for the Proposed Acquisitions	<p>The Proposed Acquisitions are subject to the approvals of the shareholders of AWC at the forthcoming EGM for the Proposed Acquisitions by way of poll being obtained.</p> <p>The Proposed Acquisition in Stream Group and the Proposed Acquisition in Premium Patents are inter-conditional upon each other.</p> <p>The Proposed Acquisitions are not conditional upon any other corporate exercise undertaken or to be undertaken by AWC Group.</p>	Section 7 of this Circular
Interests of the Directors, major shareholders and/or person connected with them	<p>Save as disclosed below, none of the Directors and major shareholders of AWC Group and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Acquisitions:</p> <p>(i) Sri Skanda Rajah A/L S. Ratnam, who is a director of PNSB and PDSB, has 50.00% direct equity interests in PNSB and PDSB respectively. He is also a director of Stream Group and Premium Patents. As at the LPD, he holds 1,000 AWC Shares and does not sit on the Board; and</p>	Section 9 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Interests of the Directors, major shareholders and/or person connected with them (Cont'd)	<p>(ii) Gan Geok Soon, who is a director of PNSB and PDSB, has 50.00% direct equity interests in PNSB and PDSB respectively. He is also a director of Stream Group and an alternate director of Premium Patents to Fred Devakumar A/L Stephen Navaratnam. As at the LPD, he holds 1,000 AWC Shares and does not sit on the Board.</p> <p>The Proposed Acquisitions are not regarded as related party transactions and fall under Paragraph 10.08(11)(n) of the Listing Requirements. However, as the highest percentage ratio is 53.29% pursuant to Section 8 of this Circular, the Proposed Acquisitions are subject to the approval of the shareholders of the Company pursuant to Paragraph 10.07 of the Listing Requirements.</p>	Section 9 of this Circular
Directors' statement and recommendation	<p>The Board, after having considered all aspects of the Proposed Acquisitions, including the basis and justification for arriving at the Purchase Consideration, salient terms of the SSA, rationale and benefits of the Proposed Acquisitions as well as the effects of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are in the best interest of the Company and its shareholders.</p> <p>Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.</p>	Section 11 of this Circular



AWC BERHAD

(Registration No. 200101014341 (550098-A))
(Incorporated in Malaysia)

Registered Office

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

28 November 2023

Board of Directors

Dato' Nik Mod Amin Bin Nik Abd Majid (*Non-Independent Non-Executive Chairman*)
Dato' Ahmad Kabeer Bin Mohamed Nagoor (*Group Chief Executive Officer/President*)
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj
(*Independent Non-Executive Director*)
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman (*Independent Non-Executive Director*)
Sureson A/L Krisnasamy (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED ACQUISITIONS

1. INTRODUCTION

On 14 September 2023, RHB Investment Bank had, on behalf of the Board, announced that AWC had on even date entered into a SSA with the Vendors to undertake the Proposed Acquisitions for a total cash consideration of RM110,000,001. Please refer to Appendix VII of this Circular for further details of the salient terms of the SSA.

For shareholders' information, the Proposed Acquisitions are not regarded as related party transactions and fall under Paragraph 10.08(11)(n) of the Listing Requirements, further details of which are set out in Section 9 of this Circular.

Further details of the Proposed Acquisitions are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITIONS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR INCLUDING THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions involve the following:

- (i) the Proposed Acquisition in Stream Group which entails the acquisition by AWC of the Stream Group Sale Shares, representing the remaining 49.00% equity interest in Stream Group not already owned by AWC from PNSB, for a cash consideration of RM110,000,000, subject to the terms and conditions of the SSA; and
- (ii) the Proposed Acquisition in Premium Patents which entails the acquisition by AWC of the Premium Patents Sale Shares, representing 51.00% equity interest in Premium Patents from PNSB and PDSB, for a cash consideration of RM1, subject to the terms and conditions of the SSA.

Pursuant to the terms of the SSA, the Vendors have agreed to sell and AWC has agreed to purchase the Sale Shares free from all claims, liens, charges and encumbrances, together with all rights attaching to the Sale Shares (including all dividends and distributions, whether declared or undeclared, in respect thereof), with effect from the Completion Date.

The details of the Sale Shares to be acquired by AWC from each of the Vendors are as follows:

Vendors	Sale Shares	%	Purchase Consideration RM
<u>Stream Group</u>			
PNSB	627,200 Stream Group Shares	49.00% in Stream Group	110,000,000
<u>Premium Patents</u>			
PNSB	5,050 Premium Patents Shares	50.50% in Premium Patents	0.50
PDSB	50 Premium Patents Shares	0.50% in Premium Patents	0.50
Total			<u>110,000,001</u>

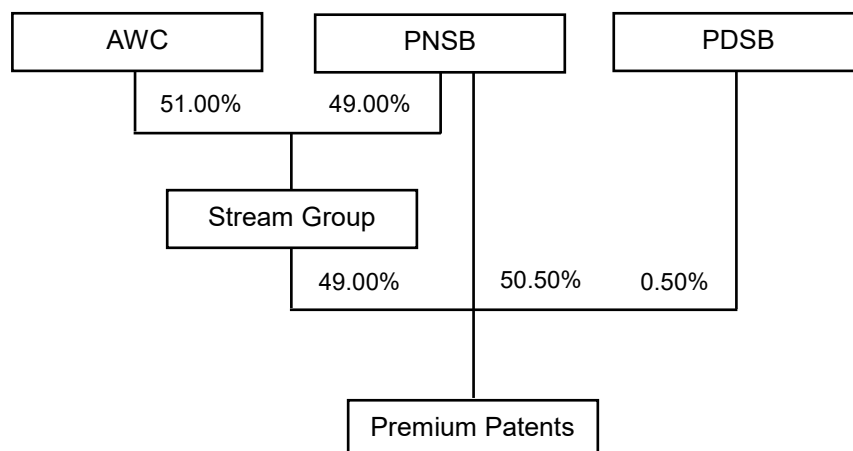
The Purchase Consideration was agreed between AWC and the Vendors premised on the sale and purchase of the Stream Group Sale Shares and Premium Patents Sale Shares being inter-conditional with each other and being completed simultaneously. The respective allocation and breakdown of the Purchase Consideration for each Stream Group and Premium Patents have been agreed upon between AWC and the Vendors and the nominal RM1.00 value ascribed to the Premium Patents Sale Shares has been arrived at after taking into account Premium Patents' negative shareholders' equity position of RM86,928 and RM130,683 based on its audited financial position for the FYE 31 December 2021 and FYE 31 December 2022 respectively. Notwithstanding this, it shall not be taken to mean or indicate that the value of Premium Patents Sale Shares is only RM1.00, particularly insofar as its overall significance to the Proposed Acquisitions effected by the SSA is concerned.

Currently, Stream Group is a 51.00%-owned subsidiary of AWC and Premium Patents is a 49.00%-owned associate company of Stream Group.

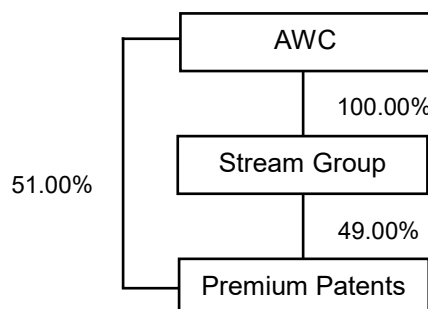
Upon the completion of the Proposed Acquisitions, Stream Group will become a wholly-owned subsidiary of AWC, while Premium Patents will become a wholly-owned subsidiary of AWC with 49.00% equity interest held through Stream Group.

The shareholdings and the group structure for the Proposed Acquisitions are depicted as follows:

Current structure



Upon completion of the Proposed Acquisitions



2.1 Mode of settlement of the Purchase Consideration

Pursuant to the terms of the SSA, the Purchase Consideration will be satisfied entirely by cash in the manner as set out below:

Details	Timing of settlement	Purchase Consideration RM	%
Earnest deposit ⁽¹⁾	Paid on 28 August 2023.	3,300,000	3.00
Balance deposit ⁽¹⁾	Upon execution of the SSA, which was paid on 14 September 2023.	7,700,000	7.00
Balance sum ⁽²⁾	On or before the Completion Date.	99,000,001	90.00
Total		110,000,001	100.00

Notes:

- (1) *In the event that the SSA is terminated pursuant to Sections 3.2 or 6.3 of Appendix VII of this Circular, the earnest deposit and balance deposit shall be refunded together with the accrued interest to AWC within 7 days or 14 days (as the case may be) from the date of the notice of termination.*
- (2) *The purchase consideration of RM0.50 each to be paid to PNSB and PDSB respectively in relation to the Premium Patents Sale Shares will form part of the balance sum.*

2.2 Information on Stream Group

Stream Group is currently a 51.00%-owned subsidiary of AWC and it is involved in the Stream Group's Business.

Please refer to Appendix I of this Circular for further information on Stream Group.

2.3 Information on Premium Patents

Premium Patents is currently a 49.00%-owned associate company of Stream Group. Premium Patents is solely involved in the Premium Patents' Business and is holding the intellectual property rights of the "Waste Shuttle" system and conventional automated waste collection system, comprising the method and system for pushing and moving solid waste which cover a methodology process flow that are required to carry out the Stream Group's Business. The rights to use the "Waste Shuttle" system and conventional automated waste collection system have been wholly and exclusively licensed by Premium Patents to Stream Group via the License Agreement.

The License Agreement commenced on 6 May 2008 and shall subsist until it is terminated by Premium Patents (as licensor) and Stream Group. Stream Group shall pay an annual license fee to Premium Patents (as licensor), calculated based on the actual costs and expenses incurred by Premium Patents (as licensor) yearly on the filing, registration, prosecution and maintenance of the intellectual property rights of the "Waste Shuttle" system. For shareholders' information, Stream Group had paid license fees to Premium Patents amounting to RM117,836 and RM122,398 in the FYE 31 December 2021 and FYE 31 December 2022 respectively.

Pursuant to the terms and conditions of the SSA, on the Completion Date, Sri Skanda Rajah A/L S. Ratnam (as inventor), Premium Patents (as licensor) and Stream Group shall terminate the License Agreement on terms and conditions to be mutually agreed upon by the parties, among others, to vest and assign absolutely the intellectual property rights of the "Waste Shuttle" system in favour of Premium Patents. For the avoidance of doubt, the patent registered under Premium Patents shall remain under Premium Patents after termination of the License Agreement.

Please refer to Appendix IV of this Circular for further information on Premium Patents.

2.4 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration of RM110,000,001 was arrived at on a 'willing-buyer willing-seller' basis and after taking into consideration the following:

- (i) the PE Multiple of approximately 9.59 times, derived at upon the execution of the SSA on 14 September 2023, based on the Purchase Consideration over RM11,475,156, being 49.00% of the audited PAT of Stream Group of RM23,418,686 for the FYE 30 June 2022. For shareholders' information, the PE Multiple is approximately 13.26 times, derived based on the Purchase Consideration over RM8,294,982, being 49.00% of the latest audited PAT of Stream Group of RM16,928,534 for the FYE 30 June 2023;
- (ii) the nominal value of RM1.00 ascribed to the Premium Patents Sale Shares given the negative shareholders' equity position of Premium Patents of RM86,928 and RM130,683 for the FYE 31 December 2021 and FYE 31 December 2022 respectively;
- (iii) the rationale and benefits of the Proposed Acquisitions, further details of which are set out in Section 3 of this Circular; and

- (iv) the prospects of Stream Group and Premium Patents as detailed in Section 4.5 of this Circular.

In justifying the Purchase Consideration, the Board has taken into consideration the PE Multiple of comparable public companies listed on Bursa Securities which operate in the similar business as Stream Group and are involved in waste management and facilities management related activities ("**Comparable Companies**").

For information purposes, the PE Multiple is the measure of the market price of a company's shares relative to its annual net income per share, and is computed as follows:

$$\text{PE Multiple} \quad : \quad \frac{\text{Market price of the share}}{\text{EPS}}$$

However, it should be noted that there is no company listed on Bursa Securities which is identical to Stream Group in terms of, among others, composition of business activities, scale of business operations, geographical spread of activities, profit track record, risk profile, financial position, future prospects and other criteria. As such, any comparison made against the Comparable Companies is only for the purpose of determining an indicative relative valuation for Stream Group. However, the list of Comparable Companies was selected as their principal activities are broadly comparable to Stream Group and Premium Patents' principal activities by virtue of their involvement and generation of revenue of more than 80.00% in the waste management industry with a market capitalisation of up to RM200.00 million as they are more likely to have similar scale of business operations and financial metrics as well as face similar market conditions as Stream Group. This is also in line with Stream Group's implied value of approximately RM224.49 million based on the purchase consideration of RM110,000,000 for 49.00% equity interest in Stream Group.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Comparable Companies ⁽¹⁾	Market in which the Companies are listed ⁽¹⁾	Principal activities ⁽²⁾	Percentage contribution of waste management business to the revenue of the group ⁽²⁾ %	Market capitalisation as at the LPD ⁽³⁾ RM'mil	Closing price as at the LPD ⁽³⁾ RM	EPS ⁽²⁾ RM	PE Multiple ⁽⁴⁾ Times
Tex Cycle Technology (M) Berhad	ACE Market of Bursa Securities	The principal activity of the company is investment holdings while its subsidiaries are principally engaged in waste management business that focuses on environmentally friendly solutions which provides professional services preferred by companies from various industries.	89.22% (RM28.07 million over RM31.46 million)	173.14	0.685	0.037	18.51
JAG Berhad	ACE Market of Bursa Securities	The principal activity of the company is investment holdings while its subsidiaries are principally involved in business of total waste management, lifestyle and services, investment holding as well as property investment and development.	97.02% (RM246.53 million over RM254.09 million)	191.37 ⁽⁵⁾	0.315	0.016	19.69
Hiap Huat Holdings Berhad	ACE Market of Bursa Securities	The principal activity of the company is investment holdings while its subsidiaries are principally involved in the scheduled waste management, recycling and refining of petroleum & petrochemical and laboratory services.	100.00%	49.38	0.125	0.021	5.95
						High Average Low	19.69 14.72 5.95

Notes:

- (1) *The Comparable Companies may not be directly comparable to Stream Group due to, among others, composition of business activities, scale of business operations, geographical spread of activities, profit track record, risk profile, financial position, future prospects and other criteria. For shareholders' information, the Board had selected the above Comparable Companies which are all listed on the ACE Market of Bursa Securities as there are no other similar comparable public companies which are listed on the Main Market of Bursa Securities.*
- (2) *Based on the latest annual reports of the respective Comparable Companies.*
- (3) *Extracted from Bloomberg.*
- (4) *Computed based on the closing market price as at the LPD over the latest audited EPS of the respective Comparable Companies.*
- (5) *Adjusted for the cancellation of 7,320,000 ordinary shares in JAG Berhad.*

The implied PE Multiple from the Purchase Consideration of approximately 9.59 times is within the range of 5.95 times and 19.69 times of the Comparable Companies, as well as below the average PE Multiple of the Comparable Companies of 14.72 times. Hence, the Board deems the implied PE Multiple from the Purchase Consideration to be reasonable as it falls within the low and high ranges of the PE Multiple of the Comparable Companies and represents a discount of approximately 34.85% to the average PE Multiple of the Comparable Companies of 14.72 times.

Further, for shareholder's information, the implied PE Multiple based on the latest audited PAT of Stream Group of 13.26 times is also within the range of 5.95 times and 19.69 times of the Comparable Companies, as well as below the average PE Multiple of the Comparable Companies of 14.72 times.

For shareholders' information, the asset-based method of valuation (i.e. price-to-book multiple) was not adopted by the Board for the purpose of evaluation of the Purchase Consideration in view that Stream Group and Premium Patents are not asset-based companies, and therefore such a method would not accurately reflect the value of Stream Group and Premium Patents. Stream Group is a trading and service-based company which involves in the Stream Group's Business and the assets of Stream Group are mainly current assets which mainly comprise cash and short-term deposits, trade and other receivables, contract assets relating to construction contracts and inventories. Meanwhile, the assets of Premium Patents are intangible assets (patents), other receivables and cash and cash equivalent. As such, the Board is of the view that Stream Group and Premium Patents are not deemed as asset-based/asset-heavy companies which is more applicable to property-based company. Accordingly, the earnings-based valuation (i.e. PE Multiple) is deemed more suitable and was adopted by the Board for purpose of evaluation of the Purchase Consideration in comparison to the asset-based valuation (i.e. price-to-book multiple) which is more applicable to the property based company.

2.5 Information on the Vendors

(i) Information on PNSB

PNSB was incorporated in Malaysia on 15 October 1999 under the CA 1965 as a private limited company under the name TVS-NXL Sdn Bhd and is deemed registered under the Act. On 27 June 2005, it adopted its present name. Its principal activity is investment holding and its registered address is at No. 9, Jalan Indah 16, Taman Cheras Indah, 56100 Kuala Lumpur.

As at the LPD, PNSB has an issued share capital of RM1,000 comprising 1,000 ordinary shares.

As at the LPD, the directors and shareholders of PNSB and their respective shareholdings in PNSB are as follows:

Directors

As at the LPD, the directors of PNSB are Sri Skanda Rajah A/L S. Ratnam and Gan Geok Soon and the alternate directors of PNSB are Indralingam A/L Subramaniam and Leong Keat Heng. Save for the interests of Sri Skanda Rajah A/L S. Ratnam and Gan Geok Soon as disclosed below, the other directors of PNSB do not hold any interest in PNSB.

Shareholders

Name	Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of shares	%	No. of shares	%
Sri Skanda Rajah A/L S. Ratnam	Malaysian	500	50.00	-	-
Gan Geok Soon	Malaysian	500	50.00	-	-

(ii) Information on PDSB

PDSB was incorporated in Malaysia on 8 July 1996 under the CA 1965 and is deemed registered under the Act. Its principal activity is investment holding and its registered address is at No. 9, Jalan Indah 16, Taman Cheras Indah, 56100 Kuala Lumpur.

As at the LPD, PDSB has an issued share capital of RM256,000 comprising 256,000 ordinary shares.

As at the LPD, the directors and shareholders of PDSB and their respective shareholdings in PDSB are as follows:

Directors

As at the LPD, the directors of PDSB are Sri Skanda Rajah A/L S. Ratnam and Gan Geok Soon and the alternate directors of PDSB are Indralingam A/L Subramaniam and Leong Keat Heng. Save for the interests of Sri Skanda Rajah A/L S. Ratnam and Gan Geok Soon as disclosed below, the other directors of PDSB do not hold any interest in PDSB.

Shareholders

Name	Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of shares	%	No. of shares	%
Sri Skanda Rajah A/L S. Ratnam	Malaysian	128,000	50.00	-	-
Gan Geok Soon	Malaysian	128,000	50.00	-	-

2.6 Original cost and date of investment

The original cost and date of investment in Stream Group and Premium Patents by the Vendors are set out below:

Vendors	Date of investment	No. of shares acquired/ (disposed)	Consideration RM
<u>Stream Group</u>			
PNSB	20 August 2004	384,000	384,000
	20 August 2004	121,600	121,600
	20 August 2004	121,600	121,600
Total Stream Group Shares		627,200	627,200
<u>Premium Patents</u>			
PNSB	17 April 2008	510	510
	3 June 2008	4,590	4,590
	9 August 2019	(50)	(50)
		5,050	5,050
PDSB	9 August 2019	50	50
Total Premium Patents Shares		5,100	5,100

2.7 Source of funding

The earnest deposit and balance deposit amounting to RM3,300,000 and RM7,700,000 respectively were paid and funded via internally generated funds of the Group. The balance sum of the Purchase Consideration amounting to RM99,000,001 will be funded through bank borrowings. For shareholders' information purposes, AWC Group had on 10 October 2023, secured banking facilities amounting to RM99,000,000 to finance the Proposed Acquisitions.

For shareholders' information purposes, AWC Group's cash and cash equivalents (comprising deposits with licensed financial institutions, cash and bank balances) stood at approximately RM119.47 million based on the latest audited financial statements of AWC Group for the FYE 30 June 2023.

2.8 Liabilities/guarantees in relation to the Proposed Acquisitions

Save for the obligations and liabilities stated in and arising from, pursuant to or in connection with the SSA, there is no other liability, including any contingent liability or guarantee, to be assumed by AWC Group arising from the Proposed Acquisitions.

2.9 Additional financial commitment required

Save for the Purchase Consideration, there is no other additional financial commitment required by AWC to put the business of Stream Group and Premium Patents on-stream in view that Stream Group is already a 51.00%-owned subsidiary of the Company and is already an on-going business entity with a historical profit track record as set out in Section 10 of Appendix I of this Circular.

2.10 Salient terms of the SSA

Please refer to Appendix VII of this Circular for the salient terms of the SSA.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITIONS

AWC Group is involved in engineering services group in Malaysia which provides "one-stop" integrated facilities management services to building owners. AWC Group also provides waste management system solutions, integrated facilities management, construction solutions for rails and plumbing services.

Upon completion of the Proposed Acquisitions, Stream Group will become a wholly-owned subsidiary of AWC, allowing AWC to streamline and fully consolidate the financial performance of Stream Group. The Proposed Acquisitions will allow AWC to obtain full control in Stream Group to drive the future strategic direction and growth of Stream Group, and enable AWC to fully realise all the efforts and initiatives put in place by the Company and its management in Stream Group, thereby creating more value and improving the competitiveness of the Group.

In addition, upon completion of the Proposed Acquisitions, Premium Patents will become a wholly-owned subsidiary of AWC with 49.00% equity interest held through Stream Group. By acquiring the remaining stake in Premium Patents from the Vendors, AWC Group will have 100.00% ownership in the patented "Waste Shuttle" system which forms part of the AWCS, and this will enable AWC Group to better position and market the system to its potential clients globally, as well as support operational efficiency for Stream Group's AWCS. The application of the "Waste Shuttle" system can also reduce the energy cost of Stream Group's AWCS by approximately 70.00%. Further details of the "Waste Shuttle" system are set out in Section 1 of Appendix I of this Circular.

The Proposed Acquisitions are also in-line with the overall strategy of the Group to enhance its profitability by improving its returns within the waste management business which is considered as a key focus within the Company's ESG initiatives related businesses and facilitate the continuing growth of the Group's core business as a diversified ESG player.

AWC Group has been consolidating 51.00% of the financial results of Stream Group and upon completion of the Proposed Acquisitions, AWC Group will be able to fully recognise the financial results from Stream Group and Premium Patents. In view of Stream Group and Premium Patents' growth potential in the property development, construction and waste management industries as detailed in Sections 4.2, 4.3, 4.4 and 4.5 of this Circular, the Proposed Acquisitions are expected to contribute positively to the future earnings of the Group.

Barring any unforeseen circumstances, the management of AWC believes that the Proposed Acquisitions will augur well for the future growth prospects of the AWC Group.

4. PROSPECTS, OUTLOOK AND FUTURE PLAN

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy continued to expand amid the persistent challenges in the external environment. During the 1st half of 2023, the gross domestic product posted a growth of 4.2% supported by resilient domestic demand, in particular private expenditure. The services sector, the largest contributor to the economy, continued to lead growth following higher tourist arrivals and improved consumer spending. The construction sector continued to expand in tandem with the acceleration of infrastructure projects and realisation of investment in non-residential and residential developments. These developments helped to cushion the negative impact from the external sector following slow external demand, particularly from Malaysia's major trading partners.

The increased external uncertainties will pose risks to the economic growth of Malaysia. Notwithstanding these challenges, the Malaysian economy continues to reap benefits from policies and initiatives undertaken over the years to enhance resilience and competitiveness. Overall, the Malaysian economy is projected to expand moderately in the 2nd half of 2023 as external demand is expected to remain low and due to the high base effect from the previous year. Nevertheless, domestic demand will continue to drive growth. Hence, Malaysia's gross domestic product is anticipated to register a growth of approximately 4.0% in 2023.

For 2024, the Malaysian economy is projected to grow within the range of 4.0% to 5.0%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities.

The manufacturing sector is expected to accelerate, accounted by improved export-oriented industries particularly the electrical and electronics products as external demand recovers, while the domestic-oriented industries are anticipated to remain favourable in line with robust domestic consumption and investment. The construction sector is expected to grow supported by an expansion across all subsectors. Prospects for the agriculture sector remain positive supported by higher production of crude palm oil, other agriculture and livestock. The mining sector is estimated to turn around owing to the recovery in production of natural gas, and crude oil and condensates.

On the demand side, growth will be buoyed by strong private sector expenditure and improving global demand. The encouraging performance of private sector is partly due to the Malaysian Government's deliberate efforts to accelerate a more vibrant and dynamic private sector by providing a conducive business and investment environment, underpinned by the implementation of comprehensive Ekonomi MADANI framework as well as policies and blueprints such as the National Energy Transition Roadmap and New Industrial Master Plan 2030. Meanwhile, consumer spending is envisaged to be robust supported by improved labour market conditions.

(Source: Economic Outlook 2024, Ministry of Finance)

4.2 Overview and outlook of the property development industry in Malaysia

Despite the challenging global financial and economic environment, the property market managed to stay poised and posted a marginal softening in market activity in the first half of 2023 compared to the same period last year.

Property market activity recorded a total of 184,140 transactions worth RM85.37 billion, down by 2.1% in volume but increased slightly by 1.1% in value against corresponding period. From the total transactions, 32.1% (59,090 transactions) and 63.6% (117,129 transactions) were transfers dated in 2022 and 2023 respectively while the remaining percentage share was for prior years' transfers.

Sectorial market activity performance declined marginally: residential (-1.0%), industrial (-2.5%) and agriculture (-12.4%) with the exception of commercial and development land sub-sector, which increased by 16.0% and 1.4% respectively.

In terms of value of transactions, residential and agriculture sub-sector recorded a decrease of 1.8% and 17.7% respectively, whereas commercial, industrial and development land sub-sector recorded otherwise, increased by 19.5%, 1.8% and 7.3% respectively.

The residential sub-sector led the overall property market, with 62.4% contribution. This was followed by agriculture sub-sector (19.8%), commercial (9.6%), development land and others (6.2%) and industrial (2.0%). In terms of value, residential took the lead with 52.5% share, followed by commercial (19.6%), industrial (12.8%), agriculture (8.3%) and development land and others (6.8%).

Overall, the property market performance was moderate in the first half of 2023 compared to the same period last year despite of a number of headwinds which have limit the sector's growth potential. This include the increase of borrowing costs, the continued downtrend in Consumer Sentiment Index (CSI) (2nd quarter of 2023: 90.8 points; 1st quarter of 2023: 99.2 points; 4th quarter of 2022: 105.3 points) and the concerns on the economic situations due to weaker external demand.

The gradual increase in the Overnight Policy Rate since May 2022 is expected to have an impact on property market activity, particular on residential demand. In addition, the outlook of the workforce in the construction sector and the increase in the prices of building materials will also affect supply.

(Source: Property Market Report First Half 2023, Valuation and Property Services Department, Ministry of Finance Malaysia)

4.3 Overview and outlook of the construction industry in Malaysia

The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The increasing demand for industrial buildings was supported by the improvement in private investment and robust domestic economic activities. The acceleration of infrastructure projects such as East Coast Rail Link (ECRL) and Rapid Transit System (RTS) Link also support the sector's performance. In addition, the development of residential property remains active which boded well with the implementation of measures under the Budget 2022, including a total government guarantee of up to RM2 billion via Syarikat Jaminan Kredit Perumahan as well as housing projects for low-income group with an allocation of RM1.5 billion.

The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track (KVDT) Phase 2 and acceleration of ongoing infrastructure projects which include East Coast Rail Line (ECRL), Light Rail Transit 3 (LRT 3) and fifth-generation cellular network (5G) rollout will spearhead the civil engineering subsector. In addition, the approved investment for projects in the manufacturing sector is anticipated to come on stream and subsequently create a greater demand for non-residential buildings. Activities in the residential buildings subsector are projected to grow steadily, supported by an increase in the supply of affordable houses in line with the Twelfth Malaysia Plan (12MP) strategy. In addition, continuous i-MILIKI incentive to encourage home ownership is expected to spur demand for residential buildings.

(Source: Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, Ministry of Finance Malaysia)

Malaysia is moving towards automation in construction sector and encouraging the adoption of ESG policies into business practices. This shift will ensure businesses competitiveness and sustainability in the long run. The enhancement of digital construction was enshrined in Malaysia's Construction 4.0 Strategic Plan (2021-2025). The five-year plan comprises of 12 emerging technologies is expected to boost the construction sector in line with the Fourth Industrial Revolution (4IR).

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.4 Overview and outlook of the waste management industry in Malaysia

The waste management industry in Malaysia is experiencing an increase in waste generation due to population growth, urbanisation and industrialisation. Municipal solid waste management in Malaysia faces various challenges, including issues related to improper management at the source and storage, irregular transportation and disposal, inadequate infrastructure and treatment, and limited public awareness and education.

The outlook of the waste management industry in Malaysia involves a combination of challenges and opportunities. Malaysia is making efforts to improve waste management practices and address environmental concerns. Opportunities exist in various areas, as follows:

- (a) **Policy Implementation:** Work hand in hand with government agencies, setting guidelines and policies in new and existing buildings to address issues related to waste segregation, storage, recycling, collection, transportation, treatment, and disposal of municipal solid waste;
- (b) **Technological Advancements:** Implement an AWCS as infrastructure to collect, segregate, and transport municipal solid waste in a sealed environment. Additionally, adopt waste treatment systems such as food waste composters or digesters; and
- (c) **Public Participation and Regulatory Enforcement:** Participate in educational programs in educational institutions, engage in regular public awareness campaigns on waste segregation and recycling, and promote advanced technologies to professional institutions and government agencies.

(Source: The management of AWC)

4.5 Prospect of Stream Group and Premium Patents

(i) Stream Group

Stream Group is currently a 51.00%-owned subsidiary of AWC and involves in Stream Group's Business. Stream Group serves clients in residential developments, commercial developments, mixed developments (ranging from residential units, office buildings, restaurants, shopping outlets, outdoor parks, entertainment centres etc), transport terminals, catering kitchens as well as medical and healthcare facilities.

For the past 2 recent financial years, Stream Group managed to record profitability of RM23.42 million and RM16.93 million for the FYE 30 June 2022 and FYE 30 June 2023 respectively. The historical profit track record of Stream Group is as set out in Section 10 of Appendix I of this Circular.

As at 1 July 2023, the order book of Stream Group of approximately RM132.36 million is expected to allow Stream Group to continue its positive financial performances for the foreseeable future with typical project lifespans of 2 to 3 years. In addition, the tender book of Stream Group of approximately RM107.11 million as at 1 July 2023 is expected to sustain the replenishment of new orders for Stream Group. The improvement in construction and property development sector activities would also augur well for Stream Group.

In addition, Stream Group's "Waste Shuttle" system which forms part of the AWCS is currently patented under Premium Patents, where the application of the "Waste Shuttle" system can reduce the energy cost of Stream Group's AWCS by approximately 70.00%. This will also support operational efficiency for Stream Group's AWCS and is expected to contribute positively to AWC Group's financial performances upon completion of the Proposed Acquisitions. Further details of the "Waste Shuttle" system are set out in Section 1 of Appendix I of this Circular.

(ii) Premium Patents

Premium Patents is currently a 49.00%-owned associate company of Stream Group. Premium Patents involves in Premium Patents' Business.

Premium Patents recorded a loss after taxation of RM166,256 during the FYE 31 December 2021 mainly arising from the expenses related to the patent registration cost with the European Union in 2021 for the patent of "Method and System for Pushing and Moving Solid Waste", where purpose of which is to protect the intellectual property rights of the said patent. Meanwhile, Premium Patents recorded a loss after taxation of RM43,755 during the FYE 31 December 2022 mainly due to operating expenses incurred which are not billable to the licensee, namely finance costs and administrative expenses such as amortisation expenses of intangible assets, professional fees, tax filing fees, audit fees and company secretarial fees. The historical profit track record of Premium Patents is as set out in Section 10 of Appendix IV of this Circular.

Upon completion of the Proposed Acquisitions, Premium Patents will become a wholly-owned subsidiary of AWC with 49.00% equity interest held through Stream Group. By acquiring the remaining stake in Premium Patents from the Vendors, AWC Group will have 100.00% ownership in the patented "Waste Shuttle" system which forms part of the AWCS, and this will enable AWC Group to better position and market the system to its potential clients globally, as well as support operational efficiency for Stream Group's AWCS. Further details of Premium Patents are set out in Section 1 of Appendix IV of this Circular.

For shareholders' information, before the Proposed Acquisitions, under the License Agreement, Sri Skanda Rajah A/L S. Ratnam (as inventor) has agreed for Premium Patents (as licensor) to hold the intellectual property rights of the "Waste Shuttle" system and the conventional automated waste collection system that are required to carry out the Stream Group's Business as determined by Stream Group and Sri Skanda Rajah A/L S. Ratnam, in return for Premium Patents granting Stream Group the use of the said "Waste Shuttle" system and the conventional automated waste collection system via the License Agreement. The costs and expenses incurred by Premium Patents for filing, registering, prosecute and maintaining the said intellectual property rights in a year shall be billed to Stream Group. All other operational costs of Premium Patents are funded by Stream Group and PNSB at 49.00% and 51.00% respectively

After the Proposed Acquisitions, pursuant to the terms and conditions of the SSA, on the Completion Date, Sri Skanda Rajah A/L S. Ratnam (as inventor), Premium Patents (as licensor) and Stream Group shall terminate the License Agreement on terms and conditions to be mutually agreed upon by the parties, among others, to vest and assign absolutely the intellectual property rights of the "Waste Shuttle" system in favour of Premium Patents. There will not be any payments or fees accruing to Sri Skanda Rajah A/L S. Ratnam after the completion of the Proposed Acquisitions. For the avoidance of doubt, the patent registered under Premium Patents shall remain under Premium Patents after termination of the License Agreement.

Premised on the above and the outlook of the property development, construction and waste management industries in Malaysia, barring any unforeseen circumstances, the Board is optimistic of the prospects of Stream Group and Premium Patents which in turn is expected to improve the Group's overall financial performance in the medium to long term.

5. RISKS FACTORS OF THE PROPOSED ACQUISITIONS

The risk factors relating to the Proposed Acquisitions are as follows:

(i) Acquisition risk

There is no assurance that the anticipated benefits of the Proposed Acquisitions as set out in Section 3 of this Circular will be realised after the completion of the Proposed Acquisitions. Accordingly, there can be no assurance that the enlarged AWC Group may be able to generate sufficient returns in relation to its additional investment in Stream Group and Premium Patents to offset the associated costs arising from the Proposed Acquisitions.

Notwithstanding the foregoing, the Company will constantly monitor the progress and performance of Stream Group and Premium Patents as well as leverage on its management expertise to properly manage the operations of Stream Group and Premium Patents.

(ii) Delay or non-completion of the Proposed Acquisitions

Despite the execution of the SSA, there can be no assurance that all the Conditions Precedent and the terms and conditions as set out in the SSA will be able to be fulfilled, and therefore, the Proposed Acquisitions may not be able to complete. There can also be no assurance that the Proposed Acquisitions can be completed within the timeframe set. Any delay or non-completion of the Proposed Acquisitions will deprive the Group from attaining the benefits from the Proposed Acquisitions as set out in Section 3 of this Circular.

Notwithstanding the above, the management of AWC and the Board will endeavour to take all reasonable steps necessary to ensure that the Conditions Precedent and the terms and conditions of the SSA which are within the Group's control are fulfilled and met on a timely basis to facilitate the Proposed Acquisitions. Nonetheless, there can be no assurance that the SSA will not be terminated as a result of any breach or default attributable to any of the parties.

(iii) Funding and interest rate risk

As disclosed in Section 2.7 of this Circular, the balance sum of the Purchase Consideration amounting to RM99,000,001 will be funded through bank borrowings. AWC Group had on 10 October 2023, secured banking facilities amounting to RM99,000,000 to finance the Proposed Acquisitions.

As set out in Section 6.2 of this Circular, AWC Group's borrowing is expected to increase from RM24,996,808 based on the audited FYE 30 June 2023 to RM123,996,808 upon completion of the Proposed Acquisitions, translating into an increase in gearing level from 0.08 times to 0.67 times.

The Group will incur interest expense on the bank borrowings and any interest charged on bank borrowings is dependent on prevailing interest rates which expose the Group to risk of unfavorable fluctuation in interest rates which in turn, may have a negative impact to the Group's cash flows and profitability.

In addition, the agreement on the credit facilities contains covenants which may limit the Group's future operating and financing flexibility. Any breach of such covenants may give rise to a right by the financiers to terminate the relevant credit facilities.

Nevertheless, the AWC Group will seek to mitigate the aforesaid risk by closely monitoring its debt portfolio, the interest rate environment, gearing level and cash flows of the Group to achieve an overall optimal capital structure.

(iv) Business and operational risk

The Proposed Acquisitions are subject to risks inherent to the property development, construction and waste management industries which AWC is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, among others, adverse changes in real estate market prices, changes in economic, social and political conditions, fluctuations in the prices of construction material cost and labour shortage issues, and performance of third-party sub-contractors. Any adverse changes in these conditions may have an adverse material effect on the property development, construction and waste management industries in Malaysia and the Group.

Management anticipates that inflation, labour shortages, rising interest rates and materials costs will continue to pose challenges to the property development, construction and waste management industries. Nevertheless, the Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in the property development, construction and waste management industries. However, no assurance can be given that any changes in these factors will not have any material adverse effect on the Group's business and financial performance.

(v) Goodwill and impairment risk

AWC Group may recognise goodwill arising from the Proposed Acquisition in Premium Patents, the amount of which will depend on the fair value of Premium Patents' identifiable assets and liabilities acquired as at the Completion Date. For the avoidance of doubt, there is no goodwill on the Proposed Acquisition in Stream Group as Stream Group is currently a 51.00%-owned subsidiary of AWC.

The identifiable assets and liabilities of Premium Patents will initially be recorded in AWC's books at its provisional fair values as at the acquisition date pending the conclusion of the purchase price allocation exercise which shall be completed at the earliest practicable date following the completion of the Proposed Acquisition in Premium Patents, as required by the MFRS 3 – Business Combinations. However, the outcome of the purchase price allocation exercise cannot be ascertained at this juncture. Any fair value adjustment to the assets and liabilities arising and the effect of the amortisation of intangible assets identified from the Proposed Acquisition in Premium Patents may affect the financial position and performance of the Group. In addition, any impairment on the carrying amount of intangible assets (including any goodwill arising from the Proposed Acquisition in Premium Patents) pursuant to impairment tests may also affect the financial position and results of the AWC Group. Nevertheless, AWC will continuously monitor the performance and cash flow of Premium Patents to ensure that the goodwill is supported by the cash flow of the relevant cash generating units at all times.

For shareholders' information, based on Premium Patents' audited financial statements for the FYE 31 December 2022, the intangible assets to be consolidated from Premium Patents is approximately RM173,682 and the goodwill on acquisition of Premium Patents is approximately RM130,682.

6. EFFECTS OF THE PROPOSED ACQUISITIONS

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisitions are not expected to have any effect on the issued share capital of AWC and the substantial shareholders' shareholdings of the Company as the Proposed Acquisitions will not involve the issuance of any new AWC Shares.

6.2 NA, NA per AWC Share and gearing

Based on the latest audited consolidated statements of the financial position of AWC Group as at 30 June 2023 and assuming that the Proposed Acquisitions had been effected on that date, the pro forma effects of the Proposed Acquisitions on the NA, NA per AWC Share and gearing of AWC Group are set out below:

	Audited as at 30 June 2023 RM	Subsequent events up to the LPD RM	After the Proposed Acquisitions RM
Share capital	119,696,879	⁽¹⁾ 125,207,892	125,207,892
Treasury shares	(1,287,081)	(1,287,081)	(1,287,081)
Other reserves	13,776,260	13,776,260	13,776,260
Retained earnings	91,590,182	⁽²⁾ 97,938,973	⁽⁴⁾⁽⁵⁾ 48,451,443
NA/Equity attributable to equity holders of the Company	223,776,240	235,636,044	186,148,514
Non-controlling interests	72,864,108	⁽³⁾ 61,037,470	⁽⁶⁾ -
Total equity	296,640,348	296,673,514	186,148,514
No. of AWC Shares in issue (excluding treasury shares) ⁽⁷⁾	318,050,050	⁽¹⁾ 327,901,683	327,901,683
NA per AWC Share (RM) ⁽⁸⁾	0.70	0.72	0.57
Total interest-bearing borrowings	24,996,808	24,996,808	⁽⁹⁾ 123,996,808
Gearing ratio (times) ⁽¹⁰⁾	0.08	0.08	0.67

Notes:

- (1) After taking into consideration the exercise of 87,200 ESOS options from 1 July 2023 up to the LPD based on the subscription prices of RM0.2370 and RM0.4230 and the issuance of 9,764,433 new AWC Shares for the acquisition of the remaining 40.00% equity interest in Trackwork & Supplies Sdn Bhd from Trakniaga Sdn Bhd, as announced by the Company on Bursa Securities on 9 October 2023, with a total consideration of RM5,477,847 determined based on the 5-days VWAP of AWC Shares of RM0.561 as at 6 October 2023.
- (2) After taking into consideration an adjustment of RM6,348,791 arising from the acquisition of Trackwork & Supplies Sdn Bhd (being the difference of consideration of RM5,477,847 and the non-controlling interest of the Company on Trackwork & Supplies Sdn Bhd of RM11,826,638) pursuant to MFRS 10 – Consolidated Financial Statements.
- (3) After deducting the non-controlling interest of the Company on Trackwork & Supplies Sdn Bhd amounting to RM11,826,638.
- (4) After deducting the estimated expenses of approximately RM525,000 in relation to the Proposed Acquisitions, which consists of among others, professional fees, fees payable to the relevant authorities, printing cost of circular and miscellaneous expenses relating to the Proposed Acquisitions.
- (5) After taking into consideration an adjustment of RM48,962,530 arising from the Proposed Acquisitions (being the difference of the purchase consideration of Stream Group of RM110,000,000 and non-controlling interest of the Company on Stream Group of RM61,037,470 pursuant to MFRS 10 – Consolidated Financial Statements).
- (6) After deducting the non-controlling interest of the Company on Stream Group amounting to RM61,037,470.
- (7) Excluding 4,628,700 treasury shares held by the Company.

- (8) *Calculated based on NA/equity attributable to equity holders of the Company over the number of AWC Shares in issue.*
- (9) *Included the borrowings of AWC Group amounting to RM99,000,000 to fund the Proposed Acquisitions.*
- (10) *Calculated based on total interest-bearing borrowings over total equity.*

6.3 EPS

Barring any unforeseen circumstances, the Proposed Acquisitions are expected to be completed in the first quarter of 2024. Upon the completion of the Proposed Acquisitions, Stream Group and Premium Patents will be wholly-owned subsidiaries of AWC and AWC will be able to fully consolidate the earnings of Stream Group and Premium Patents into the enlarged AWC Group. The impact on the consolidated EPS of AWC Group will depend upon, among others, the financial contribution of Stream Group and Premium Patents.

For illustration purposes, assuming the Proposed Acquisitions had been effected at the beginning of FYE 30 June 2023, the pro forma effects of the Proposed Acquisitions on the earnings and EPS of AWC Group for the FYE 30 June 2023 are set out below:

	Audited as at 30 June 2023 RM	Subsequent events up to the LPD RM	After the Proposed Acquisitions RM
Profit attributable to the owners of the Company	2,176,095	(2) 2,498,390	(4)(5)(6) 10,224,617
No. of AWC Shares in issue (excluding treasury shares) ⁽¹⁾	318,050,050	(3) 327,901,683	327,901,683
EPS (sen)	0.68	0.76	3.12

Notes:

- (1) *Excluding 4,628,700 treasury shares held by the Company.*
- (2) *After taking into consideration 40.00% of the PAT of Trackwork & Supplies Sdn Bhd for the FYE 30 June 2023 of RM805,737 amounting to RM322,295.*
- (3) *After taking into consideration the exercise of 87,200 ESOS options from 1 July 2023 up to the LPD based on the subscription prices of RM0.2370 and RM0.4230 and the issuance of 9,764,433 new AWC Shares for the acquisition of the remaining 40.00% equity interest in Trackwork & Supplies Sdn Bhd from Trakniaga Sdn Bhd, as announced by the Company on Bursa Securities on 9 October 2023, with a total consideration of RM5,477,847 determined based on the 5-days VWAP of AWC Shares of RM0.561 as at 6 October 2023.*
- (4) *After deducting the estimated expenses of approximately RM525,000 in relation to the Proposed Acquisitions, which consists of among others, professional fees, fees payable to the relevant authorities, printing cost of circular and miscellaneous expenses relating to the Proposed Acquisitions.*
- (5) *After taking into consideration 49.00% of the PAT of Stream Group for the FYE 30 June 2023 of RM16,928,534 amounting to RM8,294,982.*
- (6) *After taking into consideration the loss after tax of Premium Patents for the FYE 31 December 2022 of RM43,755. For shareholders' information, Stream Group does not account for the losses incurred by Premium Patents before the Proposed Acquisition in Premium Patents as the share of losses from Premium Patents exceeds Stream Group's cost of investment in Premium Patents.*

The Proposed Acquisitions are expected to contribute positively to the future earnings of AWC Group after taking into account the prospects of Stream Group and Premium Patents as set out in Section 4.5 of this Circular.

6.4 Convertible securities

On 2 January 2019, the Company had allotted and issued 56,824,679 Warrants. The Warrants are exercisable into new AWC Shares at any time during the exercise period between 26 December 2021 to 25 December 2023 at an exercise price of RM0.88. As at the LPD, the Company still has 56,824,679 Warrants outstanding.

On 1 October 2015, the shareholders of the Company had approved the implementation of ESOS for the eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries). The ESOS are exercisable into new AWC Shares at any time between 9 October 2015 to 8 October 2025 in accordance with the terms of the ESOS by-laws. As at the LPD, the Company has 12,820,782 ESOS options outstanding.

As at the LPD, save for the 56,824,679 Warrants and 12,820,782 ESOS options, the Company does not have any other convertible securities in issue. The Proposed Acquisitions will not result in any adjustment to the number and exercise price of the Warrants and the number and subscription price of the ESOS options.

7. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITIONS

The Proposed Acquisitions are subject to the approvals of the shareholders of AWC at the forthcoming EGM for the Proposed Acquisitions by way of poll being obtained.

The Proposed Acquisition in Stream Group and the Proposed Acquisition in Premium Patents are inter-conditional upon each other.

The Proposed Acquisitions are not conditional upon any other corporate exercise undertaken or to be undertaken by AWC Group.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 53.29%, based on 49.00% of the net profits of Stream Group for the FYE 30 June 2022 of RM23,418,686 which amounts to RM11,475,156 and compared with the net profits attributable to the owners of AWC (before other comprehensive income or loss) for the FYE 30 June 2022 of RM21,532,326.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors and major shareholders of AWC Group and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Acquisitions:

- (i) Sri Skanda Rajah A/L S. Ratnam, who is a director of PNSB and PDSB, has 50.00% direct equity interests in PNSB and PDSB respectively. He is also a director of Stream Group and Premium Patents. As at the LPD, he holds 1,000 AWC Shares and does not sit on the Board; and
- (ii) Gan Geok Soon, who is a director of PNSB and PDSB, has 50.00% direct equity interests in PNSB and PDSB respectively. He is also a director of Stream Group and an alternate director of Premium Patents to Fred Devakumar A/L Stephen Navaratnam. As at the LPD, he holds 1,000 AWC Shares and does not sit on the Board.

The Proposed Acquisitions are not regarded as related party transactions and fall under Paragraph 10.08(11)(n) of the Listing Requirements. However, as the highest percentage ratio is 53.29% pursuant to Section 8 of this Circular, the Proposed Acquisitions are subject to the approval of the shareholders of the Company pursuant to Paragraph 10.07 of the Listing Requirements.

10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisitions and the call option exercised by AWC requiring Trakniaga Sdn Bhd to dispose of all the remaining ordinary shares in Trackwork & Supplies Sdn Bhd to AWC as announced by the Company on Bursa Securities on 9 October 2023, there is no other corporate exercise which has been announced by the Company but pending completion as at the date of this Circular.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Acquisitions, including the basis and justification for arriving at the Purchase Consideration, salient terms of the SSA, rationale and benefits of the Proposed Acquisitions as well as the effects of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Acquisitions are expected to be completed by the first quarter of 2024.

The tentative timeline for the implementation of the Proposed Acquisitions is set out below:

Date/Month	Events
13 December 2023	<ul style="list-style-type: none">Convening of the EGM to obtain approval from the shareholders of AWC for the Proposed Acquisitions
1 st quarter of 2024	<ul style="list-style-type: none">Fulfilment of all the conditions precedent in the SSA for the Proposed Acquisitions
1 st quarter of 2024	<ul style="list-style-type: none">Completion of the Proposed Acquisitions

13. EGM

The EGM of AWC, the notice of which is enclosed in this Circular, will be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 13 December 2023 at 10:00 a.m. or at any adjournment thereof (as the case may be).

The notice of EGM and the Proxy Form are enclosed in this Circular and can be downloaded from the Company's website at <https://www.awc.com.my> or Bursa Securities' website at <https://www.bursamalaysia.com>. Please follow the procedures provided in the Administrative Notes in order to register, attend, participate, speak and vote remotely at the EGM.

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) may be made in a hard copy form or electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote:

(a) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

(b) By electronic form

The Proxy Form can be electronically lodged with the Share Registrar's online system ("**TIIH Online**") at <https://tiih.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of Proxy Form via TIIH Online.

The lodgement of the Proxy Form will not preclude you from attending, participating, speaking and voting at the EGM should you subsequently decide to do so and in such event, your Proxy Form shall be revoked accordingly.

14. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

Yours faithfully,
For and on behalf of the Board
AWC BERHAD

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Non-Independent Non-Executive Chairman

INFORMATION ON STREAM GROUP

1. HISTORY AND BUSINESS

Stream Group was incorporated in Malaysia on 28 January 1991 under the CA 1965 as a private limited company under the name of Nexa Corporation Sdn Bhd and commenced its business on the same date and is deemed registered under the Act. On 16 November 1996, it changed its name to Nexaldes Sdn Bhd. Subsequently, on 7 September 2017, it adopted its present name. Its registered address is at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor. Its principal place of business is located at No. 11, Jalan Sungai Besi Indah 5/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor.

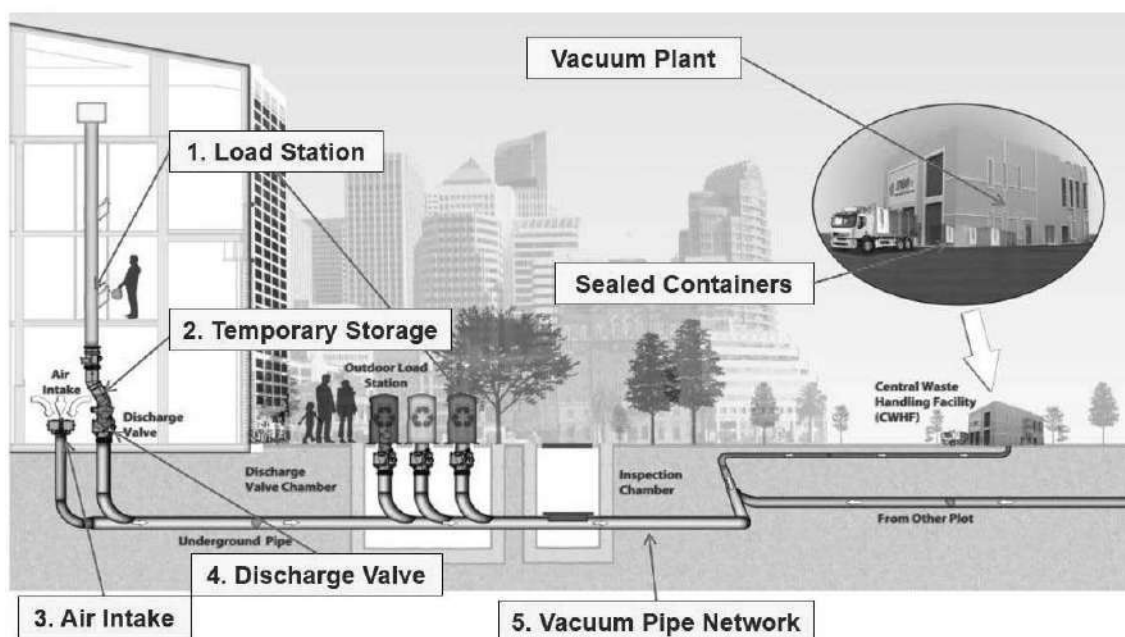
Stream Group is currently a 51.00%-owned subsidiary of AWC and is involved in Stream Group's Business. Stream Group also undertakes O&M services for its clients as set out below:

Type of services	Examples of client	Target markets
<p>(a) Build, operate and transfer ("BOT")</p> <p>Design, finance, build and operate the entire AWCS, including full-time manpower on site. Clients would pay Stream Group monthly utility fee for AWCS and upon expiry of 10-year tenure of BOT, the AWCS will be transferred to clients at RM1.00.</p>	Transport hub (airport and bus terminal)	Malaysia
<p>(b) Service and maintenance of all Stream Group's projects</p> <p>Providing regular service, maintenance and parts replacement only on as-needed basis whenever there are issues with the AWCS as initiated by Stream Group's web-based alarm alert messaging application.</p>	All kind of residential and commercial buildings generating municipal solid waste and food waste from industrial sector	Malaysia, Singapore and the United Arab Emirates
<p>(c) Service, maintenance and operation</p> <p>In addition to providing regular preventive service, maintenance and parts replacement for the AWCS, this includes providing full time manpower on site to man and operate the AWCS.</p>	Residential and commercial buildings as well as public housing	Malaysia, Singapore and the United Arab Emirates
<p>(d) Design, technical support and spare parts</p> <p>Designing of AWCS, provision of technical support to dealers (licensee who has official permission/agreement to carry Stream Group's brand and carry out AWCS business in their respective country) and industrial customers (such as airport caterers who installed Stream Group's airport catering vacuum collection system), and the supply of spare parts and components related to AWCS</p>	Stream Group's dealers and industrial customers	China, Australia, Qatar, India, the Middle East, Hong Kong and Taiwan
<p>(e) Haulage and waste disposal service</p> <p>Collection and transportation of trash and garbage to a disposal site</p>	Transport hub and township	Malaysia

INFORMATION ON STREAM GROUP (CONT'D)

Stream Group's AWCS, also known as a "Pneumatic Waste Conveying System" transports municipal or domestic solid waste through underground pipes at a high speed from the waste chutes and outdoor load stations into a sealed container located up to 2.5 kilometre away, the container is then collected at a specific time by a flatbed arm roll truck. Stream Group's system is able to speed up the whole garbage collection process, is less labour intensive, keeping operating costs lower and enhancing security with reduced labour and trucks accessibility as compared to conventional waste collection methods, as well as preventing fire hazards and vermin from getting access to the garbage.

The illustration below shows the basic concept of how a standard AWCS works:



- (1) Chutes that are used to feed waste into the system and outdoor load stations that may also feed smaller quantities of waste material into the system
- (2) Storage section that holds the waste between transport cycles
- (3) Primary air inlet that creates an active high speed air path in the pipe network
- (4) Discharge valves that periodically open to allow movement of the waste into the active air path
- (5) Transport pipes that form the waste path between the storage chambers and the Central Waste Handling Facility ("CWHF")

AWCS also addresses 2 major problems currently faced by the local municipal councils in managing waste collection and management, firstly, irregular collection schedules due to the large number of different waste collection points coupled with the often delays due to road congestion and secondly, leachate spillage onto the streets caused by conventional rear loader garbage trucks not being adequately sealed. Through the use of Stream Group's AWCS, developers (during the planning stage of a new development) are able to strategically locate the CWHF and remove the need for garbage trucks having to access their development areas to collect garbage and thereby enhancing the security of the development areas. Stream Group's container is completely sealed to avoid leachate spillage during loading and transportation to the transfer station.

INFORMATION ON STREAM GROUP (CONT'D)

Stream Group's "Waste Shuttle" system which forms part of the AWCS is currently patented under Premium Patents via the License Agreement, where the application of the "Waste Shuttle" system can reduce the energy cost of Stream Group's AWCS by approximately 70.00%. By utilising the "Waste Shuttle" system, the waste will be transported by multiple waste pipes in a single system through intermittent streams by pneumatic shuttle device. Unlike the usual gravity vacuum system which uses mild steel pipes with expensive abrasion resistant bends, "Waste Shuttle" system uses plastic or mild steel pipes without the need for special material bends and only require approximately 60.00% of the space required to operate the gravity vacuum system. However, as more branches and valves are required to discharge waste under the "Waste Shuttle" system, the system is only suitable for residential development and not applicable to commercial development or instant disposal with larger and heavier waste.

Stream Group's "Filter System" which forms part of the AWCS can remove fine particles and odour before it is emitted to the environment. It has the ability to transport and store various types of waste separately through a single pipe. Stream Group also has waste disposal systems which were designed to suit individual development needs, such as the "Gravity Vacuum System" (suitable for residential developments) which forms part of the AWCS and "Full Vacuum System" (suitable for heavy usage, particularly commercial development) which forms part of the AWCS.

Stream Group serves clients in residential developments, commercial developments, mixed developments (ranging from residential units, office buildings, restaurants, shopping outlets, outdoor parks, entertainment centres etc.), transport terminals, catering kitchens as well as medical and healthcare facilities. It also offers customised solutions for purpose-specific waste management systems, such as below:

- (i) large outdoor waste loading system (e.g. sporting events, street and music festivals, political and social gatherings);
- (ii) regular public outdoor load station (e.g. public parks, tourists' hotspots, pedestrian walkways, boulevards, night markets and stadiums); and
- (iii) food waste system (e.g. hotels, banquet kitchens, airports, food courts, wet markets and food processing plants).

The breakdown of revenue of Stream Group between domestic and foreign markets for the past 3 FYEs 30 June 2021 to 30 June 2023 are set out below:

Revenue	----- Audited ----->					
	----- FYE 30 June ----->					
	2021		2022		2023	
	RM	%	RM	%	RM	%
Malaysia	28,196,208	34.44	23,204,992	28.33	26,414,913	26.22
- Projects	18,127,337	22.14	11,148,614	13.61	18,222,661	18.09
- Trading	2,785,017	3.40	5,219,412	6.37	364,656	0.36
- O&M services	7,283,854	8.90	6,836,966	8.35	7,827,596	7.77
Overseas	53,682,284	65.56	58,694,839	71.67	74,341,715	73.78
- Projects	47,010,253	57.41	50,619,201	61.81	62,195,945	61.73
- Trading	12,800	0.02	69,850	0.08	16,487	0.02
- O&M services	6,659,231	8.13	8,005,788	9.78	12,129,283	12.03
Total revenue	81,878,492	100.00	81,899,831	100.00	100,756,628	100.00

For the avoidance of doubt, the only patent and intellectual property right that is licensed by Premium Patents to Stream Group is the "Waste Shuttle" system.

INFORMATION ON STREAM GROUP (CONT'D)

2. SHARE CAPITAL

As at the LPD, the issued share capital of Stream Group is RM1,280,000 comprising 1,280,000 Stream Group Shares.

3. DIRECTORS

As at the LPD, the directors of Stream Group and their respective shareholdings in Stream Group are as follows:

Name	Designation	Nationality	<----- Direct ----->		<----- Indirect ----->	
			No. of Stream Group Shares	%	No. of Stream Group Shares	%
Dato' Nik Mod Amin bin Nik Abd Majid	Director	Malaysian	-	-	-	-
Indralingam A/L Subramanian	Director	Malaysian	-	-	-	-
Sri Skanda Rajah A/L S. Ratnam	Director	Malaysian	-	-	⁽¹⁾ 627,200	49.00
Gan Geok Soon	Director	Malaysian	-	-	⁽¹⁾ 627,200	49.00
Tan Siew Kheng	Director	Malaysian	-	-	-	-
Mohd Hisham bin Haja Najmuddeen	Director	Malaysian	-	-	-	-
Koh Kwee Fook	Alternate Director to Gan Geok Soon	Malaysian	-	-	-	-
Chea Thean Teik	Alternate Director to Sri Skanda Rajah A/L S. Ratnam	Malaysian	-	-	-	-
Voon Siew Moon	Alternate Director to Mohd Hisham bin Haja Najmuddeen	Malaysian	-	-	-	-

Note:

(1) Deemed interested by virtue of his interest in PNSB pursuant to Section 8(4) of the Act.

4. SHAREHOLDERS

As at the LPD, the shareholders of Stream Group and their respective shareholdings in Stream Group are as follows:

Name	Country of Incorporation/ Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of Stream Group Shares	%	No. of Stream Group Shares	%
AWC	Malaysia	652,800	51.00	-	-
PNSB	Malaysia	627,200	49.00	-	-

INFORMATION ON STREAM GROUP (CONT'D)

Name	Country of Incorporation/ Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of Stream Group Shares	%	No. of Stream Group Shares	%
Sri Skanda Rajah A/L S. Ratnam	Malaysian	-	-	⁽¹⁾ 627,200	49.00
Gan Geok Soon	Malaysian	-	-	⁽¹⁾ 627,200	49.00

Note:

(1) Deemed interested by virtue of his interest in PNSB pursuant to Section 8(4) of the Act.

5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The subsidiaries of Stream Group are set out below:

Name of company	Date/Country of incorporation	Equity interest %	Share capital	Principal activities
Stream Industries Sdn Bhd	18 March 1996 / Malaysia	100.00	RM2,500,000	Businesses of manufacturing, general trading and installation of cleaning equipment, vacuum system, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment)
Stream Environment (S) Pte Ltd	27 January 1997 / Singapore	100.00	Singapore Dollar 1,500,000	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances
Stream Environment Sdn Bhd	2 July 2010 / Malaysia	100.00	RM2,750,000	General trading and installation of cleaning equipment, vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment)

The associated company of Stream Group is set out below:

Name of company	Date/Country of incorporation	Equity interest %	Share capital RM	Principal activities
Premium Patents	17 April 2008 / Malaysia	49.00	10,000	Solely involved in the Premium Patents' Business

As at the LPD, Stream Group does not have any joint venture.

INFORMATION ON STREAM GROUP (CONT'D)

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Stream Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Stream Group is not aware and does not have any knowledge of any proceedings pending or threatened against Stream Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Stream Group.

7. MATERIAL CONTRACTS

Stream Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

8. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**8.1 Material commitments**

As at the LPD, there is no material commitment incurred or known to be incurred by Stream Group which upon becoming enforceable may have a material and adverse impact on the financial results/position of Stream Group.

8.2 Contingent liabilities

As at the LPD, there is no contingent liability incurred or known to be incurred by Stream Group which upon becoming enforceable may have a material and adverse impact on the financial results/position of Stream Group.

9. ASSETS OWNED BY STREAM GROUP

As at 30 June 2023, Stream Group owned, among others, the following assets:

Type of assets	RM'000	RM'000
Property, plant and equipment		
Leasehold buildings	1,382	
Computer equipment and software	1,116	
Machinery, equipment and motor vehicles	1,639	
Furniture, fittings and office equipment	332	
Electrical installation and renovation	62	4,531
Right-of-use assets		
Leasehold land	394	
Buildings	938	1,332
Investment properties		1,000
Intangible assets		3
Deferred tax assets		1,359
Total		8,225

(Source: Audited financial statements of Stream Group for the FYE 30 June 2023).

INFORMATION ON STREAM GROUP (CONT'D)

10. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of Stream Group as extracted from the audited financial statements of Stream Group for the past 3 FYEs 30 June 2021 to 30 June 2023 are as follows:

	<----- Audited ----->		
	<----- FYE 30 June ----->		
	2021	2022	2023
	RM	RM (Restated)	RM
Revenue	81,878,492	81,899,831	100,756,628
Profit before taxation	27,598,678	26,285,399	20,502,259
PAT	24,311,014	23,418,686	16,928,534
Share capital	1,280,000	1,280,000	1,280,000
Shareholders' fund/NA	93,903,347	108,900,834	122,918,257
Total interest-bearing borrowings	-	1,221,434	1,669,034
No. of issued shares	1,280,000	1,280,000	1,280,000
EPS (RM) ⁽¹⁾	18.99	18.30	13.23
NA per share (RM) ⁽²⁾	73.36	85.08	96.03
Current ratio (times) ⁽³⁾	4.36	6.07	5.44
Gearing ratio (times)	-	0.01	0.01

Notes:

- (1) Calculated based on PAT over total number of issued shares.
- (2) Calculated based on NA over total number of issued shares.
- (3) Calculated based on current assets over current liabilities.
- (4) Calculated based on total interest-bearing borrowings over total shareholders' funds.

Commentaries on financial performance**FYE 30 June 2022 compared to FYE 30 June 2021**

For the FYE 30 June 2022, Stream Group recorded a revenue of approximately RM81.90 million, representing an increase of RM0.02 million or 0.02% as compared to the revenue of RM81.88 million in the preceding financial year. The slower increase in revenue came against the backdrop of a strong performance in the previous financial year, where the project progress in Malaysia and Abu Dhabi slowed down during the early part of FYE 30 June 2022. A total of 28 projects were handed over during FYE 30 June 2022, which include M Centura, Datum Jelatek and The Pano in Malaysia, Martin Modern, Singapore National Cancer Centre, Margaret Ville, The Garden Residence and Meyer House in Singapore, while a total of 19 projects were successfully handed over in Abu Dhabi.

Stream Group recorded a PAT of approximately RM23.42 million, representing a decrease of RM0.89 million or 3.66% as compared to the PAT of RM24.31 million in the preceding financial year, mainly due to the increase in construction cost especially on material and manpower related cost and adverse revision of gross profit margins for projects mainly in the Middle East region.

INFORMATION ON STREAM GROUP (CONT'D)

FYE 30 June 2023 compared to FYE 30 June 2022

For the FYE 30 June 2023, Stream Group recorded a revenue of approximately RM100.76 million, representing an increase of RM18.86 million or 23.03% as compared to the revenue of RM81.90 million in the preceding financial year, mainly due to the increase in pace of projects progress in Malaysia and Singapore which contributed to the stronger revenue growth. Projects completed and handed over during FYE 30 June 2023 includes Bali Residences, The Manor, Margaret Ville, Riverfront Residences, Singapore Integrated Care Hub, Singapore In Flight Catering Centre 1 @ Airport Boulevard, Piermount Grand, The Gazania, The Jovell @ Flora Drive, Jade Scape @ Shunfu Road, Parc Esta @ Sims Avenue and Stirling Residences.

Despite the higher revenue recorded, Stream Group recorded a PAT of approximately RM16.93 million during the FYE 30 June 2023, representing a decrease of RM6.49 million or 27.71% as compared to the PAT of RM23.42 million in the preceding financial year. This was mainly arising from the decrease in gross profits by RM2.55 million due to several projects in Singapore which were secured before and during the Coronavirus disease 2019 ("**COVID-19**") incurring higher procurement costs post COVID-19 and turning onerous pursuant to MFRS 137 – Provisions, Contingent Liabilities and Contingent Assets, thus requiring a provision to be recognised amounting to RM4.20 million and the increase in administrative expenses by RM2.00 million.

Accounting policies and audit qualification

For the FYEs 30 June 2021 to 2023, Stream Group has not adopted any accounting policy which is peculiar to Stream Group due to the nature of its business or the industry in which it is involved.

There is no audit qualification for the financial statements of Stream Group for the FYEs 30 June 2021 to 30 June 2023.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023

STREAM GROUP SDN. BHD.
199101001553 (211864 – T)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

CONTENTS	Page
DIRECTORS' REPORT	1 – 7
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	8 – 9
STATEMENTS OF COMPREHENSIVE INCOME	10
STATEMENTS OF CHANGES IN EQUITY	11 – 14
STATEMENTS OF CASH FLOWS	15 – 18
NOTES TO THE FINANCIAL STATEMENTS	19 – 92
STATEMENT BY DIRECTORS	93
STATUTORY DECLARATION	94
INDEPENDENT AUDITORS' REPORT	95 – 98

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are general trading and installation of cleaning equipment, vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment). The principal activities of its subsidiaries are disclosed in Note 9.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	16,928,534	12,564,227
Attributable to:		
Owners of the Company	16,928,534	12,564,227

DIVIDENDS

The amounts of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
First single-tier interim dividend of RM2.344 per ordinary share for the financial year ended 30 June 2023, paid on 30 Nov 2022	3,000,000
Second single-tier interim dividend of RM2.344 per ordinary share for the financial year ended 30 June 2023, paid on 28 Mar 2023	3,000,000
	<u>6,000,000</u>

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

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent or other liability of the Group or 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The remuneration paid or payable to auditors of the Group and the Company during the financial year was RM183,671 and RM76,855 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures was made by the Company.

DIRECTORS

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

Dato' Nik Mod Amin bin Nik Abd Majid
 Indralingam A/L Subramaniam
 Voon Siew Moon (Alternate director to Mohd Hisham bin Haja Najmuddeen) *
 Mohd Hisham bin Haja Najmuddeen
 Gan Geok Soon *
 Sri Skanda Rajah A/L S. Ratnam *
 Koh Kwee Fook (Alternate director to Gan Geok Soon)
 Chea Thean Teik (Alternate director to Sri Skanda Rajah A/L S. Ratnam) *
 Tan Siew Kheng *

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

So Seng Tek

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1 July 2022	Exercise of ESOS/ Bought	Sold	At 30 June 2023
Interest in the Company				
Indirect interests:				
Gan Geok Soon ^	627,200	-	-	627,200
Sri Skanda Rajah A/L S. Ratnam ^	627,200	-	-	627,200

^ Shares held through a company in which the directors have substantial financial interests.

	Number of options over ordinary shares under ESOS			
	At 1 July 2022	Granted	Exercised/ Sold	At 30 June 2023
Interest in the ultimate holding company				
Direct interests:				
Dato' Nik Mod Amin bin Nik Abd Majid	100,000	-	-	100,000
Mohd Hisham Bin Haja Najmuddeen	400,000	-	(200,000)	200,000
Voon Siew Moon	750,000	-	(450,000)	300,000

	Number of Warrants Issued Pursuant to the Deed Poll dated 6 December 2018 exercisable at any time from 26.12.2021 to 25.12.2023			
	At 1 July 2022	Granted	Exercised/ Sold	At 30 June 2023
Interest in the ultimate holding company				
Direct interests:				
Mohd Hisham Bin Haja Najmuddeen	-	235,000	-	235,000
Dato' Nik Mod Amin bin Nik Abd Majid	80,000	-	-	80,000
Voon Siew Moon	30,000	-	-	30,000
Koh Kwee Fook	8,400	-	(8,400)	-

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

DIRECTORS' INTERESTS (CONTINUED)

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Gan Geok Soon and Sri Skanda Rajah A/L S. Ratnam are deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest. The interests of Dato' Nik Mod Amin bin Nik Abd Majid (who is also director of the ultimate holding company) in the Company is disclosed in the Directors' Report of the ultimate holding company.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed below) 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.

	Group RM	Company RM
Directors of the Company		
- Short-term employee benefits	2,348,282	2,348,282
- Post-employment employee benefits	230,003	230,003
- Benefits-in-kind	75,137	75,137
Directors of the subsidiaries		
- Fees	32,800	-
- Short-term employee benefits	415,323	-
- Post-employment employee benefits	58,368	-
	<u>3,159,913</u>	<u>2,653,422</u>

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for, any director or officer of the Company.

INTEREST IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

The Company does not have any interest in shares in the holding company and its other related corporations during the financial year.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 14 September 2023, the holding company of the Company entered into a conditional share sale and purchase agreement ("SSA") with Premium NXL Sdn. Bhd. ("PNSB") for the acquisition of 627,200 ordinary shares, representing 49.00% equity interest in the Company, for a purchase consideration of RM110,000,000 which will be satisfied through cash. The proposed acquisition is pending fulfillment of conditions precedents as at the date of authorisation of these financial statements.

ULTIMATE HOLDING COMPANY

The directors regard AWC Berhad, a company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company of the Company.


AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:


.....
KOH KWEE FOOK
Director
.....
CHEA THEAN TEIK
Director

Date: 13 October 2023

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
			(Restated)		
ASSETS					
Non-current assets					
Property, plant and equipment	5	4,531,138	4,355,153	564,410	669,436
Right-of-use assets	6	1,331,878	1,031,666	-	-
Investment properties	7	1,000,000	1,000,000	-	-
Intangible assets	8	3,105	3,475	-	-
Investments in subsidiaries	9	-	-	6,745,005	6,745,005
Investment in an associate	10	-	-	4,900	4,900
Deferred tax assets	11	1,358,062	1,169,055	-	-
Total non-current assets		8,225,183	7,559,349	7,314,315	7,419,341
Current assets					
Inventories	12	13,430,979	16,704,532	778,629	781,052
Current tax assets		1,498,889	658,300	-	-
Trade and other receivables	13	39,544,642	37,394,120	13,088,143	12,542,310
Contract assets	14	17,636,555	13,262,731	2,344,464	2,750,296
Amount due from subsidiaries	15	-	-	944,691	1,141,929
Amount due from related companies	16	183,669	14,565	166,182	3,724
Short-term investments	17	4,730,567	4,594,971	4,730,567	4,594,971
Cash and short-term deposits	18	64,570,124	48,947,267	35,436,050	27,911,010
		141,595,425	121,576,486	57,488,726	49,725,292
Assets classified as held for sale	19	-	362,953	-	-
Total current assets		141,595,425	121,939,439	57,488,726	49,725,292
TOTAL ASSETS		149,820,608	129,498,788	64,803,041	57,144,633

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONTINUED)

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
			(Restated)		
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	1,280,000	1,280,000	1,280,000	1,280,000
Translation reserve	22	8,947,683	5,858,794	4,863,676	3,752,745
Retained earnings		112,890,574	101,762,040	50,745,018	44,180,791
TOTAL EQUITY		122,918,257	108,900,834	56,888,694	49,213,536
Non-current liabilities					
Borrowings	23	883,031	430,719	184,175	244,574
Deferred tax liabilities	11	-	69,141	-	-
Total non-current liabilities		883,031	499,860	184,175	244,574
Current liabilities					
Borrowings	23	816,003	790,715	60,400	57,994
Current tax liabilities		1,435,102	1,072,694	558,342	-
Trade and other payables	24	16,412,587	12,404,714	3,855,208	4,502,090
Employee benefits	25	1,408,350	1,189,297	1,408,350	1,189,297
Contract liabilities	14	5,191,624	3,885,020	1,092,218	1,181,488
Amount due to holding company	26	755,654	755,654	755,654	755,654
Total current liabilities		26,019,320	20,098,094	7,730,172	7,686,523
TOTAL LIABILITIES		26,902,351	20,597,954	7,914,347	7,931,097
TOTAL EQUITY AND LIABILITIES		149,820,608	129,498,788	64,803,041	57,144,633

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

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Revenue	27	100,756,628	81,899,831	22,550,070	22,828,665
Cost of sales		(61,054,431)	(39,648,409)	(8,070,387)	(7,562,587)
Gross profit		39,702,197	42,251,422	14,479,683	15,266,078
Other income		771,664	612,435	6,148,904	6,568,876
Administrative expenses		(20,853,662)	(18,849,765)	(7,252,260)	(7,325,116)
Net (reversal of)/impairment losses of receivables and contract assets		(463,988)	1,547,326	(108,891)	1,636,902
Operating profit		19,156,211	25,561,418	13,267,436	16,146,740
Finance income	28	1,409,054	785,359	801,564	367,514
Finance costs	29	(63,006)	(61,378)	(10,526)	(1,988)
Profit before tax	30	20,502,259	26,285,399	14,058,474	16,512,266
income tax expense	32	(3,573,725)	(2,866,713)	(1,494,247)	(13,508)
Profit for the financial year		16,928,534	23,418,686	12,564,227	16,498,758
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		3,088,889	1,578,801	1,110,931	900,245
Other comprehensive income for the financial year		3,088,889	1,578,801	1,110,931	900,245
Total comprehensive income for the financial year		20,017,423	24,997,487	13,675,158	17,399,003
Profit attributable to:					
Owners of the Company		16,928,534	23,418,686	12,564,227	16,498,758
Total comprehensive income attributable to:					
Owners of the Company		20,017,423	24,997,487	13,675,158	17,399,003

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

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

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

		Attributable to owners of the Company			
Group	Note	Share capital RM	Foreign exchange translation reserves RM	Retained earnings RM	Total equity RM
At 1 July 2022		1,280,000	5,858,794	101,762,040	108,900,834
Total comprehensive income for for the financial year					
Profit for the financial year		-	-	16,928,534	16,928,534
Other comprehensive income for the financial year		-	3,088,889	-	3,088,889
Total comprehensive income		-	3,088,889	16,928,534	20,017,423
Transactions with owners					
Dividends paid on shares to:					
- Owners of the Company	33	-	-	(6,000,000)	(6,000,000)
Total transactions with owners		-	-	(6,000,000)	(6,000,000)
At 30 June 2023		1,280,000	8,947,683	112,690,574	122,918,257

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

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

Attributable to owners of the Company					
Group	Note	Share capital RM	Foreign exchange translation reserves RM	Retained earnings RM	Total equity RM
At 1 July 2021		1,280,000	4,279,993	88,343,354	93,903,347
Total comprehensive income for the financial year					
Profit for the financial year		-	-	23,418,686	23,418,686
Other comprehensive income for the financial year		-	1,578,801	-	1,578,801
Total comprehensive income		-	1,578,801	23,418,686	24,997,487
Transactions with owners					
Dividends paid on shares to:	33				
- Owners of the Company		-	-	(10,000,000)	(10,000,000)
Total transactions with owners		-	-	(10,000,000)	(10,000,000)
At 30 June 2022		1,280,000	5,858,794	101,762,040	108,900,834

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)**

Attributable to owners of the Company					
Company	Note	Share capital RM	Foreign exchange translation reserves RM	Retained earnings RM	Total equity RM
At 1 July 2022		1,280,000	3,752,745	44,180,791	49,213,536
Total comprehensive income for the financial year					
Profit for the financial year		-	-	12,564,227	12,564,227
Other comprehensive income for the financial year		-	1,110,931	-	1,110,931
Total comprehensive income		-	1,110,931	12,564,227	13,675,158
Transactions with owners					
Dividends paid on shares	33	-	-	(6,000,000)	(6,000,000)
Total transactions with owners		-	-	(6,000,000)	(6,000,000)
At 30 June 2023		1,280,000	4,863,676	50,745,018	56,888,694

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)**

Company	Note	Share capital RM	Foreign exchange translation reserves RM	Retained earnings RM	Total equity RM
At 1 July 2021		1,280,000	2,852,500	37,682,033	41,814,533
Total comprehensive income for the financial year					
Profit for the financial year		-	-	16,498,758	16,498,758
Other comprehensive income for the financial year		-	900,245	-	900,245
Total comprehensive income		-	900,245	16,498,758	17,399,003
Transactions with owners					
Dividends paid on shares	33	-	-	(10,000,000)	(10,000,000)
Total transactions with owners		-	-	(10,000,000)	(10,000,000)
At 30 June 2022		1,280,000	3,752,745	44,180,791	49,213,536

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

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Cash flows from operating activities					
Profit before tax		20,502,259	26,285,399	14,058,474	16,512,286
Adjustments for:					
Depreciation of property, plant and equipment		1,004,518	982,228	217,570	143,491
Depreciation of intangible assets		370	212	-	-
Depreciation of right-of-use assets		825,238	753,728	-	-
Dividend income		-	-	(3,000,000)	(3,000,000)
Employee benefits		143,785	133,795	149,678	133,795
Fair value loss on investment properties		-	120,000	-	-
Finance costs		63,006	61,378	10,526	1,988
Finance income		(1,409,054)	(785,359)	(801,564)	(367,514)
Impairment losses on:					
- contract assets		11,269	-	-	38,024
- trade receivables		1,067,382	464,380	561,146	147,500
- retention sum on contracts		559,430	523,957	366,000	442,708
- investment in a subsidiary		-	-	-	(597,098)
Inventories written down to net realisable value		342,099	-	-	-
Inventories written off		120,948	-	-	-
Gain on disposal of property, plant and equipment		(91,484)	(68,000)	-	-
Property, plant and equipment written off		1,916	11,316	-	-
Reversal of impairment losses on:					
- trade receivables		(817,752)	(2,038,872)	(670,201)	(1,777,155)
- retention sum on contracts		(332,744)	(496,791)	(148,054)	(449,955)
- other receivables		(23,597)	(3,834)	-	-
Unrealised gain on foreign exchange		(59,173)	(39,905)	(20,457)	(1,523)
Operating profit before changes in working capital, carried forward		21,908,416	25,903,632	10,723,118	11,226,528

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Cash flows from operating activities (Continued)					
Operating profit before changes in working capital, brought forward		21,908,416	25,903,632	10,723,118	11,226,528
<u>Changes in working capital:</u>					
Inventories		2,810,506	(7,462,531)	2,423	542,378
Trade and other receivables/ Contract assets		(6,177,924)	5,046,870	(248,892)	6,672,374
Trade and other payables/ Contract liabilities		5,060,919	(4,475,254)	(736,152)	(3,243,415)
Cash generated from operations		23,601,917	19,011,717	9,740,497	15,197,865
Income tax paid		(4,400,517)	(4,382,047)	(935,905)	(13,506)
Income tax refunded		-	266,681	-	-
Interest paid		(63,006)	(61,378)	(10,526)	(1,988)
Net cash from operating activities		19,138,394	14,834,973	8,794,066	15,182,369
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,103,328)	(976,088)	(113,232)	(547,170)
Purchase of intangible assets		-	(3,687)	-	-
(Placement)/Withdrawal of deposits with tenure more than 3 months		(7,422,139)	1,716,828	(10,441,980)	4,736,668
Withdrawal of short-term investments		-	1,974,209	-	1,974,208
Proceeds from disposal of property, plant and equipment		111,700	68,000	5,862	7,603
Proceeds from disposal of asset held for sale		362,953	-	-	-
Dividend received		-	-	3,000,000	3,000,000
Interest received		1,170,895	582,481	665,968	316,290
Change in pledged deposits		(89,893)	1,252,960	(79,598)	236,781
Repayment from/(Advances to) subsidiaries		-	-	197,238	(1,316,665)
(Advances to)/Repayment from related companies		(169,104)	113,440	(162,458)	117,755
Net cash (used in)/from investing activities		(7,138,916)	4,728,143	(6,928,200)	8,525,470

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)**

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Cash flows from financing activities					
Drawdown of hire purchase	(a)	464,145	390,356	-	390,356
Repayment of hire purchase	(a)	(292,283)	(406,409)	(57,993)	(87,788)
Payment of lease liabilities	(a)	(851,599)	(756,234)	-	-
Dividend paid		(6,000,000)	(10,000,000)	(6,000,000)	(10,000,000)
Net cash used in financing activities		<u>(6,679,737)</u>	<u>(10,772,287)</u>	<u>(6,057,993)</u>	<u>(9,697,432)</u>
Net increase in cash and cash equivalents		5,319,741	8,790,829	(4,192,127)	14,010,407
Cash and cash equivalents at the beginning of the financial year		44,970,817	34,499,598	27,420,721	12,451,431
Effects of exchange rate changes on cash and cash equivalents		2,791,084	1,680,390	1,195,589	958,583
Cash and cash equivalents at the end of the financial year	18	<u>53,081,642</u>	<u>44,970,817</u>	<u>24,424,183</u>	<u>27,420,721</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)**

(a) Reconciliation of liabilities arising from financing activities:

			Non-cash		
	1 July 2022 RM	Cash flows RM	Acquisition/ Disposal RM	Foreign exchange movement RM	30 June 2023 RM
Group					
Lease liabilities	647,555	(851,599)	1,075,558	81,779	953,293
Hire purchase payable	573,879	171,862	-	-	745,741
Company					
Hire purchase payable	302,568	(57,993)	-	-	244,575

			Non-cash		
	1 July 2021 RM	Cash flows RM	Acquisition/ Disposal RM	Foreign exchange movement RM	30 June 2022 RM
Group					
Lease liabilities	602,297	(756,234)	792,200	9,292	647,555
Hire purchase payable	589,932	(16,053)	-	-	573,879
Company					
Hire purchase payable	-	302,568	-	-	302,568

(b) During the financial year, the Group has total cash outflows for leases of RM1,592,297 (2022: RM1,249,189).

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

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Stream Group Sdn. Bhd. ("the Company") is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 11, Jalan Sungai Besi Indah 5/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

The holding company is AWC Berhad, a company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are general trading and installation of cleaning equipment, vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment). The principal activities of its subsidiaries are disclosed in Note 9.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 October 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023*
MFRS 3	Business Combinations	1 January 2023*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023*
MFRS 7	Financial Instruments: Disclosures	1 January 2023*/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023*
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023*
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023*/ 1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2023*/ 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023*
MFRS 119	Employee Benefits	1 January 2023*
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023*
MFRS 132	Financial Instruments: Presentation	1 January 2023*
MFRS 136	Impairment of Assets	1 January 2023*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023*
MFRS 138	Intangible Assets	1 January 2023*
MFRS 140	Investment Property	1 January 2023*

* Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associate used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any 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 (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss 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.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset depending on the level of influence retained.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling Interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(c) Associates (Continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions 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 gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

Contributions to subsidiaries are amounts for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (Continued)

(a) Translation of foreign currency transactions (Continued)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

(a) Initial recognition

Except for the trade receivables that do not contain a significant financing component, financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs attributable to a financial asset or financial liability carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables that do not contain a significant financing component or where the Group and the Company expect the period between when the promised goods are transferred and when the customer pays will be one year or less, are measured at the transaction price determined under MFRS 15.

(b) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

• **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a). Gain and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

• **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(b) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows:
(Continued)

(i) Financial assets (Continued)

• Fair value through profit or loss (FVPL) (Continued)

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities as financial liabilities measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the EIR amortisation process.

(c) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined using the general 3-stage approach as described in Note 3.12(a) and the amount initially recognised, and where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
 - the Group and the Company have transferred substantially all the risks and rewards of the asset, or
 - the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

All property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rates:

Leasehold buildings	Over the lease period of 93 years
Computer equipment and software	12%
Machinery, equipment and motor vehicles	10% to 20%
Furniture, fittings and office equipment	8% to 12%
Electrical installation and renovation	33%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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 arising on derecognition of the asset is recognised in profit or loss.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment properties in Note 7 and lease liabilities in Note 23.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus 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, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Lease liability

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

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability (Continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by 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 applies the exemption described in Note 3.6(b), then it classifies the sublease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties (Continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Intangible assets

Goodwill on consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

Other intangible assets

Intangible asset which has finite useful life, is measured at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is recognised in profit or loss over the period of the customer contracts. Amortisation methods and useful life are reviewed at the end of each reporting period and adjusted, if appropriate.

3.9 Inventories

Inventories consist of raw materials, consumables, finished goods and goods-in-transit.

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, consumables and finished goods are assigned on a weighted average cost basis.

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

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's and the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or has billed the customer.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost and contract assets will be subject to the impairment requirement in MFRS 9 to account for expected credit losses. Expected credit loss ("ECL") is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance as follows:

- (i) General 3-stage approach for other receivables and cash and short-term deposits.

At each reporting date, the Group and the Company measure loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months ("12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

- (ii) Simplified approach for trade receivables and contract assets.

The Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime ECL at each reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Generally, the Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default (or credit-impaired) when contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Nevertheless, in other cases, the Group and the Company may also consider internal and external information that indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Those information includes instances where:

- the counterparty is in significant financial difficulty;
- the counterparty is in breach of financial covenants;
- the lender of the counterparty having granted to the counterparty a concession that the lender would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

Impairment losses (or reversal) are recognised in profit or loss.

The gross carrying amount of a financial asset is written off (either partially or in 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 counterparty no longer have assets or a source of income that could generate sufficient cash flows to repay the amount owing.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced 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.

Impairment losses are recognised in profit or loss.

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. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had 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.

3.13 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Employee benefits (Continued)

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

The Company's holding company operates an equity-settled share-based compensation plan under which the Group and the Company receive services from employees as consideration for equity instruments (share options) of the holding company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in profit or loss.

Non-market vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group and the Company revise their estimates of the number of share options that are expected to vest based on the non-market vesting conditions. The Group and the Company recognise the impact of the revision to original estimates, if any, in profit or loss over the vesting period with a corresponding credit recognised in equity. The credit to equity is treated as a capital contribution as the holding company is compensating the Group's and the Company's employees with no expense to the Group and the Company.

3.15 Provisions

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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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.

3.16 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer)

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other Income (Continued)

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in the financial statements.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Construction contracts

The Group and the Company construct facilities under contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the facilities is transferred over time as the Group and the Company create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (Continued)

(a) Construction contracts (Continued)

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for construction of facilities based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group and the Company recognise a contract liability for the difference.

Defect liability period range from 2 year to 3 years are given to the customers.

(b) Sale of goods

Revenue from sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 90 days.

(c) Rendering of maintenance services

Revenue from a contract to provide maintenance services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

Sales are made with a credit term of 30 to 90 days.

(d) Dividend income

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

(e) Interest income

Interest income is recognised using the effective interest method.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Borrowing costs (Continued)

Borrowing costs that are 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (Continued)

(b) Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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 transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (Continued)

(c) Sales and services tax (Continued)

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.19 Fair value measurements

Fair value of an asset or a liability, except for 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.

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

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 is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company 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 transfers.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 34(b)(i).

4.2 Construction revenue

The Group and the Company recognised construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 14.

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings RM	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Total RM
2023						
Cost						
At 1 July 2022	1,527,000	3,552,875	5,109,270	916,389	965,372	12,070,906
Additions	-	256,573	728,645	82,460	35,650	1,103,328
Disposals	-	-	(425,319)	-	-	(425,319)
Written off	-	(642,595)	-	(21,876)	-	(664,471)
Reclassification	-	(800)	-	800	-	-
Exchange differences	-	73,067	186,180	34,534	21,974	315,755
At 30 June 2023	1,527,000	3,239,120	5,598,776	1,012,307	1,022,996	12,400,199
Accumulated depreciation						
At 1 July 2022	114,071	2,467,263	3,614,456	611,572	908,391	7,715,753
Depreciation charge for the financial year	30,540	246,245	624,837	69,553	33,343	1,004,518
Disposals	-	-	(405,103)	-	-	(405,103)
Written off	-	(640,679)	-	(21,876)	-	(662,555)
Exchange differences	-	50,606	125,195	21,461	19,186	216,448
At 30 June 2023	144,611	2,123,435	3,959,385	680,710	960,920	7,869,061
Net carrying amount						
At 30 June 2023	1,382,389	1,115,685	1,639,391	331,597	62,076	4,531,138

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)	Leasehold buildings RM	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Total RM
2022						
Cost						
At 1 July 2021						
- As previously reported	1,527,000	3,221,906	2,641,997	876,219	905,133	9,172,255
Reclassification	-	-	2,059,420	-	-	2,059,420
Restated balance as at 1 July 2021	1,527,000	3,221,906	4,701,417	876,219	905,133	11,231,675
Additions	-	326,490	572,711	24,471	52,416	976,088
Disposals	-	-	(228,149)	-	-	(228,149)
Written off	-	(35,124)	-	-	-	(35,124)
Exchange differences	-	39,603	63,291	15,599	7,823	126,416
At 30 June 2022	1,527,000	3,552,875	5,109,270	916,389	965,372	12,070,906
Accumulated depreciation						
At 1 July 2021						
- As previously reported	83,531	2,238,106	1,729,524	536,161	885,004	5,472,326
Reclassification	-	-	1,410,555	-	-	1,410,555
Restated balance as at 1 July 2021	83,531	2,238,106	3,140,079	536,161	885,004	6,882,881
Depreciation charge for the financial year	30,540	216,212	656,154	63,819	15,503	982,228
Disposals	-	-	(228,149)	-	-	(228,149)
Written off	-	(23,808)	-	-	-	(23,808)
Exchange differences	-	36,753	46,372	11,592	7,884	102,601
At 30 June 2022	114,071	2,467,263	3,614,456	611,572	908,391	7,715,753
Net carrying amount						
At 30 June 2022	1,412,929	1,085,612	1,494,814	304,817	56,981	4,355,153

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Total RM
2023					
Cost					
At 1 July 2022	767,230	808,730	199,660	126,066	1,901,686
Additions	69,108	3,137	39,101	1,886	113,232
Disposal	(7,327)	-	-	-	(7,327)
Written Off	(190,696)	-	(21,876)	-	(212,572)
Exchange differences	35,644	24,405	9,216	4,014	73,279
At 30 June 2023	673,959	836,272	226,101	131,966	1,868,298
Accumulated depreciation					
At 1 July 2022	605,452	309,647	191,085	126,066	1,232,250
Depreciation charge for the financial year	48,288	157,101	11,583	598	217,570
Disposal	(1,465)	-	-	-	(1,465)
Written Off	(190,696)	-	(21,876)	-	(212,572)
Exchange differences	34,678	20,163	9,225	4,039	68,105
At 30 June 2023	496,257	486,911	190,017	130,703	1,303,888
Net carrying amount					
At 30 June 2023	177,702	349,361	36,084	1,263	564,410

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (Continued)	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Total RM
2022					
Cost					
At 1 July 2021	681,151	313,767	180,061	122,052	1,297,031
Additions	60,702	475,526	10,942	-	547,170
Disposal	(8,448)	-	-	-	(8,448)
Exchange differences	33,824	19,437	8,657	4,014	65,932
At 30 June 2022	767,230	808,730	199,660	126,066	1,901,686
Accumulated depreciation					
At 1 July 2021	532,112	200,563	173,401	122,052	1,028,128
Depreciation charge for the financial year	41,063	93,445	8,984	-	143,491
Disposal	(845)	-	-	-	(845)
Exchange differences	33,123	15,639	8,700	4,014	61,476
At 30 June 2022	605,452	309,647	191,085	126,066	1,232,250
Net carrying amount					
At 30 June 2022	161,777	499,083	8,575	-	669,435

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets pledged as security

Leasehold buildings with a carrying amount of RM1,382,389 (2022: RM1,412,929) have been pledged as security to secure performance guarantee facility granted to the Group as disclosed in Note 35.

Motor vehicles with carrying amount of RM1,020,259 and RM292,767 respectively (2022: RM665,904 and RM370,838 respectively) have been pledged as security for hire purchase arrangement by the Group and Company as disclosed in Note 23(b).

6. RIGHT-OF-USE ASSETS

The Group leases several assets including land and buildings.

Information about leases for which the Group is a lessee is presented below:

Group	Leasehold land RM	Buildings RM	Total RM
2023			
Cost			
At 1 July 2022	423,000	1,668,858	2,091,858
Additions	-	1,075,558	1,075,558
Derecognition upon expiry of lease	-	(1,084,716)	(1,084,716)
Exchange differences	-	109,084	109,084
At 30 June 2023	423,000	1,768,784	2,191,784
Accumulated depreciation			
At 1 July 2022	23,952	1,036,240	1,060,192
Depreciation charge for the financial year	4,636	820,602	825,238
Derecognition upon expiry of lease	-	(1,084,716)	(1,084,716)
Exchange differences	-	59,192	59,192
At 30 June 2023	28,588	831,318	859,906
Net carrying amount			
At 30 June 2023	394,412	937,466	1,331,878

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**
Registration No. 199101001553 (211864 – T)
6. RIGHT-OF-USE ASSETS (CONTINUED)

Information about leases for which the Group is a lessee is presented below (Continued):

Group	Leasehold land RM	Buildings RM	Motor vehicles RM	Total RM
2022				
Cost				
At 1 July 2021				
- As previously reported	423,000	1,136,702	2,059,420	1,559,702
Reclassified to property, plant and equipment	-	-	(2,059,420)	-
Restated balance at 1 July 2021	423,000	1,136,702	-	1,559,702
Additions	-	792,200	-	792,200
Derecognition upon expiry of lease	-	(275,512)	-	(275,512)
Exchange differences	-	15,468	-	15,468
At 30 June 2022	423,000	1,668,858	-	2,091,858
Accumulated depreciation				
At 1 July 2021				
- As previously reported	19,316	545,040	1,410,555	564,356
Reclassified to property, plant and equipment	-	-	(1,410,555)	-
Restated balance at 1 July 2021	19,316	545,040	-	564,356
Depreciation charge for the financial year	4,636	749,092	-	753,728
Derecognition upon expiry of lease	-	(275,512)	-	(275,512)
Exchange differences	-	17,620	-	17,620
At 30 June 2022	23,952	1,036,240	-	1,060,192
Net carrying amount				
At 30 June 2022	399,048	632,618	-	1,031,666

The Group leases land and buildings for its office space and operation site. The leasehold land has a lease term of 93 years. The leases for office space and operation site generally have lease term of between 2 to 3 years, including renewal period.

(a) Assets pledged as security

Leasehold land with a carrying amount of RM394,412 (2022: RM399,048) has been pledged as security to secure performance guarantee facility granted to the Group as disclosed in Note 35.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

6. RIGHT-OF-USE ASSETS (CONTINUED)

Information about leases for which the Company is a lessee is presented below:

2023 – Nil

Company	Motor vehicles RM	Total RM
2022		
Cost		
At 30 June 2022		
- As previously reported	390,356	390,356
Reclassified to property, plant and equipment	(390,356)	(390,356)
Restated balance at 30 June 2022	-	-
Accumulated depreciation		
At 30 June 2022		
- As previously reported	19,518	19,518
Reclassified to property, plant and equipment	(19,518)	(19,518)
Restated balance at 30 June 2022	-	-
Net carrying amount		
At 30 June 2023	-	-

7. INVESTMENT PROPERTIES

	Group 2023 RM	2022 RM
At fair value:		
At 1 July 2022/2021	1,000,000	1,500,000
Fair value loss (Note 30)	-	(120,000)
Reclassification to asset held for sale (Note 19)	-	(380,000)
At 30 June	1,000,000	1,000,000

The Company's investment properties comprise a number of service apartment units.

Fair value of investment properties are categorised as follows:

	Level 2 RM
Group	
2023	
Investment properties	1,000,000
2022	
Investment properties	1,000,000

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

7. INVESTMENT PROPERTIES (CONTINUED)

There were no Level 1 or Level 3 investment properties or transfer between Level 1 and Level 3 during the financial year ended 30 June 2023 and 30 June 2022.

Level 2 fair value

The fair value of service apartment units were determined by an independent firm of professional valuers based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location or condition of the buildings. In estimating the fair value of these service apartment units, the highest and best use of the service apartment units is their current use. The most significant input into this valuation approach is price per square foot of comparable properties.

8. INTANGIBLE ASSETS

(a) Goodwill on business combination

Allocation of goodwill to cash-generating units ("CGUs")

The Group's goodwill has been allocated to the respective CGUs, all of which operate in the Environment, Engineering and Technology segments, as follows:

	Group 2023 RM	2022 RM
At 1 July	813,968	813,968
Less: Impairment losses	(813,968)	(813,968)
At 30 June	<u>-</u>	<u>-</u>

(b) Other intangible asset

	Trademark RM
Group	
2023	
Cost	
At 1 July 2022/30 June 2023	<u>3,687</u>
Accumulated amortisation	
At 1 July 2022	212
Amortisation for the financial year	<u>370</u>
At 30 June 2023	<u>582</u>
Net carrying amount	
At 30 June 2023	<u>3,105</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

8. INTANGIBLE ASSETS (CONTINUED)

(b) Other Intangible asset (Continued)

	Trademark RM
Group (Continued)	
2022	
Cost	
At 1 July 2021	-
Addition	3,687
At 30 June 2022	<u>3,687</u>
Accumulated amortisation	
At 1 July 2021	-
Amortisation for the financial year	212
At 30 June 2022	<u>212</u>
Net carrying amount	
At 30 June 2022	<u>3,475</u>

9. INVESTMENT IN SUBSIDIARIES

	Company 2023 RM	2022 RM
Unquoted shares, at cost		
At 1 July 2022/2021/30 June	<u>6,745,005</u>	<u>6,745,005</u>

The movement in the impairment of investment in subsidiaries is as follows:

	Company 2023 RM	2022 RM
At 1 July 2022/2021	-	597,098
Reversal of impairment loss (Note 30)	-	(597,098)
At 30 June	<u>-</u>	<u>-</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of Incorporation	Effective ownership and voting interest		Principal activities
		2023 %	2022 %	
Stream Environment (S) Pte. Ltd *	Singapore	100	100	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances.
Stream Industries Sdn. Bhd.	Malaysia	100	100	Businesses of manufacturing, general trading and installation of cleaning equipment, vacuum system, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment).
Stream Environment Sdn. Bhd.	Malaysia	100	100	General trading and installation of cleaning equipment, vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment).

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

10. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 July 2022/2021/30 June	-	-	4,900	4,900

Details of the associate which is incorporated in Malaysia, is as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest		Principal activities
		2023	2022	
		%	%	
Premium Patents Sdn. Bhd. ("PPSB")	Malaysia	49	49	Registering industrial method, systems or processes patents and trademarks worldwide and licensing activities.

The Group does not have any material associate.

The Group has not recognised its share of losses of PPSB amounting to RM34,214 (2022: RM62,941) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative losses not recognised were RM102,179 (2022: RM67,965).

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) relates to the following:

Group	At 1 July 2021 RM	Recognised in profit or loss RM	Exchange differences RM	At 1 July 2022 RM	Recognised in profit or loss RM	Exchange differences RM	At 30 June 2023 RM
Deferred tax assets							
Provisions	912,961	(388,135)	1,270	526,096	542,381	23,907	1,092,384
Impairment loss on receivables	1,086,064	(272,860)	-	813,204	1,946	-	815,150
	1,999,025	(660,995)	1,270	1,339,300	544,327	23,907	1,907,534
Deferred tax liabilities							
Property, plant and equipment	(336,963)	99,853	(2,276)	(239,386)	(299,566)	(9,520)	(548,472)
	(336,963)	99,853	(2,276)	(239,386)	(299,566)	(9,520)	(548,472)
	1,662,062	(561,142)	(1,006)	1,099,914	244,761	14,387	1,359,062

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Presented after appropriate offsetting as follows:

	2023 RM	2022 RM
Deferred tax assets	1,359,062	1,169,055
Deferred tax liabilities	-	(69,141)
	<u>1,359,062</u>	<u>1,099,914</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Unutilised tax losses	10,260,474	10,260,474	10,260,474	10,260,474
Provisions	1,326,642	2,038,277	1,326,642	2,038,277
Others	236,038	125,787	236,038	125,787
	<u>11,823,154</u>	<u>12,424,538</u>	<u>11,823,154</u>	<u>12,424,538</u>

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issues by the tax authority.

The unutilised tax losses which are available for offset against future taxable profits of the Group will expire in the following financial years:

	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
2028	6,549,366	6,549,366	6,549,366	6,549,366
2029	2,013,283	2,013,283	2,013,283	2,013,283
2030	511,228	511,228	511,228	511,228
2032	1,186,597	1,186,597	1,186,597	1,186,597
	<u>10,260,474</u>	<u>10,260,474</u>	<u>10,260,474</u>	<u>10,260,474</u>

Unrecognised temporary differences

At the reporting date, the Group and the Company have unrecognised taxable temporary differences associated with undistributed profits of the Company's foreign branch amounted to RM16,279,530 (2022: RM11,274,836) which would result in estimated tax payable of RM3,907,087 (2022: RM2,705,961) for which deferred tax liabilities have not been recognised as the Company has determined that undistributed earnings of its branch will not be distributed in the foreseeable future.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

12. INVENTORIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Raw materials	4,281,648	3,343,378	-	-
Work in progress	-	12,244	-	-
Consumables	442,904	781,052	442,904	781,052
Finished goods	8,370,702	12,567,858	-	-
Goods-in-transit	335,725	-	335,725	-
	13,430,979	16,704,532	778,629	781,052

- (a) The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year amounted to RM29,132,139 and RM3,476,174 respectively (2022: RM19,688,633 and RM2,845,642 respectively).
- (b) The cost of inventories of the Group recognised as an expense in administrative expenses during the financial year in respect of write-down of inventories to net realisable value amounted to RM342,099 (2022: RM Nil).
- (c) The cost of inventories of the Group recognised as an expense in administrative expenses during the financial year in respect of write-off of inventories amounted to RM120,948 (2022: RM Nil).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Note		(Restated)		
Trade	(a)			
Trade receivables from contract with customers	30,066,917	27,196,645	10,876,872	9,024,017
Less: Impairment losses	(4,895,563)	(4,545,490)	(1,502,092)	(1,526,793)
	25,171,354	22,651,155	9,374,780	7,497,224
Retention sum on contracts	12,621,736	13,639,199	3,775,882	4,942,582
Less: Impairment losses	(1,106,135)	(835,376)	(675,053)	(423,473)
	11,515,601	12,803,823	3,100,829	4,519,109
	36,686,955	35,454,978	12,475,609	12,016,333

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group 2023 RM	2022 RM (Restated)	Company 2023 RM	2022 RM
Non-trade					
Other receivables		189,834	396,503	315,288	239,172
Deposits		660,981	396,514	208,419	27,426
Prepayments	(b)	2,073,505	1,230,155	88,829	259,379
Less: Impairment losses		(66,633)	(84,030)	-	-
		<u>2,857,687</u>	<u>1,939,142</u>	<u>612,534</u>	<u>525,977</u>
Total trade and other receivables		<u>39,544,642</u>	<u>37,394,120</u>	<u>13,088,143</u>	<u>12,542,310</u>

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days. (2022: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis. The retention sum is receivable upon the expiring of defect liability period as provided in the contracts with customers.

Included in trade receivables is an amount of RM1,067,788 (2022: RM2,438,892), subject to imputed interest of 4.21% (2022: 4.21%) per annum.

The retention sum which is receivable upon the expiry of defect liability period as provided in the contracts with customers, is expected to be collected as follows:

	Group 2023 RM	2022 RM (Restated)	Company 2023 RM	2022 RM
2023				
Within one year	3,805,792	3,677,717	1,270,052	1,626,014
Later than one year	7,709,809	9,126,106	1,830,777	2,893,095
Total	<u>11,515,601</u>	<u>12,803,823</u>	<u>3,100,829</u>	<u>4,519,109</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Receivables that are impaired

The Group and the Company's trade receivables, retention sums and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	2022	Company	2022
	2023	RM	2023	RM
	RM	(Restated)	RM	RM
Trade receivables				
At 1 July 2022/2021	4,545,490	7,480,442	1,526,793	3,191,002
Charge for the financial year (Note 30)	1,067,382	464,380	561,146	147,500
Reversal of impairment loss (Note 30)	(817,752)	(2,038,872)	(670,201)	(1,777,155)
Written off	-	(1,477,623)	-	(151,717)
Exchange differences	100,443	117,163	84,354	117,163
At 30 June	4,895,563	4,545,490	1,502,092	1,526,793

	Group	2022	Company	2022
	2023	RM	2023	RM
	RM	(Restated)	RM	RM
Retention sum				
At 1 July 2022/2021	835,376	781,813	423,473	405,890
Charge for the financial year (Note 30)	559,430	523,957	366,000	442,708
Reversal of impairment loss (Note 30)	(332,744)	(496,791)	(148,054)	(449,955)
Exchange differences	44,073	26,397	33,634	24,830
At 30 June	1,106,135	835,376	675,053	423,473

	Group	2022	Company	2022
	2023	RM	2023	RM
	RM	RM	RM	RM
Other receivables				
At 1 July 2022/2021	84,030	86,828	-	-
Reversal of impairment loss (Note 30)	(23,597)	(3,834)	-	-
Exchange differences	6,200	1,036	-	-
At 30 June	66,633	84,030	-	-

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

The information about the credit exposures is disclosed in Note 34(b)(i).

- (b) Included in prepayments is an amount of RM1,488,268 (2022: RM532,260) being advances to suppliers.

14. CONTRACT ASSETS/(LIABILITIES)

	Group 2023 RM	2022 RM (Restated)	Company 2023 RM	2022 RM
Contract assets relating to construction contracts	17,636,555	13,262,731	2,344,464	2,750,296
Contract liabilities relating to trading contracts	(115,702)	-	-	-
Contract liabilities relating to construction contracts	(5,075,922)	(3,885,020)	(1,092,218)	(1,181,488)
Total contract liabilities	(5,191,624)	(3,885,020)	(1,092,218)	(1,181,488)

(a) Significant changes in contract balances

	2023 Contract assets Increase/ (Decrease) RM	2022 Contract liabilities Increase/ (Decrease) RM	2023 Contract assets Increase/ (Decrease) RM	2022 Contract liabilities Increase/ (Decrease) RM (Restated)
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	-	(4,138,578)	-	(7,835,015)
Increases due to progress billings and cash received, but revenue not recognised	-	5,181,624	-	3,885,020
Increases due to revenue recognised during the year, with conditional right to consideration	18,355,671	-	12,468,138	-
Transfer from contract assets recognised at the beginning of the year to receivables	(13,262,731)	-	(15,687,331)	-
Net reversal of impairment losses of contract assets	(11,269)	-	-	-
Exchange differences	(707,847)	253,558	(246,690)	(303,875)

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

14. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances (Continued)

	2023		2022	
	Contract assets Increase/ (Decrease) RM	Contract liabilities Increase/ (Decrease) RM	Contract assets Increase/ (Decrease) RM	Contract liabilities Increase/ (Decrease) RM
Company				
Revenue recognised that was included in contract liability at the beginning of the financial year	-	(1,250,408)	-	(4,080,288)
Increases due to progress billings and cash received, but revenue not recognised	-	1,092,218	-	1,181,488
Increases due to revenue recognised during the year, but no right to consideration	2,508,945	-	2,848,533	-
Transfer from contract assets recognised at the beginning of the year to receivables	(2,750,296)	-	(1,581,206)	-
Net reversal of impairment losses of contract assets	-	-	-	-
Exchange differences	(164,481)	68,920	(98,237)	238,017

15. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

16. AMOUNT DUE FROM RELATED COMPANIES

The amount due from related companies are non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.

17. SHORT-TERM INVESTMENTS

The short-term investments are in respect of investments in unit trust funds placed with fund management companies and are redeemable with one day notice.

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

18. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	20,119,276	12,031,914	11,174,790	6,199,097
Short-term deposits	44,450,848	36,915,353	24,261,260	21,711,913
	<u>64,570,124</u>	<u>48,947,267</u>	<u>35,436,050</u>	<u>27,911,010</u>

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short-term deposits	44,450,848	36,915,353	24,261,260	21,711,913
Less: Pledged deposits	(1,046,502)	(956,609)	(569,887)	(490,289)
Less: Deposits with tenure more than 3 months	(10,441,980)	(3,019,841)	(10,441,980)	-
	<u>32,962,366</u>	<u>32,938,903</u>	<u>13,249,393</u>	<u>21,221,624</u>
Cash and bank balances	20,119,276	12,031,914	11,174,790	6,199,097
	<u>53,081,642</u>	<u>44,970,817</u>	<u>24,424,183</u>	<u>27,420,721</u>

The interest rates and maturity period of deposits are as follows:

	Group		Company	
	2023	2022	2023	2022
Interest rates per annum	2.50% to 4.05%	1.40% to 2.05%	2.50% to 4.05%	1.60% to 2.05%
Maturity period	1 month to 6 months	1 month to 3 months	1 month to 6 months	1 month

Included in deposits placed with licensed banks of the Group and of the Company is an amount of RM1,046,502 (2022: RM956,609) and RM569,887 (2022: RM490,289) which have been pledged to banks for performance guarantee facility granted to the Group and the Company as disclosed in Note 35.

19. ASSET HELD FOR SALE

On 18 August 2022, the Group has entered into a sale and purchase agreement with a third party for the disposal of an investment property for a cash consideration of RM380,000. The disposal was completed on 7 December 2022.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Unit	2022 Unit	2023 RM	2022 RM
Issued and fully paid up: (no par value)				
At 1 July 2022/2021/30 June	1,280,000	1,280,000	1,280,000	1,280,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one voter per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

21. CAPITAL CONTRIBUTION FROM HOLDING COMPANY

Capital contribution from holding company represents the equity-settled share options granted to employees of the Group and the Company. The equity contribution is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share option, and is rechargeable by the holding company.

The salient features of the ESOS are as follows:

- (i) The ESOS shall be in force for a period of five years from the date of implementation and may be extended or renewed (as the case may be) for a further period of five years at the sole and absolute discretion of the directors of the holding company upon recommendation of the ESOS Committee provided that the initial period of five years and such extension made shall not in aggregate exceed a duration of ten years from the date of implementation.
- (ii) Natural persons who are eligible under the ESOS include executive and non-executive Directors and employees of the holding company who are at least eighteen years of age whose employment with the holding company has been confirmed in writing. For the case of non-Malaysian citizens, participation in the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee.
- (iii) The aggregate number of shares to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the holding company (excluding treasury shares) at the date of offer or such other percentage of the issued and paid-up ordinary share capital of the holding company (excluding treasury shares) as may be permitted by the relevant authorities from time to time during the duration of the ESOS.
- (iv) The subscription price for each share under the ESOS shall, subject always to the by-laws, be the higher of the volume weighted average market price of the shares for the five market days immediately preceding the date of offer, with a discount of not more than 10%, or any such other percentage of discounts as may be permitted by the authorities from time to time during the duration of the ESOS or the par value of the share at the date of offer.
- (v) The number of shares under option and the option price may be adjusted as a result of any alteration in the capital structure of the holding company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, if any, made by the holding company while an option remains unexercised.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

21. CAPITAL CONTRIBUTION FROM HOLDING COMPANY (CONTINUED)

The salient features of the ESOS are as follows: (Continued)

- (vi) Options granted under the ESOS can be exercised by the grantee by notice in writing to the holding company during the option period in the prescribed form in multiples of one hundred shares or in any other denomination as prescribed by the authorities as a board lot.
- (vii) No person who is participating in the ESOS will be entitled to participate in more than one employee share options scheme currently implemented by any company within the Group.

Extension of ESOS

On 25 February 2020, the holding company extended its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of ESOS By-Laws. The extension is not subject to the approval from Bursa Malaysia Securities Berhad, Securities Commission and shareholders of the holding company.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number 2023 RM	WAEP 2023 RM	Number 2022 RM	WAEP 2022 RM
At 1 July 2022/2021	364,068	0.350	427,768	0.348
Exercised	-	-	(32,200)	0.336
Lapsed	-	-	(31,500)	0.336
At 30 June	<u>364,068</u>	<u>0.350</u>	<u>364,068</u>	<u>0.350</u>
Exercisable at the end of the financial year	<u>364,068</u>	<u>0.350</u>	<u>364,068</u>	<u>0.350</u>

The options outstanding at 30 June 2023 have exercise prices of RM0.336 to RM0.423 (2022: RM0.336 to RM0.423) and the weighted average remaining contractual life for the share options outstanding at 2023 was approximately 2.27 years (2022: 3.27 years).

The weighted average share price at the date of exercise of the options during the financial year was RM Nil (2022: RM0.564).

22. TRANSLATION RESERVE

	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Translation reserve	8,947,683	5,858,794	4,863,676	3,752,745

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

23. BORROWINGS

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Non-current					
Lease liabilities	(a)	325,189	126,689	-	-
Hire purchase payables	(b)	557,842	304,030	184,175	244,574
		<u>883,031</u>	<u>430,719</u>	<u>184,175</u>	<u>244,574</u>
Current					
Lease liabilities	(a)	628,104	520,866	-	-
Hire purchase payables	(b)	187,899	269,849	60,400	57,994
		<u>816,003</u>	<u>790,715</u>	<u>60,400</u>	<u>57,994</u>
		<u>1,699,034</u>	<u>1,221,434</u>	<u>244,575</u>	<u>302,568</u>

(a) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Minimum lease payments:				
Not later than one year	652,575	534,976	-	-
Later than one year but not later than five years	331,670	128,515	-	-
	<u>984,245</u>	<u>663,491</u>	<u>-</u>	<u>-</u>
Less: Future finance charges	(30,952)	(15,936)	-	-
Present value of minimum lease payments	<u>953,293</u>	<u>647,555</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments payable:				
Not later than one year	628,104	520,866	-	-
Later than one year but not later than five years	325,189	126,689	-	-
	<u>953,293</u>	<u>647,555</u>	<u>-</u>	<u>-</u>
Less: Amount due within 12 months	(628,104)	(520,866)	-	-
Amount due after 12 months	<u>325,189</u>	<u>126,689</u>	<u>-</u>	<u>-</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

23. BORROWINGS (CONTINUED)

(b) Hire purchase payables

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Minimum hire purchase payments:				
Not later than one year	221,931	289,113	68,520	68,520
Later than one year but not later than five years	608,604	324,382	194,116	262,636
	<u>830,535</u>	<u>613,495</u>	<u>262,636</u>	<u>331,156</u>
Less: Future finance charges	(84,794)	(39,616)	(18,061)	(28,588)
Present value of minimum hire purchase payments	<u>745,741</u>	<u>573,879</u>	<u>244,575</u>	<u>302,568</u>
Present value of minimum hire purchase payments payable:				
Not later than one year	187,899	269,849	60,400	57,994
Later than one year but not later than five years	557,842	304,030	184,175	244,574
	<u>745,741</u>	<u>573,879</u>	<u>244,575</u>	<u>302,568</u>
Less: Amount due within 12 months	(187,899)	(269,849)	(60,400)	(57,994)
Amount due after 12 months	<u>557,842</u>	<u>304,030</u>	<u>184,175</u>	<u>244,574</u>

Hire purchase payables of the Group and the Company are an amount of RM745,741 (2022: RM573,879) and RM244,575 (2022: RM302,568), bears interest ranging from 2.38% to 5.26% (2022: 2.34% to 3.74%) and 3.74% (2022: 3.74%) respectively per annum and are secured by the Group and the Company's motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current:				
Trade				
Trade payables	3,884,970	2,272,955	284,119	50,722
Retention sum	770,785	565,773	-	-
Project accruals	5,112,586	2,774,530	741,104	716,321
	<u>9,768,341</u>	<u>5,613,258</u>	<u>1,025,223</u>	<u>767,043</u>
Non-trade				
Other payables	440,061	400,480	78,180	270,565
GST payable	490,632	193,001	294,856	-
Accruals	5,713,553	6,197,975	2,456,949	3,464,482
	<u>6,644,246</u>	<u>6,791,456</u>	<u>2,829,985</u>	<u>3,735,047</u>
	<u>16,412,587</u>	<u>12,404,714</u>	<u>3,855,208</u>	<u>4,502,090</u>

Trade payables are non-interest bearing and are normally with credit period ranging from 30 to 60 days (2022: 30 to 60 days). The retention sum which is payable upon the expiry of defect liability period is expected to be settled as follows:

	Group	2022
	2023	RM
	RM	
Within one year	434,757	84,842
Later than one year	336,028	480,931
Total	<u>770,785</u>	<u>565,773</u>

25. EMPLOYEE BENEFITS

	Group and Company	2022
	2023	RM
	RM	
At 1 July	1,189,297	993,931
Recognised in profit or loss (Note 30)	143,785	133,795
Exchange differences	75,268	61,571
At 30 June	<u>1,408,350</u>	<u>1,189,297</u>

Employee benefits represent the amounts required to cover end of service benefits at the reporting date. The amounts are computed pursuant to the applicable Labour Law in United Arab Emirates based on the employees' accumulated period of service and basic remuneration at the end of reporting period.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

26. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.

27. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contract with customers:				
Sale of goods	381,143	5,289,261	8,052	26,616
Rendering of services	19,956,879	14,842,754	2,638,073	327,746
Construction contracts	80,418,606	61,767,816	19,903,945	22,474,303
	<u>100,756,628</u>	<u>81,899,831</u>	<u>22,550,070</u>	<u>22,828,665</u>

(a) Disaggregation of revenue

For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time) and primary geographical markets.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Timing of revenue recognition				
At a point in time	381,143	5,289,261	8,052	26,616
Over time	100,375,485	76,610,570	22,542,018	22,802,049
	<u>100,756,628</u>	<u>81,899,831</u>	<u>22,550,070</u>	<u>22,828,665</u>

	Sale of goods	Rendering of services	Construction contracts
	RM	RM	RM
Group			
2023			
Primary geographical markets:			
Malaysia	364,656	7,827,596	18,222,661
Singapore	8,435	9,491,210	42,292,000
United Arab Emirates, Abu Dhabi	8,052	2,638,073	19,901,467
United Arab Emirates, Dubai	-	-	2,478
	<u>381,143</u>	<u>19,956,879</u>	<u>80,418,606</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

27. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time) and primary geographical markets (Continued).

	Sale of goods RM	Rendering of services RM	Construction contracts RM
Group			
2022			
Primary geographical markets:			
Malaysia	5,219,412	6,836,966	11,148,614
Singapore	43,234	7,678,042	28,144,898
United Arab Emirates, Abu Dhabi	26,616	327,746	22,474,303
	<u>5,289,262</u>	<u>14,842,754</u>	<u>61,767,815</u>
Company			
2023			
Primary geographical markets:			
United Arab Emirates, Abu Dhabi	8,052	2,638,073	19,901,467
United Arab Emirates, Dubai	-	-	2,478
	<u>8,052</u>	<u>2,638,073</u>	<u>19,903,945</u>
Company			
2022			
Primary geographical markets:			
United Arab Emirates, Abu Dhabi	26,616	327,746	22,474,303

(b) Transaction price allocated to the remaining performance obligations

As of 30 June 2023, the aggregate amount of the transaction price allocated to the remaining performance obligation of the Group and the Company are RM130.27 million (2022: RM152.68 million) and RM17.1 million (2022: RM11.8 million) respectively and the Group and the Company will recognise this revenue as the construction and maintenance service are completed, which is expected to occur over the next 5 years (2022: 5 years).

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

28. FINANCE INCOME

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Accretion of discount on trade receivables	102,563	151,655	-	-
Interest income from banks	1,170,895	582,481	665,968	316,290
Income from short-term investments	135,596	51,223	135,596	51,224
	1,409,054	785,359	801,564	367,514

29. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expense on:				
- Hire purchase payables	26,558	25,242	10,526	1,988
- Lease liabilities	36,448	36,136	-	-
	63,006	61,378	10,526	1,988

30. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration:				
- current year	183,671	141,233	76,865	64,913
- prior year	(11,632)	10,665	(3,000)	2,725
Depreciation of property, plant and equipment	1,004,518	982,228	217,570	143,491
Depreciation of intangible assets	370	212	-	-
Depreciation of right-of-use assets	825,238	753,728	-	-
Dividend income	-	-	(3,000,000)	(3,000,000)
Employee benefits expense (Note 31)	22,867,296	20,289,094	7,402,478	7,665,019
Expenses relating to short-term leases	695,092	448,323	315,487	312,431
Expenses relating to lease of low value assets	9,158	8,496	2,428	2,289

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

30. PROFIT BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax (Continued):

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Foreign exchange (gain)/loss				
- realised	(323,739)	185,673	14,052	46,193
- unrealised	(59,173)	(39,905)	(20,457)	(1,523)
Fair value loss on investment properties	-	120,000	-	-
Gain on disposal of property, plant and equipment	(91,484)	(68,000)	-	-
Impairment losses on:				
- contract assets	11,269	-	-	-
- trade receivables	1,067,382	464,380	561,146	147,500
- retention sum on contracts	559,430	523,957	366,000	442,708
Inventories written down to net realisable value	342,099	-	-	-
Inventories written off	120,948	-	-	-
Property, plant and equipment written off	1,916	11,316	-	-
Provision for employee benefits	143,785	133,795	149,678	133,795
Reversal of impairment losses on:				
- trade receivables	(817,752)	(2,038,872)	(670,201)	(1,777,155)
- retention sum on contracts	(332,744)	(496,791)	(148,054)	(449,955)
- other receivables	(23,597)	(3,834)	-	-
- amount due from subsidiary	-	-	-	(597,098)

31. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries, wages, bonus and allowances	21,038,911	18,852,375	6,981,164	7,274,785
Defined contribution plan	1,202,195	873,489	193,490	185,705
Social security costs	91,213	77,861	11,062	9,206
Other staff related expenses	534,977	485,369	216,762	195,323
	<u>22,867,296</u>	<u>20,289,094</u>	<u>7,402,478</u>	<u>7,665,019</u>
Included in employee benefits expenses are:				
Director's other emoluments	3,159,913	3,366,230	2,653,422	2,974,808
	<u>3,159,913</u>	<u>3,366,230</u>	<u>2,653,422</u>	<u>2,974,808</u>

Remuneration in the form of benefits-in-kind for the Executive Director of the Group and the Company for the financial year amounted to RM75,137 (2022: RM68,713).

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

32. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 30 June 2023 and 30 June 2022 are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax:				
Current financial year	3,887,241	2,528,323	1,369,922	-
(Over/Under) provision in prior financial years	(68,755)	(222,752)	124,325	13,508
	<u>3,818,486</u>	<u>2,305,571</u>	<u>1,494,247</u>	<u>13,508</u>
Deferred tax:				
(Reversal)/Origination of temporary differences	(452,222)	623,158	-	-
Under/(Over) provision in prior financial years	207,461	(62,016)	-	-
	<u>(244,761)</u>	<u>561,142</u>	<u>-</u>	<u>-</u>
	<u>3,573,725</u>	<u>2,866,713</u>	<u>1,494,247</u>	<u>13,508</u>

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to the subsidiary in Singapore was 17% (2022: 17%) whilst the income from operations in Abu Dhabi are exempted from tax.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

32. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before tax	20,502,259	26,285,399	14,058,474	16,512,266
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	4,920,542	6,308,496	3,374,034	3,962,944
Different tax rates in other countries	(697,865)	(213,783)	-	-
Tax effects arising from:				
- non-taxable income/tax exempt	(875,054)	(4,118,256)	(1,900,497)	(4,816,843)
- non-deductible expenses	288,882	378,763	40,717	3,446
- partial tax exemption	-	(54,192)	-	-
Deferred tax assets not recognised	-	850,453	-	850,453
Utilisation of deferred tax not recognised	(144,332)	-	(144,332)	-
Income tax rebate	(57,154)	-	-	-
(Over)/Under provision in prior years				
- current tax	(68,755)	(222,752)	124,325	13,508
- deferred tax	207,461	(62,016)	-	-
Income tax expense	3,573,725	2,866,713	1,494,247	13,508

33. DIVIDENDS

	Group/Company	
	2023	2022
	RM	RM
Dividends in respect of the financial year ended 30 June 2022		
Interim single tier dividend of RM3.906 on 1,280,000 ordinary shares	-	5,000,000
Second interim single tier dividend of RM3.906 on 1,280,000 ordinary shares	-	5,000,000
Dividends in respect of the financial year ended 30 June 2023		
First interim single tier dividend of RM2.344 on 1,280,000 ordinary shares	3,000,000	-
Second interim single tier dividend of RM2.344 on 1,280,000 ordinary shares	3,000,000	-
	<u>6,000,000</u>	<u>10,000,000</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Amortised cost
(ii) Fair value through profit or loss

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
2023			
Financial assets			
Group			
Trade and other receivables *	37,537,770	37,537,770	-
Amount due from related companies	183,669	183,669	-
Short-term investments	4,730,567	-	4,730,567
Cash and short-term deposits	64,570,124	64,570,124	-
	<u>107,022,130</u>	<u>102,291,563</u>	<u>4,730,567</u>
Company			
Trade and other receivables *	12,999,314	12,999,314	-
Amount due from subsidiaries	944,691	944,691	-
Amount due from related companies	166,182	166,182	-
Short-term investments	4,730,567	-	4,730,567
Cash and short-term deposits	35,436,050	35,436,050	-
	<u>54,276,804</u>	<u>49,546,237</u>	<u>4,730,567</u>
Financial liabilities			
Group			
Borrowings ^	745,741	745,741	-
Trade and other payables #	15,921,955	15,921,955	-
Amount due to holding company	755,654	755,654	-
	<u>17,423,350</u>	<u>17,423,350</u>	<u>-</u>
Company			
Borrowings	244,575	244,575	-
Trade and other payables #	3,560,352	3,560,352	-
Amount due to holding company	755,654	755,654	-
	<u>4,560,581</u>	<u>4,560,581</u>	<u>-</u>

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Continued):

	Carrying amount RM	Amortised cost RM	Fair Value through profit or loss cost RM
2022			
Financial assets			
Group			
Trade and other receivables *	36,247,995	36,247,995	-
Amount due from related parties	14,565	14,565	-
Short-term investments	4,594,971	-	4,594,971
Cash and short-term deposits	48,947,267	48,947,267	-
	<u>89,804,798</u>	<u>85,209,827</u>	<u>4,594,971</u>
Company			
Trade and other receivables *	12,282,931	12,282,931	-
Amount due from subsidiaries	1,141,929	1,141,929	-
Amount due from related companies	3,724	3,724	-
Short-term investments	4,594,971	-	4,594,971
Cash and short-term deposits	27,911,010	27,911,010	-
	<u>45,934,565</u>	<u>41,339,594</u>	<u>4,594,971</u>
Financial liabilities			
Group			
Borrowings ^	573,879	573,879	-
Trade and other payables #	12,211,713	12,211,713	-
Amount due to holding company	755,654	755,654	-
	<u>13,541,246</u>	<u>13,541,246</u>	<u>-</u>
Company			
Borrowings	302,568	302,568	-
Trade and other payables	4,502,090	4,502,090	-
Amount due to holding company	755,654	755,654	-
	<u>5,560,312</u>	<u>5,560,312</u>	<u>-</u>

* *excluding prepayments*

^ *excluding lease liabilities*

excluding GST payable

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company may use derivative financial instruments, such as, forward foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables), and deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statement of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also takes appropriate actions (including but not limited to legal actions) to recover long past due balances.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile

At the reporting date, the Group and the Company did not have significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

The Group and the Company individually assessed ECL of individual customers based on indicators such as changes in financial capability of the receivables, payment trends of the receivable and other external information relating to the customers that are publicly available. The determination of ECL also incorporate economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group and the Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation on the receivables.

The information about the credit risk exposure on the Group's and Company's trade receivables and contract assets as at 30 June 2023 and 30 June 2022 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 30 June 2023			
Trade receivables			
Current (not past due)	20,236,747	-	20,236,747
1 to 90 days past due	12,509,832	-	12,509,832
91 to 180 days past due	2,808,514	-	2,808,514
181 to 365 days past due	415,161	-	415,161
Past due over 365 days	716,701	-	716,701
Credit impaired:			
- Individually assessed	6,001,698	(6,001,698)	-
Contract assets			
Current (not past due)	17,636,555	-	17,636,555
Credit impaired:			
- Individually assessed	275,405	(275,405)	-
	<u>60,600,613</u>	<u>(6,277,103)</u>	<u>54,323,510</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's and Company's trade receivables and contract assets as at 30 June 2023 and 30 June 2022 are as follows (Continued):

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group (Continued)			
At 30 June 2022			
Trade receivables			
Current (not past due)	22,352,000	-	22,352,000
1 to 90 days past due	5,822,749	-	5,822,749
91 to 180 days past due	3,204,933	-	3,204,933
181 to 365 days past due	4,075,296	-	4,075,296
Credit impaired:			
- Individually assessed	5,380,866	(5,380,866)	-
Contract assets			
Current (not past due)	13,262,731	-	13,262,731
Credit impaired:			
- Individually assessed	251,043	(251,043)	-
	<u>54,349,618</u>	<u>(5,631,909)</u>	<u>48,717,709</u>
Company			
At 30 June 2023			
Trade receivables			
Current (not past due)	3,775,881	-	3,775,881
1 to 90 days past due	6,839,463	-	6,839,463
91 to 180 days past due	1,704,871	-	1,704,871
181 to 365 days past due	155,394	-	155,394
Credit impaired:			
- Individually assessed	2,177,145	(2,177,145)	-
Contract assets			
Current (not past due)	2,344,464	-	2,344,464
Credit impaired:			
- Individually assessed	237,532	(237,532)	-
	<u>17,234,750</u>	<u>(2,414,677)</u>	<u>14,820,073</u>

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's and Company's trade receivables and contract assets are as follows (Continued):

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Company (Continued)			
At 30 June 2022			
Trade receivables			
Current (not past due)	4,483,020	-	4,483,020
1 to 90 days past due	1,807,255	-	1,807,255
91 to 180 days past due	1,859,800	-	1,859,800
181 to 365 days past due	5,816,523	-	5,816,523
Credit impaired:			
- Individually assessed	1,950,266	(1,950,266)	-
Contract assets			
Current (not past due)	2,750,296	-	2,750,296
Credit impaired:			
- Individually assessed	224,439	(224,439)	-
	<u>18,891,599</u>	<u>(2,174,705)</u>	<u>16,716,894</u>

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Company provides advances to subsidiaries and related companies. The Company monitors the results of the subsidiaries and related companies in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary companies do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

The Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group and the Company also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual cash flows		Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	
Group				
2023				
Trade and other payables	16,412,587	16,412,587	-	16,412,587
Amount due to holding company	755,654	755,654	-	755,654
Lease liabilities	953,293	652,575	331,670	984,245
Hire purchase payables	745,741	221,931	608,604	830,535
	18,867,275	18,042,747	940,274	18,983,021
2022				
Trade and other payables	12,404,714	12,404,714	-	12,404,714
Amount due to holding company	755,654	755,654	-	755,654
Lease liabilities	647,555	534,976	128,515	663,491
Hire purchase payables	573,879	289,113	324,362	613,495
	14,381,802	13,984,457	452,897	14,437,354
Company				
2023				
Trade and other payables	3,855,208	3,855,208	-	3,855,208
Amount owing to holding company	755,654	755,654	-	755,654
Hire purchase payables	244,575	68,520	194,116	262,636
	4,855,437	4,679,382	194,116	4,873,498
2022				
Trade and other payables	4,502,090	4,502,090	-	4,502,090
Amount owing to holding company	755,654	755,654	-	755,654
Hire purchase payables	302,568	68,520	262,636	331,156
	5,560,312	5,326,264	262,636	5,588,900

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

Group 2023	SGD RM	AED RM	USD RM	MYR RM	Total RM
Financial assets					
Trade and other receivables	13,469,659	12,678,688	77,416	11,312,007	37,537,770
Amount due from related parties	-	-	-	183,669	183,669
Cash and short-term deposits	8,871,170	10,704,623	289,139	44,705,192	64,570,124
	22,340,829	23,383,311	366,555	56,200,868	102,291,563

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

	SGD RM	AED RM	USD RM	MYR RM	Total RM
Group (Continued)					
2023 (Continued)					
Financial liabilities					
Trade and other payables	6,377,910	2,071,486	-	7,472,559	15,921,955
Amount due to holding company	-	-	-	755,654	755,654
	<u>6,377,910</u>	<u>2,071,486</u>	<u>-</u>	<u>8,228,213</u>	<u>16,677,609</u>
Net financial assets/(liabilities)	<u>15,982,919</u>	<u>21,311,825</u>	<u>366,555</u>	<u>47,972,655</u>	<u>85,613,954</u>
Less: Net financial assets denominated in the entity's functional currency	<u>(15,962,919)</u>	<u>(21,311,825)</u>	<u>-</u>	<u>(47,972,655)</u>	<u>(85,247,399)</u>
	<u>-</u>	<u>-</u>	<u>366,555</u>	<u>-</u>	<u>366,555</u>

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

Group	SGD RM	AED RM	USD RM	AUD RM	MYR RM	Total RM
2022						
Financial assets						
Trade and other receivables	12,467,555	12,277,591	2,888	-	11,499,981	36,247,995
Amount due from related parties	-	-	-	-	14,565	14,565
Cash and short-term deposits	2,490,919	3,913,682	385,055	-	42,157,611	48,947,267
	14,958,474	16,191,273	387,923	-	53,672,157	85,209,827
Financial liabilities						
Trade and other payables	3,135,470	2,020,268	-	13,688	7,042,287	12,211,713
Amount due to holding company	-	-	-	-	755,654	755,654
	3,135,470	2,020,268	-	13,688	7,797,941	12,967,367
Net financial assets/(liabilities)	11,823,004	14,171,005	387,923	(13,688)	45,874,216	72,242,460
Less: Net financial assets denominated in the entity's functional currency	(11,823,004)	(14,171,005)	-	-	(45,874,216)	(71,868,225)
	-	-	387,923	(13,688)	-	374,235

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD and AUD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD and AUD, with all other variables held constant on the Group's total equity and profit for the financial year.

	Change in rate %	Effect on profit for the financial year RM	Effect on equity RM
Group			
2023			
- USD	5%	13,929	13,929
	-5%	(13,929)	(13,929)
2022			
- USD	5%	14,741	14,741
	-5%	(14,741)	(14,741)
- AUD	5%	(520)	(520)
	-5%	520	520

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial year (2022: no transfer in either directions).

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

Group	Carrying amount RM	Fair value of financial instrument carried at fair value			Fair value of financial instrument not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
2023								
Financial asset								
Short-term investments	4,730,567	4,730,567	-	-	-	-	-	-
Financial liabilities								
Hire purchase payables	745,741	-	-	-	-	-	745,741	745,741
2022								
Financial asset								
Short-term investments	4,594,971	4,594,971	-	-	-	-	-	-
Financial liabilities								
Hire purchase payables	573,879	-	-	-	-	-	573,879	573,879

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

Company	Carrying amount RM	Fair value of financial instrument carried at fair value			Fair value of financial instrument not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
2023								
Financial asset								
Short-term investments	4,730,567	4,730,567	-	-	-	-	-	-
Financial liabilities								
Hire purchase payables	244,575	-	-	-	-	-	244,575	244,575
2022								
Financial asset								
Short-term investments	4,594,971	4,594,971	-	-	-	-	-	-
Financial liabilities								
Hire purchase payables	302,568	-	-	-	-	-	302,568	302,568

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

35. CONTINGENT LIABILITY

	Group 2023 RM	2022 RM
Contract performance guarantee given to third party	9,505,015	9,703,151
Labour guarantee given to employees	142,240	169,800
	<u>9,647,255</u>	<u>9,872,951</u>

36. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Holding company and corporate shareholder;
- (ii) Fellow subsidiaries;
- (iii) Subsidiaries;
- (iv) Associates;

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Dividend payable				
Holding company and corporate shareholder	6,000,000	10,000,000	6,000,000	10,000,000
Dividend received/receivable				
Subsidiary	-	-	3,000,000	3,000,000
Interest received/receivable				
Associate	13,272	-	13,272	-
Management fee received/receivable				
Subsidiary	-	-	3,143,742	2,879,577

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

36. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows (Continued):

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Purchase of computer hardware and software				
Subsidiary	-	-	5,862	-
Rental paid/payable				
Subsidiary	-	-	222,236	222,236
Rental paid/payable to director				
Director	75,780	75,780	-	-
Trademark and patent fee paid/payable				
Associate	122,398	117,836	122,398	117,836

(c) Compensation of key management personnel

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Director's fee	32,800	31,100	-	-
Short-term employee benefits	2,763,605	2,980,926	2,348,282	2,664,275
Post-employment employee benefits	288,371	285,491	230,003	241,820
Benefits-in-kind	75,137	68,713	75,137	68,713
	3,159,913	3,366,230	2,653,422	2,974,808

Directors' interest in Employees' Share Option Scheme

During the financial year, there was no share option exercised by directors of the Group.

AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023 (CONT'D)

Registration No. 199101001553 (211864 – T)

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they maintain healthy capital ratio in order to support their business and maximise shareholder value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their 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 and processes during the financial years ended 30 June 2023 and 30 June 2022.

The Group monitors capital using a gearing ratio. The gearing ratio is calculated as total loans and borrowings divided by total equity.

The gearing ratio for the Group as at 30 June 2023 and 30 June 2022 is as follows:

	Note	Group 2023 RM	2022 RM
Borrowings	23	1,699,034	1,221,434
Less:			
Cash and short-term deposits	18	(64,570,124)	(48,947,267)
		<u>(62,871,090)</u>	<u>(47,725,833)</u>
Total equity		122,918,257	108,900,834
Total equity plus net debts		60,047,167	61,175,001
Gearing ratio		N/M	N/M

N/M- Not meaningful

38. SUBSEQUENT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 14 September 2023, the holding company of the Company entered into a conditional share sale and purchase agreement ("SSA") with Premium NXL Sdn. Bhd. ("PNSB") for the acquisition of 627,200 ordinary shares, representing 49.00% equity interest in the Company, for a purchase consideration of RM110,000,000 which will be satisfied through cash. The proposed acquisition is pending fulfilment of conditions precedents as at the date of authorisation of these financial statements.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

39. COMPARATIVE FIGURES

In the previous financial year, retention sum on contracts was included in contract assets. During the financial year, the nature of the retention sum was re-assessed, and the retention sum was reclassified as trade receivables.

The comparative figures have been reclassified to conform with the current year's presentation. The reclassification has no effect on the profit and cash flows of the Group for the current and previous financial year.

The effect arising for the reclassification are as follows:

	As previously reported RM	Reclassification RM	As reclassified RM
Statement of Financial Position			
as at 30 June 2022			
Assets			
Current assets			
Trade and other receivables	32,914,252	4,479,868	37,394,120
Contract assets	17,742,599	(4,479,868)	13,262,731

The above reclassifications do not have material effect on the statement of financial position of the Group as at 1 July 2021, and accordingly, the statement was not presented.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

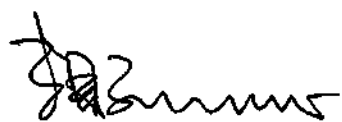
Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

We, **KOH KWEE FOOK** and **CHEA THEAN TEIK**, being two of the directors of **STREAM GROUP SDN. BHD.** do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 8 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

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


.....
KOH KWEE FOOK
Director
.....
CHEA THEAN TEIK
Director

Date: 13 October 2023

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**

Registration No. 199101001553 (211864 – T)

STREAM GROUP SDN. BHD.
(Incorporated in Malaysia)


STATUTORY DECLARATION
(Pursuant to Section 251(1) of the Companies Act 2016)

I, **KOH KWEE FOOK**, being the director primarily responsible for the financial management of **STREAM GROUP SDN. BHD.**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 8 to 92 are 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.


.....
KOH KWEE FOOK
Director

Subscribed and solemnly declared by the abovenamed at Puchong in the State of Selangor Darul Ehsan on 13 October 2023.

Before me,


.....
Commissioner for Oaths
No. 4A, Tingkat 1,
Jalan BK 3/2, Bandar Kinrara,
47180 Puchong, Selangor

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**



Registration No. 199101001553 (211864 – T)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STREAM GROUP SDN. BHD.**
(Incorporated in Malaysia)

Baker Tilly Monteiro Heng PLT
201905000500 (LLP0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia

T : +603 2297 1000
F : +603 2282 9980

info@bakertilly.my
www.bakertilly.my

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Stream Group Sdn. Bhd., which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of 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 significant accounting policies, as set out on pages 8 to 92.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the 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.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**



Registration No. 199101001553 (211864 – T)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**



Registration No. 199101001553 (211864 – T)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

**AUDITED FINANCIAL STATEMENTS OF STREAM GROUP FOR THE FYE 30 JUNE 2023
(CONT'D)**



Registration No. 199101001553 (211864 – T)

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.

A handwritten signature in black ink, appearing to read "Baker Tilly Monteiro Heng".

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

A handwritten signature in black ink, appearing to read "Lee Kong Weng".

Lee Kong Weng
No: 02967/07/2025 J
Chartered Accountant

Kuala Lumpur

Date: 13 October 2023

DIRECTORS' REPORT ON STREAM GROUP



Date: 20 November 2023

**The Board of Directors of
AWC Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of Stream Group Sdn Bhd ("Stream Group") ("Board of Stream Group"), I wish to report that after due inquiries in relation to Stream Group during the period from 30 June 2023 (being the date to which the last audited financial statements of Stream Group had been made up) and up to the date of this letter, being a date not earlier than 14 days before the issuance of this Circular, in the opinion of the Board of Stream Group:

- (i) the business of Stream Group has been satisfactorily maintained;
- (ii) since the last audited financial statements of Stream Group, there have been no circumstances which have adversely affected the trading or the value of the assets of Stream Group;
- (iii) the current assets of Stream Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities by reason of any guarantees or indemnities given by Stream Group;
- (v) since the last audited financial statements of Stream Group, the Board of Stream Group is not aware of any default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (vi) since the last audited financial statements of Stream Group, there have been no material changes in the published reserves or any unusual factors affecting the profits of Stream Group.

Yours faithfully,
For and on behalf of the Board of Directors of
STREAM GROUP SDN BHD


SRI SKANDA RAJAH S. RATNAM
Director

STREAM GROUP SDN BHD (211864-T)
(Formerly known as Nexakdes Sdn Bhd)

11, Jalan Sungai Besi Indah 5/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor, Malaysia.
Tel: +60 3 8941 8118 Fax: +60 3 8941 8228 Email: info@stream-environment.com Website: www.stream-environment.com

INFORMATION ON PREMIUM PATENTS

1. HISTORY AND BUSINESS

Premium Patents was incorporated in Malaysia on 17 April 2008 under the CA 1965 as a private limited company and commenced its business on 21 April 2008 and is deemed registered under the Act. Its registered address is at No. 9, Jalan Indah 16, Taman Cheras Indah, 56100 Kuala Lumpur. Its principal place of business is located at No. 11, Jalan Sungai Besi Indah 5/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor.

Premium Patents is currently a 49.00%-owned associate company of Stream Group. Premium Patents is involved in Premium Patents' Business and is holding the intellectual property rights of the "Waste Shuttle" system and conventional automated waste collection system, comprising the method and system for pushing and moving solid waste which cover a methodology process flow that are required to carry out the Stream Group's Business. The rights to use the "Waste Shuttle" system and conventional automated waste collection system have been wholly and exclusively licensed by Premium Patents to Stream Group via the License Agreement. For the avoidance of doubt, the only patent and intellectual property right that is licensed by Premium Patents to Stream Group is the "Waste Shuttle" system.

For shareholders' information, before the Proposed Acquisitions, under the License Agreement, Sri Skanda Rajah A/L S. Ratnam (as inventor) has agreed for Premium Patents (as licensor) to hold the intellectual property rights of the "Waste Shuttle" system and the conventional automated waste collection system that are required to carry out the Stream Group's Business as determined by Stream Group and Sri Skanda Rajah A/L S. Ratnam, in return for Premium Patents granting Stream Group the use of the said "Waste Shuttle" system and the conventional automated waste collection system via the License Agreement. The costs and expenses incurred by Premium Patents for filing, registering, prosecute and maintaining the said intellectual property rights in a year shall be billed to Stream Group. There are no fees payable to Sri Skanda Rajah A/L S. Ratnam. All other operational costs of Premium Patents are funded by Stream Group and PNSB at 49.00% and 51.00% respectively.

After the Proposed Acquisitions, pursuant to the terms and conditions of the SSA, on the Completion Date, Sri Skanda Rajah A/L S. Ratnam (as inventor), Premium Patents (as licensor) and Stream Group shall terminate the License Agreement on terms and conditions to be mutually agreed upon by the parties, among others, to vest and assign absolutely the intellectual property rights of the "Waste Shuttle" system in favour of Premium Patents. There will not be any payments or fees accruing to Sri Skanda Rajah A/L S. Ratnam after the completion of the Proposed Acquisitions. For the avoidance of doubt, the patent registered under Premium Patents shall remain under Premium Patents after termination of the License Agreement.

Premium Patents derived its entire revenue for the past 3 FYEs 31 December 2020 to 31 December 2022 from the domestic markets in Malaysia, being the actual costs and expenses incurred by Premium Patents in filing, registering, prosecuting and maintaining the related intellectual property rights (patent).

2. SHARE CAPITAL

As at the LPD, the issued share capital of Premium Patents is RM10,000 comprising 10,000 Premium Patents Shares.

INFORMATION ON PREMIUM PATENTS (CONT'D)

3. DIRECTORS

As at the LPD, the directors of Premium Patents and their respective shareholdings in Premium Patents are as follows:

Name	Designation	Nationality	<----- Direct ----->		<----- Indirect ----->	
			No. of Premium Patents Shares	%	No. of Premium Patents Shares	%
Sri Skanda Rajah A/L S. Ratnam	Director	Malaysian	-	-	⁽¹⁾ 5,100	51.00
Fred Devakumar A/L Stephen Navaratnam	Director	Malaysian	-	-	-	-
Tan Siew Kheng	Director	Malaysian	-	-	-	-
Gan Geok Soon	Alternate director to Fred Devakumar A/L Stephen Navaratnam	Malaysian	-	-	⁽¹⁾ 5,100	51.00

Note:

(1) Deemed interested by virtue of his interest in PNSB and PDSB pursuant to Section 8(4) of the Act.

4. SHAREHOLDERS

As at the LPD, the shareholders of Premium Patents and their respective shareholdings in Premium Patents are as follows:

Name	Country of Incorporation/ Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of Premium Patents Shares	%	No. of Premium Patents Shares	%
Stream Group	Malaysia	4,900	49.00	-	-
PNSB	Malaysia	5,050	50.50	-	-
PDSB	Malaysia	50	0.50	-	-
Sri Skanda Rajah A/L S. Ratnam	Malaysian	-	-	⁽¹⁾ 5,100	51.00
Gan Geok Soon	Malaysian	-	-	⁽¹⁾ 5,100	51.00

Note:

(1) Deemed interested by virtue of his interest in PNSB and PDSB pursuant to Section 8(4) of the Act.

INFORMATION ON PREMIUM PATENTS (CONT'D)

5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

As at the LPD, Premium Patents does not have any subsidiary, associated company and joint venture.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Premium Patents is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Premium Patents is not aware and does not have any knowledge of any proceedings pending or threatened against Premium Patents, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Premium Patents.

7. MATERIAL CONTRACTS

Premium Patents has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Circular.

8. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**8.1 Material commitments**

As at the LPD, there is no material commitment incurred or known to be incurred by Premium Patents which upon becoming enforceable may have a material and adverse impact on the financial results/position of Premium Patents.

8.2 Contingent liabilities

As at the LPD, there is no contingent liability incurred or known to be incurred by Premium Patents which upon becoming enforceable may have a material and adverse impact on the financial results/position of Premium Patents.

9. ASSETS OWNED BY PREMIUM PATENTS

As at 31 December 2022, Premium Patents owned, among others, the following assets:

Type of assets	RM'000
Intangible assets	
Patents	174
Total	174

(Source: Audited financial statements of Premium Patents for the FYE 31 December 2022)

INFORMATION ON PREMIUM PATENTS (CONT'D)

10. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of Premium Patents as extracted from the audited financial statements of Premium Patents for the past 3 FYEs 31 December 2020 to 31 December 2022 and the unaudited financial statements for the 6-month FPE 30 June 2023 are as follows:

	<div style="text-align: center;"> <div><----- Audited -----></div> <div><----- FYE 31 December -----></div> </div>			<div style="text-align: center;"> <div>Unaudited</div> <div>6-month</div> <div>FPE 30 June</div> <div>2023</div> <div>RM</div> </div>
	2020 RM	2021 RM	2022 RM	
Revenue	68,629	117,836	122,398	-
Loss before taxation	(348,156)	(166,256)	(55,185)	(26,068)
Loss after taxation	(298,775)	(166,256)	(43,755)	(26,068)
Share capital	10,000	10,000	10,000	10,000
Shareholders' funds/net liability	79,328	(86,928)	(130,683)	(156,751)
Total interest-bearing borrowings	-	-	-	-
No. of issued shares	10,000	10,000	10,000	10,000
Loss per share (RM) ⁽¹⁾	(29.88)	(16.63)	(4.38)	(2.61)
Net liability per share (RM) ⁽²⁾	7.93	(8.69)	(13.07)	(15.68)
Current ratio (times) ⁽³⁾	0.84	0.37	0.34	0.07
Gearing ratio (times) ⁽⁴⁾	-	-	-	-

Notes:

- (1) Calculated based on loss after taxation over total number of issued shares.
- (2) Calculated based on shareholders' funds over total number of issued shares.
- (3) Calculated based on current assets over current liabilities.
- (4) Calculated based on total interest-bearing borrowings over total shareholders' funds.

Commentaries on financial performance

For shareholders' information, Premium Patents derived its revenue only from the actual costs and expenses incurred by Premium Patents in filing, registering, prosecuting and maintaining the related intellectual property rights (patent). It incurred operating expenses which are not billable to the licensee, namely finance costs and administrative expenses such as amortisation expenses of intangible assets, professional fees, tax filing fees, audit fees and company secretarial fees and this gave rise to the continuous losses incurred by Premium Patents throughout the FYEs under review.

FYE 31 December 2021 compared to FYE 31 December 2020

For the FYE 31 December 2021, Premium Patents recorded a revenue of approximately RM117,836, representing an increase of RM49,207 or 71.70% as compared to the revenue of RM68,629 in the preceding financial year. The increase in revenue was mainly due to the payment of license fee received from Stream Group in relation to the patent registration with European Union for the patent of "Method and System for Pushing and Moving Solid Waste", where purpose of which is to protect the intellectual property rights of the said patent.

Premium Patents recorded a loss after taxation of approximately RM166,256, as compared to the loss after taxation of RM298,775 in the preceding financial year, mainly arising from the operating expenses which are not billable to Stream Group, namely finance costs and administrative expenses such as amortisation expenses of intangible assets, professional fees, tax filing fees, audit fees and company secretarial fees.

INFORMATION ON PREMIUM PATENTS (CONT'D)

FYE 31 December 2022 compared to FYE 31 December 2021

For the FYE 31 December 2022, Premium Patents recorded a revenue of approximately RM122,398, representing an increase of RM4,562 or 3.87% as compared to the revenue of RM117,836 in the preceding financial year. The increase in revenue was mainly attributable to the favourable movement in the exchange rate of the United State Dollar denominated license fee imposed on Stream Group annually for the patent renewal fee.

Premium Patents recorded a loss after taxation of approximately RM43,755, as compared to the loss after taxation of RM166,256 in the preceding financial year, mainly due to the interest on loan from Stream Group, professional fees and amortisation expenses of intangible assets which are not billable to Stream Group.

Accounting policies and audit qualification

For the FYEs 31 December 2020 to 2022, Premium Patents has not adopted any accounting policy which is peculiar to Premium Patents due to the nature of its business or the industry in which it is involved.

There is no audit qualification for the financial statements of Premium Patents for the FYEs 31 December 2020 to 31 December 2022.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022

PREMIUM PATENTS SDN. BHD.
(Company No. 200801012819 (814107-K))
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**

**BATTCHOO & YONG PLT (AF 002170)
CHARTERED ACCOUNTANTS
AKAUNTAN BERTAULIAH
PETALING JAYA**

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

TABLE OF CONTENTS

	PAGE
Corporate information	1
Directors' report	2 - 5
Statement by directors	6
Statutory declaration	6
Independent auditors' report	7 - 9
Statement of financial position	10
Statement of comprehensive income	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 25

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.

(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS: Sri Skanda Rajah A/L S. Ratnam
Fred Devakumar A/L Stephen Navaratnam
Tan Siew Kheng
Gan Geok Soon (Alternate director to Fred Devakumar A/L Stephen Navaratnam)

SECRETARIES: Wong Yoke Leng (f) (MAICSA 7032314)
Yap Kai Weng (MAICSA 74580)

AUDITORS: Battchoo & Yong PLT (AF 002170)
Chartered Accountants
B608, 6th Floor, Block B,
Dataran Usahawan Kelana (Kelana Square),
17, Jalan SS 7/26, 47301 Kelana Jaya,
Petaling Jaya, Selangor Darul Ehsan.

REGISTERED OFFICE: No. 9, Jalan Indah 16,
Taman Cheras Indah,
56100 Kuala Lumpur,
Wilayah Persekutuan.

BUSINESS ADDRESS: No. 11, Jalan Sg. Besi Indah 5/2,
Taman Sg. Besi Indah,
43300 Seri Kembangan,
Selangor Darul Ehsan.

BANKER: HSBC Amanah Malaysia Berhad

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.
(Incorporated in Malaysia)

**DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally involved in registering industrial methods, systems or processes patents and trademarks worldwide and licensing activities. There has been no significant change in the principal activities during the financial year.

FINANCIAL RESULTS

RM

Loss for the financial year	<u>(43,755)</u>
-----------------------------	-----------------

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

DIRECTORS

The directors of the Company in office at any time during the financial year and since the end of the financial year up to the date of this report are:

Sri Skanda Rajah A/L S. Ratnam

Fred Devakumar A/L Stephen Navaratnam

Tan Siew Kheng

Gan Geok Soon - (Alternate director to Fred Devakumar A/L Stephen Navaratnam)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings under Section 59 of the Companies Act, 2016, none of the directors in office at the end of the financial year had any direct interest in shares in the Company during and at the end of the financial year.

The following directors are deemed interested by virtue of their shareholdings in certain corporate shareholders to the extent of the corporate shareholders' interest:

	Number of ordinary shares			
	As at 1.1.2022	Bought	Sold	As at 31.12.2022
<u>Indirect interest</u>				
Sri Skanda Rajah A/L S. Ratnam	5,100	-	-	5,100
Gan Geok Soon	5,100	-	-	5,100

DIRECTORS' REMUNERATION

None of the directors of the Company have received any remuneration from the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there were no known bad debts and no allowance for doubtful debts was necessary; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As at the date of this report, the directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or to make allowance for doubtful debts; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As at the date of this report, there does not exist:

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

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

- (a) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made.

HOLDING COMPANY

The Company is a 50.5% owned subsidiary of Premium NXL Sdn. Bhd., a company incorporated and domiciled in Malaysia.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

AUDITORS' REMUNERATION

Total amount paid or receivable by the auditors as remuneration, for their services as auditors is as follows:

	2022 RM
Statutory audit	<u>4,000</u>

AUDITORS

The retiring auditors, Messrs. Battchoo & Yong PLT, have indicated their willingness to be re-appointed.

Approved by the Board and signed on behalf of the Directors,



Sri Skanda Rajah A/L S. Ratnam
Director



Fred Devakumar A/L Stephen Navaratnam
Director

KUALA LUMPUR

- 2 MAY 2023

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

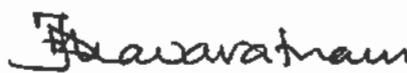
Pursuant to Section 251 (2) of the Companies Act, 2016

The directors of Premium Patents Sdn. Bhd. state that, in their opinion, the financial statements of the Company set out on pages 10 to 25 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and financial performance of the Company for the financial year ended 31 December 2022.

Approved by the Board and signed on behalf of the Directors,



Sri Skanda Rajah A/L S. Ratnam
Director



Fred Devakumar A/L Stephen Navaratnam
Director

KUALA LUMPUR

- 2 MAY 2023

STATUTORY DECLARATION

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

I, Sri Skanda Rajah A/L S. Ratnam, the director primarily responsible for the financial management of Premium Patents Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 25 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.

Subscribed and solemnly declared by the above-named

Sri Skanda Rajah A/L S. Ratnam

at

PETALING JAYA
SELANGOR DARUL EHSAN



Sri Skanda Rajah A/L S. Ratnam

this **- 2 MAY 2023**

Before me,



AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)



BATTCHOO & YONG PLT (IP0006998 - ICA)
 AF002170
 Chartered Accountants
 B608, 6th Floor, Block B,
 Dataran Usahawan Kelana
 [Kelana Square], 17, Jalan SS7/26,
 47301 Kelana Jaya, Petaling Jaya,
 Selangor Darul Ehsan.

Tel : 603-7880 9918
 603-7803 4142
 Fax : 603-7880 1109
 website: www.battchoo.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PREMIUM PATENTS SDN. BHD.

(Company No. 200801012819 (814107-K))

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of Premium Patents Sdn. Bhd., which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the 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.

Emphasis of Matter

We draw attention to Note 3.1 in the financial statements, which describes the going concern basis of preparation of the Company's financial statements. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF****PREMIUM PATENTS SDN. BHD. (CONTINUED)**

(Company No. 200801012819 (814107-K))

*(Incorporated in Malaysia)***Information Other than the Financial Statements and Auditors' Report Thereon (Continued)**

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

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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 Company that are free from material misstatement, whether due to fraud or error.

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

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

- Identify and assess the risks of material misstatement of the financial statements of the 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 Company's internal control.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)


INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**PREMIUM PATENTS SDN. BHD. (CONTINUED)**

(Company No. 200801012819 (814107-K))

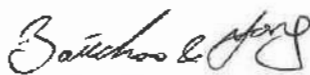
*(Incorporated in Malaysia)***Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

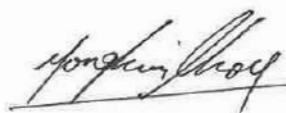
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

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



BATTCHOO & YONG PLT
AF 002170
Chartered Accountants



YONG KIM CHOY
02988 / 04 / 2025 J
Chartered Accountant

PETALING JAYA

- 2 MAY 2023

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.
*(Incorporated in Malaysia)***STATEMENT OF FINANCIAL POSITION**
AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	173,682	200,330
Total non-current assets		<u>173,682</u>	<u>200,330</u>
CURRENT ASSETS			
Other receivables	7	140,153	144,849
Cash and cash equivalents	8	17,960	24,555
Total current assets		<u>158,113</u>	<u>169,404</u>
TOTAL ASSETS		<u>331,795</u>	<u>369,734</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	10,000	10,000
Accumulated losses		(140,683)	(96,928)
TOTAL EQUITY		<u>(130,683)</u>	<u>(86,928)</u>
CURRENT LIABILITIES			
Other payables	10	462,478	363,905
Current tax liabilities		-	92,757
Total current liabilities		<u>462,478</u>	<u>456,662</u>
TOTAL LIABILITIES		<u>462,478</u>	<u>456,662</u>
TOTAL EQUITY AND LIABILITIES		<u>331,795</u>	<u>369,734</u>

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

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.*(Incorporated in Malaysia)*
**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
Revenue	11	<u>122,398</u>	<u>117,836</u>
Gross profit		122,398	117,836
Administrative and operating expenses		<u>(164,644)</u>	<u>(284,092)</u>
Loss from operations		(42,246)	(166,256)
Finance cost	12	<u>(12,939)</u>	<u>-</u>
Loss before tax	13	(55,185)	(166,256)
Income tax expense	14	<u>11,430</u>	<u>-</u>
Loss for the financial year		<u>(43,755)</u>	<u>(166,256)</u>

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

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.*(Incorporated in Malaysia)***STATEMENT OF CHANGES IN EQUITY****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Share capital RM	Retained earnings / (Accumulated losses) RM	Total RM
As at 1 January 2021	10,000	69,328	79,328
Loss for the financial year	<u>-</u>	<u>(166,256)</u>	<u>(166,256)</u>
As at 31 December 2021	10,000	(96,928)	(86,928)
Loss for the financial year	<u>-</u>	<u>(43,755)</u>	<u>(43,755)</u>
As at 31 December 2022	<u>10,000</u>	<u>(140,683)</u>	<u>(130,683)</u>

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

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.*(Incorporated in Malaysia)***STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(55,185)	(166,256)
Adjustments for:			
Amortisation of intangible assets		26,648	119,081
Interest expenses		12,939	-
Operating loss before working capital changes		(15,598)	(47,175)
Decrease in other receivables		4,696	92,143
Increase / (Decrease) in other payables		98,573	(42,541)
Cash from operations		87,671	2,427
Income tax paid		(81,327)	(27,806)
Interest paid		(12,939)	-
Net cash used in operating activities		(6,595)	(25,379)
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of intangible assets		-	(154,055)
Net cash used in investing activity		-	(154,055)
Net decrease in cash and cash equivalents		(6,595)	(179,434)
Cash and cash equivalents at beginning of the financial year		24,555	203,989
Cash and cash equivalents at end of the financial year	8	17,960	24,555

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

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

PREMIUM PATENTS SDN. BHD.

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

1 GENERAL INFORMATION

The Company, Premium Patents Sdn. Bhd., is a private limited company incorporated and domiciled in Malaysia. The Company principally involved in registering industrial methods, systems or processes patents and trademarks worldwide and licensing activities.

The registered office of the Company is located at No. 9, Jalan Indah 16, Taman Cheras Indah, 56100 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at No. 11, Jalan Sg. Besi Indah 5/2, Taman Sg. Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

The financial statements of the Company are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

The financial statements were authorised for issue by the Board of Directors on 2 May 2023.

2 COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

3 BASIS OF PREPARATION

The financial statements of the Company have been prepared using historical cost basis, unless otherwise stated in the significant accounting policies set out in Note 4.

3.1 GOING CONCERN BASIS

As at 31 December 2022, the shareholders' equity was in deficit of RM 130,683 and its current liabilities exceeded its current assets by RM 304,365. This is because the Company has not generated sufficient income to offset its expenses in the financial year ended 31 December 2022 and resulting in a net loss of RM 43,755. The ability of the Company to continue as a going concern is dependent upon its ability to generate sufficient cash flows from its operations and continued financial support from its shareholders. The directors, having considered the financial position of the Company for a period of at least twelve months from the date of signing these financial statements have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

3 BASIS OF PREPARATION

3.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 INTANGIBLE ASSETS

Intangible assets are recognised when it is probable that expected future economic benefits that are attributable to the assets will flow to the Company, the cost or value of the assets can be measured reliably and the assets do not result from expenditure incurred internally on an intangible item.

Intangible assets acquired separately are measured at cost initially. Subsequently intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Patents and trademarks are amortised on a straight-line method over the estimated useful lives of 20 years. The amortisation period and method are reviewed if there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date.

Costs associated with internally generated intangible assets arising from research and development activities are recognised as an expense when they are incurred unless they form part of the cost of another asset that meets the recognition criteria.

Service concession rights are initially measured at fair value and are recognised to the extent that the Company receives a right to charge users of the toll service. Subsequently, service concession rights are measured at cost less any accumulated amortisation and any accumulated impairment losses. Service concession rights are amortised by applying the straight-line method over the concession period.

4.2 IMPAIRMENT OF NON - FINANCIAL ASSETS

An impairment loss arises when the carrying amount of a Company's asset exceeds its recoverable amount.

At the end of each reporting date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 IMPAIRMENT OF NON - FINANCIAL ASSETS (CONTINUED)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.3 SHARE CAPITAL AND DISTRIBUTIONS

(a) Share capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation:

(i) to deliver cash or another financial asset; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 SHARE CAPITAL AND DISTRIBUTIONS

(b) Distributions (Continued)

A dividend declared is recognised as a liability only after it has been appropriately authorised. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

4.4 FINANCIAL INSTRUMENTS

(a) Initial Recognition and Measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of Financial Instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely:

- (i) financial assets at fair value through profit or loss, and
- (ii) financial assets at amortised cost.

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Subsequent Measurement of Financial Assets (CONTINUED)

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.4(g).

(d) Subsequent Measurement of Financial Liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair Value Measurement of Financial Instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(f) Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(g) Impairment and Uncollectibility of Financial Assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include:

- (i) significant financial difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) granting exceptional concession to a customer;
- (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 FINANCIAL INSTRUMENTS (CONTINUED)

(g) Impairment and Uncollectibility of Financial Assets (Continued)

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

4.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Bank overdraft that form part of the Company's cash management, are a component of cash and cash equivalents.

4.6 TAX ASSETS AND TAX LIABILITIES

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- (a) the initial recognition of goodwill; or
- (b) 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 (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss).

The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 TAX ASSETS AND TAX LIABILITIES (CONTINUED)

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.7 EMPLOYEE SALARIES AND BENEFITS

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee Benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

(b) Post-Employment Benefits - Defined Contribution Plans

The Company makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

4.8 PROVISIONS

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 PROVISIONS (CONTINUED)

A provision for restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation.

For an onerous contract, a provision is measured based on the amount by which costs to fulfil the contract exceed benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.9 BORROWING COST

All borrowing costs are recognised as an expense when incurred.

4.10 REVENUE RECOGNITION AND MEASUREMENT

The Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

For rendering of construction works with a customer that is performed over time when the outcome of the contract can be estimated reliably, revenue is recognised over time by reference to the stage of completion of the contract at the end of the reporting period. The method used to measure the stage of completion is by reference to the proportion of contract cost incurred for works performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY**5.1 KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is stated below:

(a) Depreciation of intangible assets

The cost of an item of intangible assets is depreciated on the straight-line method over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the intangible assets may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of intangible assets.

5.2 CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

6 INTANGIBLE ASSETS

	As at 1 January 2022 RM	Addition RM	Disposal RM	As at 31 December 2022 RM
<u>Cost</u>				
Patents	532,959	-	-	532,959

	As at 1 January 2022 RM	Charge for the financial year RM	Disposal RM	As at 31 December 2022 RM
<u>Accumulated amortisation and impairment</u>				
Patents	332,629	26,648	-	359,277

	2022 RM	2021 RM
Patents	173,682	200,330

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

7 OTHER RECEIVABLES

	2022 RM	2021 RM
Other receivables	<u>140,153</u>	<u>144,849</u>

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise the following:

	2022 RM	2021 RM
Cash and bank balances	<u>17,960</u>	<u>24,555</u>

9 SHARE CAPITAL

	2022 No. of shares	2022 RM	2021 No. of shares	2021 RM
Issued and fully paid ordinary shares:				
At beginning and end of the financial year	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

10 OTHER PAYABLES

	2022 RM	2021 RM
Other payables and accruals	14,313	4,000
Amount due to holding company	338,191	232,186
Amount due to corporate shareholder	99,274	121,479
Amount due to related companies	<u>10,700</u>	<u>6,240</u>
	<u>462,478</u>	<u>363,905</u>

Amount due to holding company and corporate shareholder are unsecured and repayable on demand. Interest is charged on the amount owing to holding company and corporate shareholder at the Average Lending Rate which ranged between 4.09% to 5.01% per annum during the financial year.

Amount due to related companies are unsecured, interest free and repayable on demand.

All short-term payables are measured at undiscounted amounts because the effect of discounting is immaterial.

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

11 REVENUE

	2022	2021
	RM	RM
License fees	<u>122,398</u>	<u>117,836</u>

12 FINANCE COST

Finance cost comprise:

	2022	2021
	RM	RM
Intercompany loan interest	<u>12,939</u>	<u>-</u>

13 LOSS BEFORE TAX

	2022	2021
	RM	RM
Loss before tax has been arrived at:		
After charging:		
Auditors' remunerations:		
- for statutory audit	4,000	4,000
Amortisation of intangible assets	26,648	119,081
Management fee charged by a corporate shareholder	<u>-</u>	<u>30,416</u>

14 INCOME TAX

Income tax for the financial year comprises:

	2022	2021
	RM	RM
Current income tax	-	-
Overprovision of taxation in prior years	<u>11,430</u>	<u>-</u>
Current income tax expense	<u>11,430</u>	<u>-</u>

The significant differences between the tax expense and accounting profit or loss multiplied the statutory tax rate are due to the tax effects arising from the following item:

	2022	2021
	RM	RM
Loss before tax	<u>(55,185)</u>	<u>(166,256)</u>
Tax at applicable tax rate of 24% (2021: 24%)	(13,244)	(39,901)
Overprovision of taxation in prior years	11,430	-
Tax effects on expenses that are not deductible for tax purpose	6,396	29,094
Deferred tax assets not recognised on unabsorbed business loss	<u>6,848</u>	<u>10,807</u>
Income tax	<u>11,430</u>	<u>-</u>

AUDITED FINANCIAL STATEMENTS OF PREMIUM PATENTS FOR THE FYE 31 DECEMBER 2022 (CONT'D)

Company No. 200801012819 (814107-K)

15 RELATED PARTY DISCLOSURES

Other than those disclosed elsewhere in the financial statements, the significant related party transactions are disclosed below:

Related party relationships:

The Company is a 50.5% owned subsidiary of Premium NXL Sdn. Bhd., a company incorporated and domiciled in Malaysia.

	2022 RM	2021 RM
Related party transactions:		
Amount due to holding company		
- Premium NXL Sdn. Bhd.	338,191	232,186
Amount due to corporate shareholder		
- Stream Group Sdn. Bhd.	99,274	121,479
Amount due to related companies		
- Stream Environment (S) Pte Ltd	10,380	6,240
- Stream Environment Sdn Bhd	320	-
License fees imposed on a corporate shareholder		
- Stream Group Sdn. Bhd.	122,398	117,836
Management fees imposed by a corporate shareholder		
- Stream Group Sdn. Bhd.	-	30,416
Intercompany loan interest imposed by corporate shareholder		
- Premium NXL Sdn. Bhd.	6,555	-
- Stream Group Sdn. Bhd.	6,384	-

16 COVID 19 PANDEMIC / ENDEMIC

The directors will continue to evaluate the possible implications on the Company's financial position and income generation and conclude that there are no material adjusting items for the current financial year under review.

DIRECTORS' REPORT ON PREMIUM PATENTS

PREMIUM PATENTS SDN BHD (814107-K)

Date: 20 November 2023

**The Board of Directors of
AWC Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of Premium Patents Sdn Bhd ("**Premium Patents**") ("**Board of Premium Patents**"), I wish to report that after due inquiries in relation to Premium Patents during the period from 31 December 2022 (being the date to which the last audited financial statements of Premium Patents had been made up) and up to the date of this letter, being a date not earlier than 14 days before the issuance of this Circular, in the opinion of the Board of Premium Patents:

- (i) the business of Premium Patents has been satisfactorily maintained;
- (ii) since the last audited financial statements of Premium Patents, there have been no circumstances which have adversely affected the trading or the value of the assets of Premium Patents;
- (iii) the current assets of Premium Patents appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities by reason of any guarantees or indemnities given by Premium Patents;
- (v) since the last audited financial statements of Premium Patents, the Board of Premium Patents is not aware of any default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (vi) since the last audited financial statements of Premium Patents, there have been no material changes in the published reserves or any unusual factors affecting the profits of Premium Patents.

Yours faithfully,
For and on behalf of the Board of Directors of
PREMIUM PATENTS SDN BHD


SRI SKANDA RAJAH S. RATNAM
Director

No. 11, Jalan Sungai Besi Indah 5/2, Taman Sungai Besi Indah,
43300 Seri Kembangan, Selangor, Malaysia.
Tel: +60 3 8941 8118

SALIENT TERMS OF THE SSA

The salient terms of the SSA are set out below:

1. Sale and Purchase of the Sale Shares

Subject to the terms and conditions contained in the SSA, the Vendors as registered and beneficial owners, shall sell, and AWC shall purchase, the Sale Shares at the Purchase Consideration.

2. Manner of payment of the Purchase Consideration

The Purchase Consideration shall be paid by AWC to the Vendors' solicitors as stakeholders to hold and deal with in accordance with the terms of the SSA, in the following manner:

- (a) prior to the execution of the SSA, AWC has paid the sum of RM3,300,000.00 equivalent to 3% of the Purchase Consideration as earnest deposit ("**Earnest Deposit**") and part payment towards the Purchase Consideration;
- (b) upon execution of the SSA, AWC shall pay the sum of RM7,700,000.00 equivalent to 7% of the Purchase Consideration as balance deposit ("**Balance Deposit**") and part payment towards the Purchase Consideration; and

(The Earnest Deposit and the Balance Deposit shall collectively be referred to as the "**Deposit**")

- (c) the balance of the Purchase Consideration of RM99,000,001 equivalent to 90% of the Purchase Consideration shall be paid by AWC on or before the Completion Date.

3. Conditions Precedent

3.1 The completion of the sale and purchase of the Sale Shares is conditional upon the following Conditions Precedent having been obtained/fulfilled or waived (as the case may be) no later than 3 months from the date of the SSA or such extended period to be mutually agreed upon between the Vendors and AWC (individually referred to as "**party**" and collectively as the "**parties**") in writing ("**Cut-Off Date**"):

- (a) AWC having obtained the approval of its shareholders at an EGM to be convened in respect of the Proposed Acquisitions;
- (b) AWC having procured the approval or clearance of all other governmental, public or regulatory authorities whose approvals are considered necessary or expedient by AWC in relation to the purchase of the Stream Group Sale Shares;
- (c) AWC having procured Stream Group to obtain the approval in principle from its relevant bank or financiers for the discharge of all personal guarantee(s) provided by Sri Skanda A/L S. Ratnam and/or Gan Geok Soon for the benefit of Stream Group in connection with any bank financing obtained by Stream Group from such banks or financiers, with effect from the Completion Date. It is agreed that in the event AWC and/or Stream Group is unable to procure the said approval in principle from the relevant bank or financiers for the discharge of all personal guarantee(s) provided by Sri Skanda A/L S. Ratnam and/or Gan Geok Soon for the benefit of Stream Group by the Cut-Off Date, then the Vendors shall at their sole and absolute discretion be entitled to waive and convert this Condition Precedent into a post-completion obligation; and
- (d) no force majeure event having occurred.

SALIENT TERMS OF THE SSA (CONT'D)

3.2 If –

- (a) on or any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the persons against such refusal (if any) have not been successful;
- (b) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions (if any) which are not acceptable to AWC and/or the Vendors (as the case may be), being terms and conditions (if any) which affect AWC and/or the Vendors (as the case may be), and further representations to the relevant authorities or persons to vary such terms and conditions (if any) have not been successful, and AWC and/or the Vendors (as the case may be) are not willing to accept such terms and conditions (if any) then imposed by the relevant authorities or persons; or
- (c) on the expiry of the Cut-Off Date, any of the Conditions Precedent shall have not been obtained, fulfilled or waived in accordance with the terms of the SSA,

then either party shall be entitled to terminate the SSA by giving a notice of termination to that effect to the other party, whereupon the Vendors' solicitors shall, within 7 days from the date of the notice of termination, be expressly authorised by the parties hereto to return the Deposit to AWC together with all interest earned thereon and thereafter, the SSA shall be deemed mutually terminated and be of no further effect and the parties shall not have any further rights under the SSA save and except in respect of –

- (a) any obligations under the SSA which is expressed to apply after the termination of the SSA; and
- (b) any antecedent breaches.

3.3 The SSA shall become unconditional on the Unconditional Date.

4. Completion

The completion of the sale and purchase of the Sale Shares shall take place on the Completion Date at the business office of AWC or such other venue mutually agreed upon by the parties in writing.

5. Non-competition

- 5.1 In consideration of AWC agreeing to purchase the Sale Shares, Sri Skanda Rajah A/L S. Ratnam and Gan Geok Soon (collectively, the "**Promoters**") and the Vendors undertake that, save and except for any investments made or to be made by the Vendors and/or the Promoters and/or persons connected to them in any securities of any company whose securities are listed on a stock exchange in any part of the world which constitute less than 5% voting interest in such company, the Promoters and the Vendors shall not and shall cause and procure that persons connected with them shall not, whether directly or indirectly, for a period of 3 years after the Completion Date:
 - (a) establish, develop, carry on or assist in carrying on or be engaged, concerned, interested or employed in any business enterprise or venture, in any capacity, competing with the Stream Group's Business or the Premium Patents' Business or any part of it in any part of the world;

SALIENT TERMS OF THE SSA (CONT'D)

- (b) carry on such activities, in any capacity, which are similar to the Stream Group's Business or the Premium Patents' Business or any part of it in any part of the world;
 - (c) acquire subsequent to the Completion Date at any time any company or other entity or business as a result of which the Promoters shall acquire a business competing with the Stream Group's Business or the Premium Patents' Business or any part of it in any part of the world;
 - (d) solicit, canvass or entice away from the Stream Group's Business or the Premium Patents' Business or AWC the custom of any person, firm or company who was at any time during a period of 3 years immediately preceding the Completion Date a client or customer of the Stream Group's Business or the Premium Patents' Business for the purpose of offering to such client or customer services similar to or materially competing with those of the Stream Group's Business or the Premium Patents' Business; or
 - (e) solicit, induce or encourage any employee or consultant of Stream Group and Premium Patents to curtail, terminate or cease their employment or affiliation with Stream Group and Premium Patents.
- 5.2 Without prejudice to any rights or remedies which AWC may have, the Vendors acknowledge and agree that damages would not be an adequate remedy for any breach of their undertaking above and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any such provision.

6. Termination**6.1 AWC's right to terminate**

AWC shall be entitled to issue a notice of termination to the Vendors if, at any time prior to completion –

- (a) after the Unconditional Date, the Vendors fail or refuse to complete the sale of the Sale Shares in accordance with the terms of the SSA;
- (b) the Vendors commit a breach of the Vendors' warranties which gives rise to a claim or loss or liability individually or in the aggregate of RM500,000 or more (if quantifiable in monetary terms) or which prevents the Vendors from completing the sale and transfer of the Sale Shares in accordance with the terms of the SSA ("**Material Breach**") of any of the terms, conditions, warranties, undertakings or obligations under the SSA which –
 - (i) is incapable of remedy; or
 - (ii) if capable of remedy, is not remedied within 14 days of being given notice to do so;
- (c) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of Premium Patents and/or the Vendors;
- (d) an administrator, or receiver, or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of Premium Patents and/or the Vendors;

SALIENT TERMS OF THE SSA (CONT'D)

- (e) Premium Patents and/or the Vendors are wound up or is/are unable to pay its/their debts or admits in writing its/their inability to pay its/their debts as and when they fall due or enter into any composition or arrangement with its/their creditors or makes a general assignment for the benefit of its/their creditors;
- (f) Premium Patents and/or the Vendors cease(s) or threaten(s) to cease or carry on the whole or any substantial part of its/their respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SSA); or
- (g) the Vendors commit any Material Breach of the Vendors' warranties or any of the Vendors' warranties is found to be untrue or inconsistent in any material respect and a Material Breach arises.

6.2 Vendors' right to terminate

The Vendors shall be entitled to issue a notice of termination to AWC if, at any time prior to completion –

- (a) AWC shall refuse or fail to proceed with the purchase of the Sale Shares in accordance with the terms of the SSA;
- (b) AWC commits any material breach of any of the terms, conditions, warranties, undertakings or obligations under the SSA which –
 - (i) is incapable of remedy; or
 - (ii) if capable of remedy, is not remedied within 14 days of it being given notice to do so;
- (c) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of AWC;
- (d) an administrator, or receiver, or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of AWC;
- (e) AWC becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (f) AWC ceases or threatens to cease or carry on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SSA); or
- (g) any of the warranties given by AWC is found at any time to be untrue or inconsistent in any material respect.

SALIENT TERMS OF THE SSA (CONT'D)

6.3 Consequences of termination

- (a) Following the issue of a notice of termination under paragraph (a) of Section 6.1 above and if AWC elects not to pursue the remedies set out in Section 6.5 below, the following consequences of termination shall ensue and apply:
 - (i) the Vendors shall, within 14 days after receipt of the notice of termination –
 - (A) pay a sum equivalent to the Deposit as agreed liquidated damages to AWC; and
 - (B) the Vendors' solicitors shall immediately refund the Deposit together with any interest accrued thereon (if any) to AWC in the event that the Deposit has not been released to the Vendors;
 - (ii) the parties / Stream Group / Premium Patents shall return all documents received to the respective parties; and
 - (iii) thereafter, the SSA shall be deemed mutually terminated and neither party shall have any claims whatsoever against the other save for any antecedent breaches of the SSA.
- (b) If the notice of termination is issued pursuant to the provisions of paragraphs (b), (c), (d), (e), (f) and (g) of Section 6.1 above in connection with any Material Breach of the Vendors' warranties which arises following the date of the SSA, the Vendors' solicitors shall immediately refund the Deposit together with any interest accrued thereon (if any) to AWC and the parties / Stream Group / Premium Patents shall return all documents received to the respective parties and thereafter, the SSA shall be deemed mutually terminated and neither party shall have any claims whatsoever against the other save for any antecedent breaches of the SSA.
- (c) Following the giving of a notice of termination under paragraphs (a), (b) or (g) of Section 6.2 above –
 - (i) the Vendors shall absolutely forfeit the Deposit together with all interests earned thereon as agreed liquidated damages and the Vendors' solicitors as stakeholder are expressly authorised by the parties hereto to immediately release the Deposit together with all interest earned thereon (if any) to the Vendors in the event that the Deposit has not been released to the Vendors;
 - (ii) the parties / Stream Group / Premium Patents shall return all documents received to the respective parties; and
 - (iii) thereafter, the SSA shall be deemed mutually terminated and neither party shall have any claims whatsoever against the other save for any antecedent breaches of the SSA.
- (d) If the notice of termination is issued pursuant to the provisions of paragraph (c) to paragraph (f) of Section 6.2 above, the Vendors' solicitors shall immediately refund the Deposit together with any interest accrued thereon (if any) to AWC and the parties / Stream Group / Premium Patents shall return all documents received to the respective parties and thereafter, the SSA shall be deemed mutually terminated and neither party shall have any claims whatsoever against the other save for any antecedent breaches of the SSA.

SALIENT TERMS OF THE SSA (CONT'D)

6.4 Termination arising from prohibition of law or regulation or directive

Each party shall be entitled to issue a notice of termination to the other party if, at any time prior to completion (other than arising from breach on the part of any party of the terms of the SSA) –

- (a) the due completion of the sale, purchase or transfer of the Sale Shares under the terms of the SSA is prohibited by any applicable law or regulation or in consequence of any order or directive of any court; or
- (b) there is any court order or action which adversely affects the sale, purchase or transfer of the Sale Shares which arises for any reason other than due to the breach or default of a party,

and such state of affairs subsists for a period of 30 days or more. Following the giving of a notice of termination, the Vendors' solicitors shall refund to AWC any and all moneys (if any) received by the Vendors / the Vendors' solicitors towards account of the Purchase Consideration or pursuant to the terms of the SSA, together with any interest accrued thereon (if any) and the parties shall return all documents received to the respective parties and thereafter, the SSA shall be deemed mutually terminated and neither party shall have any claims whatsoever against the other save for any antecedent breaches of the SSA.

6.5 Specific performance

Notwithstanding the foregoing provisions of this Section 6, AWC shall be at liberty to take such action in law as may be necessary to compel the other party by way of specific performance to complete the transaction contemplated in the SSA (in which respect the alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for any default of a party in the performance of the terms and conditions herein) or to claim damages for the breach of the Vendors.

7. Limitations of liability

Notwithstanding anything to the contrary contained in the SSA, the Vendors' warranties and indemnities given by the Vendors pursuant to the SSA shall, to the extent permitted under applicable laws, be strictly subject to and limited by the following:

- (a) AWC shall have mitigated its losses to the extent required by law.
- (b) Any of the Vendors' warranties and indemnities given by the Vendors shall only apply in respect of losses which have been proven or otherwise pursuant to an order or judgment of court in the following proportions –
 - (i) the aggregate liability of the Vendors in respect of Premium Patents shall be 51% of such proven losses; and
 - (ii) the aggregate liability of PNSB in respect of Stream Group shall be 49% of such proven losses.
- (c) Where there are any claims by third parties, AWC shall notify such claims to the Vendors within 7 business days from the time AWC becoming aware of such claims and the Vendors shall if required by AWC take such action and institute and conduct such proceedings at the cost and expense to be borne by the Vendors and AWC based on the proportions set out in this Section 7(b) above to dispute, resist, appeal, compromise, defend, remedy or mitigate such claims or to enforce against any third party rights in relation to such claims in question.

SALIENT TERMS OF THE SSA (CONT'D)

- (d) AWC shall not be entitled to recover under the Vendors' warranties and indemnity provisions as set out in the SSA where to do so would involve duplicity of recovery in respect of the same loss or damage.
- (e) Following completion, AWC shall be entitled to claim against the Vendors' warranties and indemnities for monetary compensation arising from breach of the Vendors' warranties only if the breach of Vendors' warranties constitutes a Material Breach.
- (f) Subject always to Sections 6.1(a) and 6.3(a) above, the Vendors' liability in respect of any claims of whatever nature and howsoever arising under the SSA including but not limited to any claims relating to the Premium Patents Sale Shares and or Stream Group Sale Shares and/or arising from any Material Breach of any warranties, representations, undertakings, obligations, covenants, terms and conditions of the SSA and/or the indemnities given by the Vendors under the SSA shall be capped at an aggregate amount of RM1,000,000 only.
- (g) The Vendors will have no liability (for indemnification or otherwise) with respect to any Material Breach of any representations or warranties, or covenants, terms, conditions, or obligations or undertakings to be performed and complied with by the Vendors unless such claim is brought by AWC against the Vendors within:
 - (i) 6 years from the Completion Date in respect all matters not relating to all forms of taxation and statutory, governmental, supra-governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies (including withholdings and deductions), whether domestic or foreign, whenever imposed and all penalties, fines, charges, costs and interest relating to any such matters ("**Taxation**"); and
 - (ii) 7 years from the Completion Date in respect matters relating to Taxation.

<p>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</p>

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

All information relating to Premium Patents, PNSB and PDSB in this Circular have been obtained from publicly available sources and/or provided by the management of Premium Patents, PNSB and PDSB. The responsibility of the Board with respect to such information is limited to ensuring that such information has been accurately reproduced in this Circular.

2. CONSENT AND DECLARATIONS OF CONFLICT OF INTEREST

RHB Investment Bank, being the Principal Adviser to AWC for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, RHB Investment Bank is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser of AWC for the Proposed Acquisitions.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:

Arbitration matter between Trackwork & Supplies Sdn Bhd ("Claimant") and Emrail Sdn Bhd ("Respondent")

The Claimant, a subsidiary of the Company, had supplied and delivered materials and goods to the Respondent for a project in relation to restoration of track and slope stabilisation, track rehabilitation and associated works. The dispute between the Claimant and the Respondent was referred to arbitration on 17 March 2023 wherein the Claimant is claiming for the sum of RM2,163,420, being the payment due and owing based on the purchase orders issued by the Respondent to the Claimant.

As at the LPD, the hearing date for the arbitration is yet to be fixed. However, there is a hearing on 19 December 2023 for taking evidence on preliminary objection raised by the Respondent that the pre-conditions for arbitration have not been fulfilled.

The solicitors for the Claimant are of the opinion that there is a fair chance for the Claimant to sustain its claim against the Respondent.

4. MATERIAL CONTRACTS

Save for the SSA, the Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past 2 years immediately preceding and up to the date of this Circular.

ADDITIONAL INFORMATION (CONT'D)

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**5.1 Material commitments**

As at the LPD, there is no material commitment incurred or known to be incurred by the Group which upon becoming enforceable may have a material and adverse impact on the financial results/position of the Group.

5.2 Contingent liabilities

As at the LPD, there is no contingent liability incurred or known to be incurred by the Group which upon becoming enforceable may have a material and adverse impact on the financial results/position of the Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of AWC at Third Floor, No 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) SSA;
- (ii) Constitution of AWC;
- (iii) audited consolidated financial statements of AWC Group for the past 2 financial years, i.e. FYE 30 June 2022 and FYE 30 June 2023;
- (iv) audited financial statements of Stream Group for the past 2 financial years, i.e. FYE 30 June 2022 and FYE 30 June 2023;
- (v) audited financial statements of Premium Patents for the past 2 financial years, i.e. FYE 31 December 2021 and FYE 31 December 2022;
- (vi) Directors' report on Stream Group and Premium Patents; and
- (vii) letter of consent and declaration of conflict of interest referred to in Section 2 of this Appendix VIII; and
- (viii) relevant cause papers in respect of the material litigations referred to in Section 3 of this Appendix VIII.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--



AWC BERHAD

(Registration No. 200101014341 (550098-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of AWC Berhad ("**AWC**" or the "**Company**") will be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 13 December 2023 at 10:00 a.m. or at any adjournment thereof (as the case may be), for the purpose of considering and if thought fit, passing the following resolution, with or without any modifications:

ORDINARY RESOLUTION

PROPOSED ACQUISITIONS BY AWC OF THE FOLLOWING:

- (I) **THE REMAINING 49.00% EQUITY INTEREST IN STREAM GROUP SDN BHD ("STREAM GROUP") NOT ALREADY OWNED BY AWC FROM PREMIUM NXL SDN BHD ("PNSB") ("PROPOSED ACQUISITION IN STREAM GROUP"); AND**
- (II) **51.00% EQUITY INTEREST IN PREMIUM PATENTS SDN BHD ("PREMIUM PATENTS") FROM PNSB AND PREMIUM DELUXE SDN BHD ("PDSB") ("PROPOSED ACQUISITION IN PREMIUM PATENTS"),**

FOR A TOTAL CASH CONSIDERATION OF RM110,000,001

(THE PROPOSED ACQUISITION IN STREAM GROUP AND THE PROPOSED ACQUISITION IN PREMIUM PATENTS ARE COLLECTIVELY REFERRED TO AS "PROPOSED ACQUISITIONS")

"THAT subject to the conditions precedent stipulated under the conditional sale and purchase agreement dated 14 September 2023 entered into between AWC, PNSB and PDSB (including any amendment and/or extension thereof as mutually agreed) ("**SSA**") in respect of the Proposed Acquisitions being fulfilled or waived, approval be and is hereby given to the Company, to acquire the following sale shares from PNSB and PDSB for a total purchase consideration of RM110,000,001 upon such terms and conditions as set out in the SSA;

- (i) a total of 627,200 ordinary shares in Stream Group from PNSB under the Proposed Acquisition in Stream Group for a purchase consideration of RM110,000,000 to be satisfied entirely via cash; and
- (ii) a total of 5,100 ordinary shares in Premium Patents from PNSB and PDSB under the Proposed Acquisition in Premium Patents for a purchase consideration of RM1 to be satisfied entirely via cash.

THAT the Proposed Acquisition in Stream Group and the Proposed Acquisition in Premium Patents are inter-conditional upon each other.

THAT the execution by the Board of Directors of the Company ("**Board**") and the performance of its obligations under the SSA be and is hereby approved and ratified.

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary to give effect and complete the Proposed Acquisitions with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities and/or parties and/or as the Board may deem necessary or expedient in the best interest of the Company."

By Order of the Board
AWC BERHAD

TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)
LIM KEE SAN (MAICSA 7067348) (SSM PC NO.: 202308000295)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
28 November 2023

Notes:

- (i) *A member who is entitled to attend, participate, speak and vote at the EGM shall be entitled to appoint more than 1 proxy to attend, participate, speak and vote at the EGM. Where a member appoints more than 1 proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.*
- (ii) *A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the member to attend, participate, speak and vote at the EGM.*
- (iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*
- (iv) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*
- (vi) *To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time for holding the EGM or adjourned EGM (as the case maybe):*
 - (a) *In hard copy form*
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) *By Electronic Form*
*The Proxy Form can be electronically lodged with the Share Registrar's online system ("**TIIH Online**") at <https://tiih.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of Proxy Form via TIIH Online.*
- (vii) *For the purpose of determining a member who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 6 December 2023. Only members whose name appears in the Record of Depositors as at 6 December 2023 shall be entitled to attend the EGM and to participate, speak and vote thereat.*
- (viii) *The resolution set out in this notice of the general meeting will be put to vote by poll.*
- (ix) *The members are advised to refer to the Administrative Notes on the registration process for the EGM.*
- (x) *Kindly check Bursa Securities' and the Company's website at <https://www.awc.com.my> for the latest updates on the status of the EGM.*

**AWC BERHAD**

(Registration No. 200101014341 (550098-A))
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

I/We * _____ NRIC/Passport/Registration No.* _____
(full name in capital letters)

of _____
(full address)

with email address _____ mobile phone no. _____

being a member/members* of **AWC BERHAD** ("**Company**"), hereby appoint(s):

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

and*

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her*, the Chairman of the meeting as my/our* proxy to vote for me/us* on my/our* behalf, at the Extraordinary General Meeting ("**EGM**") of the Company which will be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 13 December 2023 at 10:00 a.m. or at any adjournment thereof (as the case may be):

Please indicate with an "X" in the appropriate spaces how you wish your vote to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

Resolution	Particulars	For	Against
Ordinary Resolution	To approve the Proposed Acquisitions		

* Delete whichever not applicable

Dated this _____ day of _____ 2023 _____
Signature/ Common Seal of Member(s)



Notes:

- (i) A member who is entitled to attend, participate, speak and vote at the EGM shall be entitled to appoint more than 1 proxy to attend, participate, speak and vote at the EGM. Where a member appoints more than 1 proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- (ii) A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the member to attend, participate, speak and vote at the EGM.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (vi) To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time for holding the EGM or adjourned EGM (as the case maybe):
 - (a) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) By Electronic Form

The Proxy Form can be electronically lodged with the Share Registrar's online system ("**TIIH Online**") at <https://tiih.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of Proxy Form via TIIH Online.
- (vii) For the purpose of determining a member who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 6 December 2023. Only members whose name appears in the Record of Depositors as at 6 December 2023 shall be entitled to attend the EGM and to participate, speak and vote thereat.
- (viii) The resolution set out in this notice of the general meeting will be put to vote by poll.
- (ix) The members are advised to refer to the Administrative Notes on the registration process for the EGM.
- (x) Kindly check Bursa Securities' and the Company's website at <https://www.awc.com.my> for the latest updates on the status of the EGM.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
AWC BERHAD
200101014341 (550098-A)
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

1st fold here

